



**THE WORKERS' COMPENSATION
RATING AND INSPECTION BUREAU OF MASSACHUSETTS**
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May 18, 1993

CIRCULAR LETTER NO. 1635

To All Members and Subscribers of the Bureau:

**BIOMEDICAL RESEARCH LABORATORIES
EFFECTIVE MAY 15, 1993**

The Commissioner of Insurance has approved the above Item.

As outlined in the attached up-dated Filing Memorandum, the purpose of this Item is to establish a new, separate and distinct classification for biomedical research laboratories.

In recent years, a new industry, biomedical research laboratories, has emerged in Massachusetts. Firms engaged in biomedical research now comprise a group sufficient in size to merit the erection of a new classification.

Since no specific classification code presently exists for the operations of biomedical research firms, and such firms are likely to produce significant payrolls in Massachusetts in the future, a new classification is being established for biomedical research laboratories.

The following rates and rating values, also associated with Code 4511 "Analytical Chemist," will be those of the new Code 4512 "Biomedical Research Laboratories" until the new classification develops sufficient credibility to be separately rated:

<u>Code No.</u>	<u>Rate</u>	<u>Loss Constant</u>	<u>Minimum Premium</u>	<u>Expected Loss Rate</u>	<u>D Ratio</u>
4512	1.56	10.	141.	.64	.19

This Item becomes effective 12:01 A.M., May 15, 1993 applicable to new and renewal policies.

Attached Exhibit 1 outlines the changes which will be required in the Massachusetts sections of the Basic Manual and the Retrospective Rating Plan Manual.

Revised manual pages will be distributed in due course.

NORMAN R. FONTAINE
Vice President of Industry Affairs

NRF/pw/3670
Enclosures

F I L I N G M E M O R A N D U M

BIOMEDICAL RESEARCH LABORATORIES

To become effective 12:01 A.M., May 15, 1993, applicable to new and renewal policies only.

Purpose

The purpose of this item is to establish a new classification in Massachusetts for biomedical research laboratories.

Background

In recent years, a new industry, biomedical research laboratories, has emerged in Massachusetts and a few other states. Firms engaged in biomedical research operations now comprise a group of sufficient size in Massachusetts to merit consideration for the erection of a new classification.

The operations typically performed by biomedical research follows:

Biomedical research primarily involves the research and development of therapeutic or diagnostic products, medications, or processes. The types of research performed include studying a disease or degenerative condition, such as cancer, to determine its cause and effect upon the body; genetic engineering (gene splicing); developing medications to treat specific conditions, such as allergies; developing diagnostic tests for certain conditions, such as pregnancy; or diseases, such as AIDS; or discovering new uses for existing drugs or medical procedures.

Biomedical research operations generally involve studying available medical literature and developing theoretical models of the cause, effect, and manifestation of biological and anatomical processes, after which laboratory analysis, including microscopic observation, incubation, visual observation, chemical analysis and controlled testing situations using human and/or animal subjects and specimens is performed. The research process is modified and repeated until conclusive results are obtained.

Some biomedical research firms, as the result of research, develop and themselves manufacture, or send to other firms the results of their research for the manufacture of, products used for the treatment of specific diseases or conditions. The principle operations of biomedical research firms, however, continue to be in the area of research.

Since no specific classification code presently exists for the operations of biomedical research firms, and such firms are likely to produce significant

payrolls in Massachusetts in the future as present firms grow and new firms enter the field, it is believed that a new classification should be established for biomedical research laboratories.

Proposal

It is proposed that a new, separate, and distinct classification be established for biomedical research laboratories. The rates and rating values associated with Code 4511 "Analytical Chemist" will be those of the new Code 4512 "Biomedical Research Laboratories" until the new classification develops sufficient credibility to be separately rated.

It is recognized that some biomedical research firms engage in the manufacture of products used for the treatment of diseases or conditions as the result of research. Since research constitutes the primary operations of biomedical research firms, and the manufacture of products, if at all, is incidental to the research activities, manufacture will be allowed under this classification up to 30% of the total payroll of an individual firm.

It is further proposed that this new classification become effective 12:01 A.M., May 15, 1993, applicable to new and renewal policies only.

Impact

This item will assure the equitable treatment of biomedical research laboratories. It will have no impact on present premium levels.

Implementation

In order to implement this item, the attached Exhibit I outlines the changes which will be required in the Basic Manual for Workers Compensation and Employers Liability Insurance and in the Retrospective Rating Plan Manual.

MASSACHUSETTS
 BASIC MANUAL

Present Phraseology

Proposed Phraseology

PART TWO - CLASSIFICATIONS

PART TWO - CLASSIFICATIONS

NONE

Biomedical Research Laboratories -
 including outside operations 4512

RETROSPECTIVE RATING PLAN MANUAL

Present Phraseology

Proposed Phraseology

PART FOUR - F
 TABLE OF CLASSIFICATIONS BY HAZARD
 GROUP

PART FOUR - F
 TABLE OF CLASSIFICATIONS BY HAZARD
 GROUP

Code No.	Hazard Group	Code No.	Hazard Group
NONE	NONE	4512	II