



*Massachusetts Workers Compensation
Assigned Risk Pool*

March 11, 2016

**MASSACHUSETTS WORKERS' COMPENSATION
ASSIGNED RISK POOL**

SPECIAL BULLETIN NO. 02-16

UPDATED INFORMATION ON RESIDUAL MARKET SHARE

The information in this bi-monthly Special Bulletin is provided as an indicator of the directional movement of the "Residual Market Share". Residual Market Share as used in this report is defined as:

$$\text{Residual Market Share} = (\text{SC}_{\text{wp}} + \text{VDAC}_{\text{wp}}) / (\text{SC}_{\text{wp}} + \text{VDAC}_{\text{wp}} + \text{VOL}_{\text{wp}})$$

- SC_{wp}** - Servicing Carrier Written Premiums
- VDAC_{wp}** - Voluntary Direct Assignment Written Premiums
- VOL_{wp}** - Voluntary Written Premiums

The basis for the written premiums used in this report is the sum of Standard Premium plus ARAP plus Expense Constant as contained in the WCRIBMA's Policy File Information System which reflects reported estimated values as of policy issuance.

The estimated policy year ultimate residual market share for the 12 months ending December 31, 2015 is 18.9%.

12 Month Interval	Policy Counts		Written Premium (\$ thousands)		Development Factor		Estimate Ultimate Written Premium ± (\$ thousands)		Estimated Ultimate Residual Market Share
	Voluntary	Residual Market	Voluntary	Residual Market	Voluntary	Residual Market	Voluntary	Residual Market	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(4)x(6)	(9)=(5)x(7)	(10)=(9)/[(8)+(9)]
Jan-12 - Dec-12	158,315	47,194	923,042	167,813	1.050	1.050	969,194	176,204	15.4%
Jan-13 - Dec-13	162,526	49,910	941,574	196,731	1.050	1.050	988,653	206,567	17.3%
Jan-14 - Dec-14*	167,307	51,417	967,259	223,728	1.050	1.050	1,015,622	234,915	18.8%
Jan-15 - Dec-15*	171,794	52,924	1,019,789	236,313	1.051	1.055	1,071,849	249,237	18.9%

The estimated ultimate market shares for the November and December policy months of 2013 through 2015 are as follows.

Month (1)	Policy Counts		Written Premium (\$ thousands)		Development Factor		Estimate Ultimate Written Premium ± (\$ thousands)		Estimated Ultimate Residual Market Share (10)=(9)/[(8)+(9)]
	Voluntary (2)	Residual Market (3)	Voluntary (4)	Residual Market (5)	Voluntary (6)	Residual Market (7)	Voluntary (8)=(4)x(6)	Residual Market (9)=(5)x(7)	
Nov-13	8,895	3,614	54,123	11,577	1.050	1.050	56,829	12,156	17.6%
Nov-14*	8,968	3,607	55,643	11,378	1.059	1.059	58,939	12,052	17.0%
Nov-15*	9,294	3,695	64,191	11,221	1.057	1.053	67,866	11,818	14.8%
Dec-13	9,343	3,269	72,824	14,673	1.050	1.050	76,465	15,407	16.8%
Dec-14*	9,839	3,376	73,912	16,796	1.061	1.059	78,413	17,783	18.5%
Dec-15*	9,892	3,608	77,653	17,270	1.073	1.077	83,299	18,607	18.3%

± Estimated Ultimate Written Premium incorporates an estimate of subsequent audit premium as reflected in the development factor. Scheduled review and adjustments are being made to the development factors as a policy year develops.

Similar ratios calculated using written premium at the Annual Statement Basis as reported on the Aggregate Financial Calls would tend to be higher because of the impact of deviations and schedule rating.

