



**THE WORKERS' COMPENSATION  
RATING AND INSPECTION BUREAU OF MASSACHUSETTS**  
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January 2, 1991

**CIRCULAR LETTER NO. 1555**

To All Members and Subscribers of the Bureau:

**GENERAL REVISION OF RATES - EFFECTIVE JANUARY 1, 1991  
APPLICABLE TO NEW AND RENEWAL POLICIES**

The Commissioner of Insurance has approved a general revision of workers' compensation rates effective 12:01 A.M. January 1, 1991 applicable to new and renewal policies. The approval includes:

1. Rate Level Increase of 11.3%

A rate level increase of 11.3%, reflecting experience and recognizing benefit increases, has been incorporated into the new rates shown on the attached exhibits.

A breakdown of the 11.3% rate level increase follows:

Experience	8.8%
Benefit Change	.8%
Change in Expenses	.4%
Change in Underwriting	
Profit Provision	<u>1.3%</u>
	11.3%

The average increase by Industry Group is:

Manufacturing	20.6%
Construction	15.4%
All Other	5.0%

The approved average statewide rate level increase of 11.3% compares to the 21.6% increase originally requested in the WCRB filing made November 2, 1990. It should be noted that this increase in premium is in addition to that which resulted from the elimination of premium discounts in the residual market effective January 1, 1991. The combined impact is equivalent to a 14.5% increase in rates.

## 2. Expense Constant Change

The Expense Constant has been increased to \$160, except for policies which develop standard premium of less than \$150, the Expense Constant is \$80.

The Expense Constant has been increased to \$35 per capita for risks with per capita exposure, but not more than \$140 per policy.

## 3. Experience Rating Plan Changes

The Experience Rating Plan factors and values have been revised. The revised Expected Loss Rates and "D" Ratios are shown on the new rate pages attached. As explained in Bureau Circular Letter No. 1549 dated November 5, 1990, the Revised Experience Rating Plan becomes effective January 1, 1991. The Revised Table of Weighting and Ballast Values from that Circular Letter are attached for convenience.

Based on a State Reference Point of \$1,750,000, the State Per Claim Accident Limitation becomes \$175,000. The new State Multiple Claim Accident Limitation is set at \$350,000.

## 4. Retrospective Rating Plan Changes

Retrospective Rating Plan changes, including revised Tables of Rating Values, One Year - Massachusetts and Three Year - Massachusetts, for use with Rating Options I, II, III and IV, and revised Tables of Expense Ratios - Excluding Taxes and Including Profit and Contingencies, Massachusetts - Stock Carriers and Massachusetts - Non-Stock Carriers, for use with Rating Option V, are attached. The Expected Loss Ratio is changed to .755. The State Tax Multiplier is amended to 1.065. The new Loss Conversion Factor is 1.100.

## 5. Massachusetts Construction Classification Premium Adjustment Program

This new program applies to employers eligible for experience rating having exposure in specified Massachusetts construction classifications.

The program is designed to vary an employer's workers' compensation premium by way of a premium credit based upon the employer's average wage level.

The program provides for premium credits only with no surcharges.

In order to introduce this program on a revenue neutral basis the rates for the applicable construction classifications contained in this rate revision include the effect of the offsets resulting from these credits.

A separate Bureau Circular Letter will be issued describing this program in detail.

6. Increase in Minimum and Maximum Individual Payrolls for Executive Officers, Spouses of Individuals, Co-Partners or Corporate Officers, Elected or Appointed Officers of a City or Town (Massachusetts Special Rule)

The minimum individual payroll for executive officers, spouses of individuals, co-partners or corporate officers and elected or appointed officers of a city or town is increased from \$100 per week to \$200 per week. The maximum payroll for executive officers and elected or appointed officers of a city or town is increased from \$500 per week to \$1,000 per week.

A separate Bureau Circular will be issued describing these changes in detail.

7. Elimination of Non-Stock and Stock Premium Discounts Workers' Compensation Insurance Plan (Assigned Risks)

Servicing carriers, both stock and non-stock, will issue new and renewal assigned risk policies effective January 1, 1991 and thereafter, written under the Massachusetts Workers' Compensation Insurance Plan, with no premium discounts.

8. Basis of Premium Code 7370 - "Taxicab Co."

The Basis of Premium shown on the Massachusetts Miscellaneous Values page, attached, applicable in accordance with the footnote instructions for Code 7370 - "Taxicab Co." is increased as follows:

Employee operated vehicles	\$38,265
Leased or rented vehicles	\$25,510

There are no changes in the following:

- a. Loss Constants
- b. Table of Specific Disease Elements
- c. Manual rates for the Admiralty Law and Federal Employers' Liability Act classifications
- d. "F" classifications
- e. U.S. Longshore and Harbor Workers' Compensation Act Coverage "Non-F" Percentage

Reprint manual pages will be distributed in due course by the National Council on Compensation Insurance.

Additional copies of this Circular Letter are available from the Bureau at a cost of \$5.00 per copy.

NORMAN R. FONTAINE  
Vice President

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Attachments