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THE WORKERS' COMPENSATION RATING
AND INSPECTION BUREAU OF MASSACHUSETTS
MASSACHUSETTS WORKERS' COMPENSATION ASSIGNED RISK POOL

October 27, 2026

SPECIAL BULLETIN NO. 10-26
RESIDUAL MARKET LOSS RATIO AND BURDEN ESTIMATE

The policy year (PY) 2025 Residual Market Burden, estimated as of the second quarter of 2026, is 2.26%. This burden was calculated using the following data, valued as of June 30, 2026. The loss ratio was estimated by the Massachusetts Workers' Compensation Assigned Risk Pool Reserving Committee.

- The Loss Ratio is 80.0%;
- The Expense Ratio is estimated to be 36.67% of written premium;
- The policy year 2025 Servicing Carrier Written Premium is estimated to be $80,486,000;
- The Voluntary Assessable Premium that is being used to determine shares of the PY 2025 Massachusetts Reinsurance Pool is $593,884,837; and
- A factor of 1.00 is used since a VDAC Reapportionment has not yet been performed on PY 2025.

The PY 2025 estimated Residual Market Burden was determined as follows:

$$(\text{Loss Ratio} + \text{Expense Ratio} - 1.00) \times \frac{\text{Servicing Carrier Premium}}{\text{Voluntary Assessable Premium}} \times \text{VDAC Factor} = \text{Residual Market Burden}$$

$$(0.80 + 0.3667 - 1.00) \times \frac{80{,}486{,}000}{593{,}884{,}837} \times 1.00 = 0.1667 \times 0.1355 \times 1.00 = 2.26\%$$

Similarly, the PY 2024 Residual Market Burden, estimated as of the second quarter 2026, is 2.87%, assuming a Loss Ratio of 85% and a VDAC Reapportionment factor of 1.00.

The residual market burden is a measure of the pool-related cost that pool members incur when writing assessable voluntary business. For example, a positive burden of 10% indicates that an insurer will incur ten dollars of pool-related obligations for every one hundred dollars of voluntary assessable premium written. By comparison, a burden of -5% indicates that a pool member will earn a profit of five dollars for every one hundred dollars of voluntary assessable premium written.

Note that burden estimates do not take into account those policies serviced by Voluntary Direct Assignment Carriers (VDACs). VDACs assume the underwriting results of policies assigned to them.

Exhibit 1 shows the currently estimated burden for policy years 2016 through 2025.

Exhibit 2 shows the currently estimated loss ratios, expense ratios and pool shares used to calculate the burdens for policy years 2016 through 2025.

Exhibit 3 is a graph that provides historical estimated burdens for policy years 2016 through 2025. Burden estimates may change over time because estimated loss ratios are subject to change as loss experience matures.