Policy Year	Estimated Ultimate Residual Market Share	Calendar Year	Residual Market Share Based on Annual Statement Data
2012	15.4%	2012	18.0%
2013	17.3%	2013	20.0%
2014*	18.8%	2014	21.7%
2015*	18.9%	2015	n/a

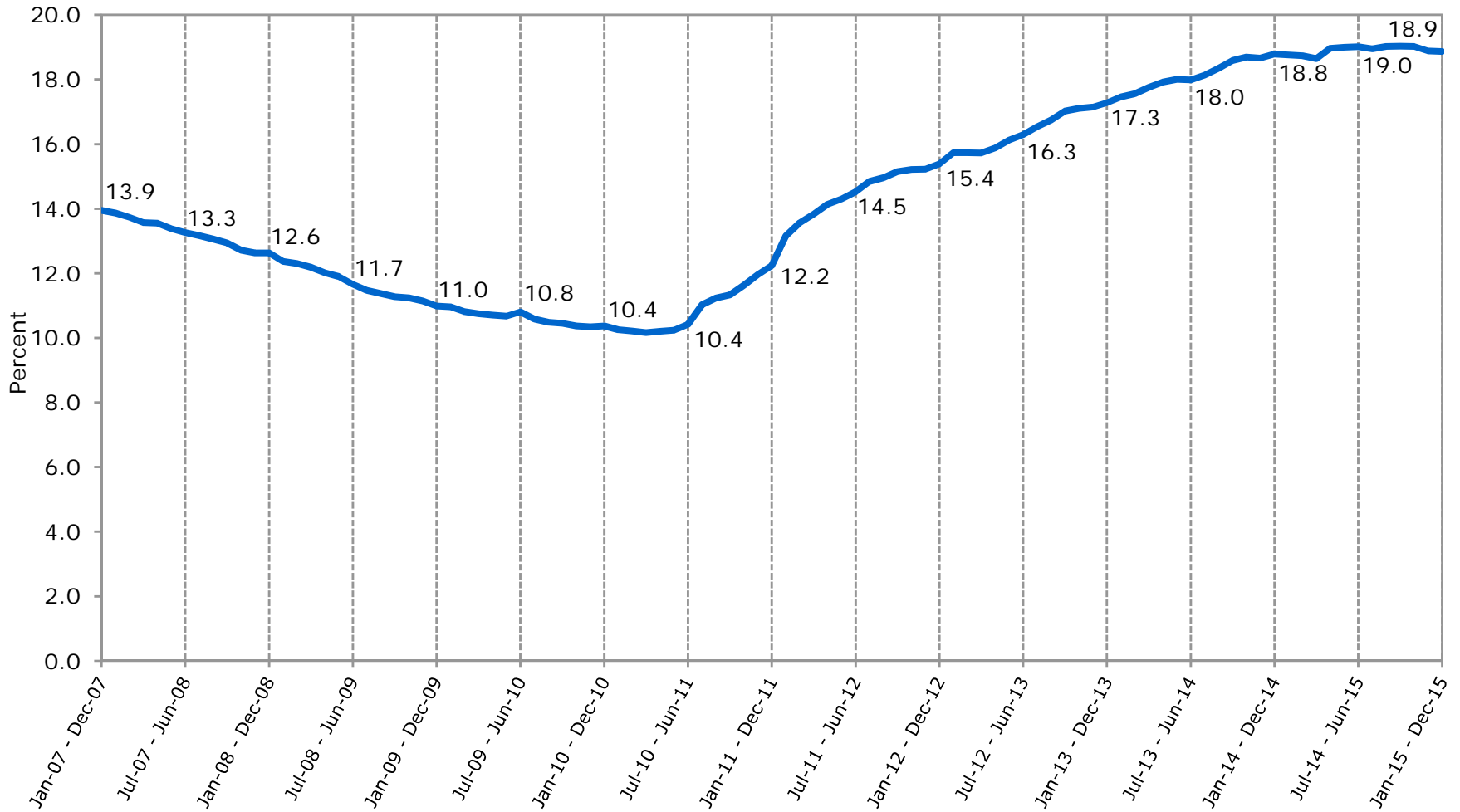
* Due to one carrier's inadvertent misreporting of residual market policy premiums from February 2014 to February 2016, residual market premiums, and therefore residual market shares, had been overstated but have now been corrected to reflect premium valuations as of February 29, 2016. Note that the voluntary premiums have also been adjusted to reflect valuations as of February 29, 2016. The development factors have been adjusted accordingly.

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Massachusetts Workers' Compensation Estimated Ultimate Residual Market Share - 12 Month Moving Average

(Servicing Carrier + VDAC) / (Servicing Carrier + VDAC + Voluntary)

Data as of 2/29/16



Massachusetts Workers' Compensation Estimated Ultimate Residual Market Share by Month

(Servicing Carrier + VDAC) / (Servicing Carrier + VDAC + Voluntary)
Data as of 2/29/16

