



**COMMONWEALTH OF MASSACHUSETTS**  
**Office of Consumer Affairs and Business Regulation**  
**DIVISION OF INSURANCE**

1000 Washington Street, Suite 810 • Boston, MA 02118-6200  
(617) 521-7794 • FAX (617) 521-7475  
TTY/TDD (617) 521-7490  
<http://www.mass.gov/doi>

DEVAL L. PATRICK  
GOVERNOR

TIMOTHY P. MURRAY  
LIEUTENANT GOVERNOR

GREGORY BIALECKI  
SECRETARY OF HOUSING AND  
ECONOMIC DEVELOPMENT

BARBARA ANTHONY  
UNDERSECRETARY

JOSEPH G. MURPHY  
COMMISSIONER OF INSURANCE

---

**Rate Filing of the Workers' Compensation Rating and Inspection Bureau**  
**Docket No. R2011-01**

---

**Decision and Order**

**I. Introduction and Procedural History**

On March 1 2011, the Worker's Compensation Rating and Inspection Bureau of Massachusetts ("WCRIB"), on behalf of its members, submitted a filing for a worker's compensation rate revision to be effective September 1, 2011 ("the Filing"). On that same date, the WCRIB, the Attorney General ("AG") and the State Rating Bureau in the Division of Insurance ("SRB") submitted a stipulation (the Stipulation") representing a negotiated settlement of matters addressed in the Filing. The Commissioner of Insurance ("Commissioner") designated Jean F. Farrington, Esq. as presiding officer on this matter. A notice of hearing was issued on March 1, 2011, scheduling a public comment hearing and an evidentiary hearing for March 30.

The Attorney General's oral motion to appear was allowed at the March 30 hearing. Representatives of the WCRIB and the SRB spoke at the public comment portion of that hearing, and the Massachusetts Workers' Compensation Advisory Council also made a statement. At the evidentiary portion of the hearing, the hearing notice, the Filing and the proposed Stipulation were marked as exhibits. On April 11, 2011, the Commissioner approved the Stipulation.

## **II. Statutory Framework**

G.L. c. 152, §53A (“§53A”) sets out the statutory requirements for obtaining approval of rates for Massachusetts workers’ compensation insurance. Subsection (1) requires any insurance company writing workers’ compensation insurance in the Commonwealth to file its risk classifications and premiums with the Commissioner, either directly or through a rating organization authorized to act on its behalf. The Commissioner thereafter conducts a hearing to determine whether the classifications and rates are not excessive, inadequate or unfairly discriminatory for the risks to which they effectively apply, and fall within a range of reasonableness.

In addition to these general requirements, §53A(12) specifically states that the Commissioner shall not approve classifications or rates that provide for any of the following: 1) dividends, unabsorbed premium deposits, savings or other payments allowed or returned by the insurer to policyholders, members, subscribers or stockholders; 2) expenses that exceed the filing insurer’s expense needs; and 3) commission allowances that are not demonstrated to be reasonable and to reflect the actual cost to the agent or broker of services they provide.

The Commissioner, pursuant to §53A (13), also must make a finding, on the basis of information in the rate filing, that insurers employ acceptable cost control programs and techniques which have had or are expected to have a substantial impact on fraudulent claim costs, unnecessary health care costs, any other unreasonable costs and expenses, and on the collection of appropriate premium charges owed to the insurer. If the Commissioner finds that the rates are excessive, and that the excess is the result of a failure to employ adequate cost control programs, he may disapprove or limit any proposed increase in rates.

### **III. The Recommendations**

The WCRIB, in its initial filing, sought an overall rate increase of 6.6 percent. The Stipulation, in summary, provides the following:

1. No party will object to or appeal from an order by the Commissioner of Insurance that there will be no increase in the workers' compensation rates, classifications, rating programs, rating plans, rating factors and rating values to be effective on and after September 1, 2011. Such rates shall be the same as the rates in effect since September 1, 2010, subject to the following conditions in the Stipulation.
2. The revised rates, classifications, rating programs, rating plans, rating factors and rating values shall apply to new and renewal policies effective on and after September 1, 2011, including all such policies in the Massachusetts Workers' Compensation Assigned Risk Pool.
3. On March 1, 2012, the WCRIB will submit a general revision of workers' compensation insurance rates and rating values for rates applicable to policies effective on or after September 1, 2012.
4. No later than October 15, 2011, the WCRIB shall deliver, contemporaneously to the SRB and the AG, the most recent Aggregate Financial data and a list it has compiled of the companies whose data, in the WCRIB's opinion are material but are not sufficiently reliable for use in ratemaking, with a statement of the reasons for the WCRIB's findings. No later than November 15, 2011, the WCRIB shall deliver, contemporaneously to the SRB and the AG, the most recent Aggregate Financial data that it expects to use in its March 1, 2012 rate filing and a list it has compiled of those companies whose data, in the WCRIB's opinion are material but are not sufficiently reliable for use in ratemaking, with a statement of the reasons for the WCRIB's findings.
5. If, between December 15, 2011 and February 28, 2012, the WCRIB makes different findings about the Aggregate Financial data to use in its March 1, 2012 rate filing, it shall promptly notify the SRB and the AG of its revised findings and shall provide the SRB and the AG, contemporaneously, with any new data or new information that the WCRIB considered in making its revised findings and a statement of the reasons for changing those findings.
6. The parties acknowledge that the Stipulation has no precedential value and implies no approval or disapproval by any party of any particular ratemaking methodology or projection. Each party reserves the right to contest in future hearings all aspects of rate-setting, including those addressed in the Stipulation.

**IV. Conclusion**

I find that the Stipulation submitted by the Parties will provide for classifications or premiums that are “not excessive, inadequate, or unfairly discriminatory for the risks to which they respectively apply, and fall within a range of reasonableness.” I therefore approve the Stipulation this 11th day of April 2011.

---

Jean F. Farrington  
Presiding Officer

Affirmed:

---

Joseph G. Murphy  
Commissioner of Insurance