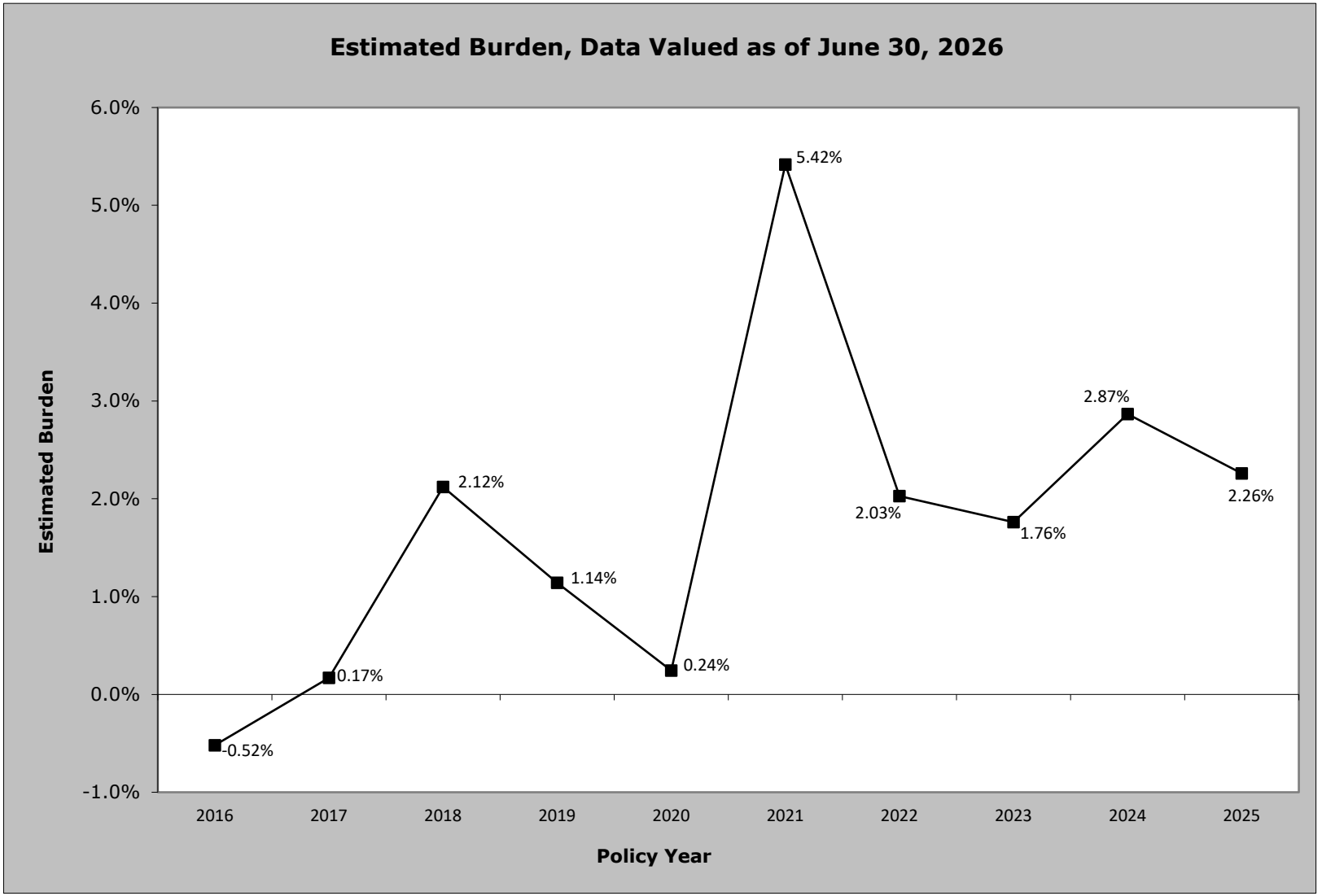
The residual market burdens shown in Exhibits 1, 2 and 3 ignore the time value of money, in effect assuming an interest rate of 0%. The chart in Exhibit 4 includes, solely for informational purposes, estimates of the net present values of the residual market burdens using various discount rate assumptions.

Details of the calculations are available on request from Christine Cronin at 617-646-7544 or at ccronin@wcribma.org or Laura Kirchberg at 617-646-7526 or at lkirchberg@wcribma.org.

Laura Kirchberg
Residual Market Supervisor

SB 10-26
Attachments

Exhibit 1


Estimated Burden, Data Valued as of June 30, 2026
Estimated Burden
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
-1.0%
-0.52%
0.17%
2.12%
1.14%
0.24%
5.42%
2.03%
1.76%
2.87%
2.26%
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Policy Year

Residual Market Underwriting Results

Exhibit 2

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Policy Year	Loss Ratio	Expense Ratio	Ratio of Servicing Carrier Written Premium to Voluntary Assessable Premium	VDAC Factor	Leveraging Factor (4) x (5)	Estimated Pool Burden [(2)+(3)-1.00] x (6)
2025	80.0%	36.67%	13.55%	1.00	0.136	2.26%
2024	85.0%	36.58%	13.28%	1.00	0.133	2.87%
2023	78.0%	34.60%	14.31%	0.98	0.140	1.76%
2022	78.0%	34.65%	16.38%	0.98	0.160	2.03%
2021	94.0%	35.60%	17.84%	1.03	0.183	5.42%
2020	68.0%	33.34%	19.77%	0.92	0.183	0.24%
2019	72.0%	34.05%	19.39%	0.97	0.189	1.14%
2018	75.0%	34.67%	23.09%	0.95	0.219	2.12%
2017	68.0%	32.71%	23.52%	1.01	0.237	0.17%
2016	64.6%	33.27%	25.03%	0.97	0.244	-0.52%

Notes:

A VDAC Reapportionment has not yet been performed on PY 2024 or PY 2025, so a factor of 1.00 is being used.
Applying the Final 2023 VDAC Factor of 0.9761 caused the 2023 Estimated Pool Burden to decrease from 1.80% to 1.76%.
Applying the Final 2022 VDAC Factor of 0.9786 caused the 2022 Estimated Pool Burden to decrease from 2.07% to 2.03%.
Applying the Final 2021 VDAC Factor of 1.0256 caused the 2021 Estimated Pool Burden to increase from 5.28% to 5.42%.
Applying the Final 2020 VDAC Factor of 0.9236 caused the 2020 Estimated Pool Burden to decrease from 0.26% to 0.24%.
Applying the Final 2019 VDAC Factor of 0.9735 caused the 2019 Estimated Pool Burden to decrease from 1.17% to 1.14%.
Applying the Final 2018 VDAC Factor of 0.9501 caused the 2018 Estimated Pool Burden to decrease from 2.23% to 2.12%.
Applying the Final 2017 VDAC Factor of 1.0090 caused no change to the 2017 Estimated Pool Burden.
Applying the Final 2016 VDAC Factor of 0.9731 caused the 2016 Estimated Pool Burden to increase from -0.53% to -0.52%.

A VDAC Factor greater than one adjusts for over-assignment of residual market premium to the VDAC carriers relative to their final participation ratios. Similarly, a VDAC factor less than one adjusts for under-assignment of residual market premium to the VDAC carriers relative to their final participation ratios.

Exhibit 3

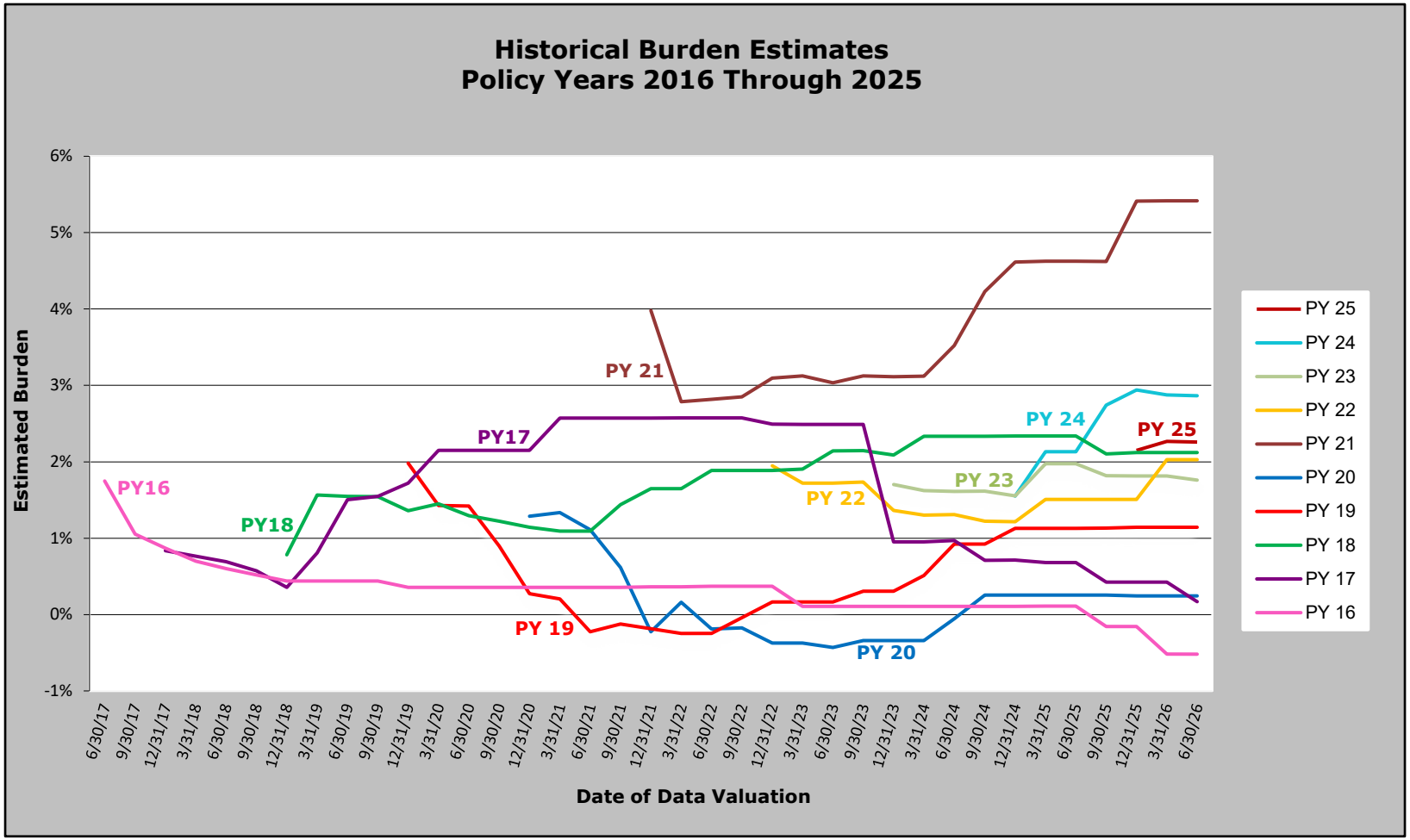

Historical Burden Estimates
Policy Years 2016 Through 2025
Estimated Burden
6%
5%
4%
3%
2%
1%
0%
-1%
PY16
PY18
PY17
PY 21
PY 19
PY 20
PY 22
PY 23
PY 24
PY 25
6/30/17
9/30/17
12/31/17
3/31/18
6/30/18
9/30/18
12/31/18
3/31/19
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6/30/25
9/30/25
12/31/25
3/31/26
6/30/26
Date of Data Valuation
PY 25
PY 24
PY 23
PY 22
PY 21
PY 20
PY 19
PY 18
PY 17
PY 16

Exhibit 4

Net Present Value of Residual Market Burden

The chart below includes, solely for informational purposes, estimates of the net present values of the residual market burdens using various discount rate assumptions.

Policy Year	0%	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%
2025	2.26%	1.79%	1.41%	1.06%	0.76%	0.49%	0.25%	0.02%	-0.18%	-0.36%	-0.53%	-0.69%	-0.84%
2024	2.87%	2.38%	1.97%	1.61%	1.29%	1.01%	0.75%	0.52%	0.31%	0.11%	-0.06%	-0.23%	-0.39%
2023	1.76%	1.30%	0.90%	0.56%	0.26%	0.00%	-0.24%	-0.46%	-0.67%	-0.85%	-1.01%	-1.18%	-1.33%
2022	2.03%	1.49%	1.04%	0.65%	0.31%	0.01%	-0.27%	-0.52%	-0.76%	-0.96%	-1.15%	-1.34%	-1.52%
2021	5.42%	4.68%	4.03%	3.47%	2.99%	2.56%	2.16%	1.80%	1.48%	1.17%	0.90%	0.62%	0.39%
2020	0.24%	-0.27%	-0.71%	-1.08%	-1.42%	-1.72%	-1.99%	-2.21%	-2.45%	-2.64%	-2.84%	-3.00%	-3.16%
2019	1.14%	0.57%	0.09%	-0.33%	-0.69%	-1.03%	-1.32%	-1.59%	-1.83%	-2.06%	-2.26%	-2.46%	-2.63%
2018	2.12%	1.44%	0.84%	0.32%	-0.13%	-0.53%	-0.90%	-1.22%	-1.52%	-1.80%	-2.04%	-2.27%	-2.51%
2017	0.17%	-0.50%	-1.07%	-1.56%	-1.99%	-2.38%	-2.72%	-3.02%	-3.32%	-3.57%	-3.83%	-4.04%	-4.25%
2016	-0.52%	-1.16%	-1.72%	-2.19%	-2.62%	-2.99%	-3.32%	-3.60%	-3.89%	-4.15%	-4.36%	-4.58%	-4.79%

Premium and loss cash flows used to calculate the net present value of residual market burdens are consistent with premium development patterns and paid loss development patterns in the most recent rate filing.