



CHARLES D. BAKER  
GOVERNOR

KARYN E. POLITO  
LIEUTENANT GOVERNOR

**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  
<http://www.mass.gov/doi>

JAY ASH  
SECRETARY OF HOUSING AND  
ECONOMIC DEVELOPMENT

JOHN C. CHAPMAN  
UNDERSECRETARY

DANIEL R. JUDSON  
COMMISSIONER OF INSURANCE

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**Filing of the Workers' Compensation Rating and Inspection Bureau  
For Revisions to the Massachusetts Workers' Compensation  
and Employers Liability Insurance Manual**

**Docket No. R2016-01**

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**Decision and Order**

**I. Introduction and Procedural History**

On April 29, 2016 the Workers' Compensation Rating and Inspection Bureau of Massachusetts ("WCRIB") submitted a filing that proposes revisions to the Massachusetts Workers' Compensation and Employers Liability Insurance Manual (the "Manual") to eliminate the practice of assigning an Anniversary Rating Date ("ARD") to a workers' compensation insurance policy that differs from the Policy Effective Date ("PED").<sup>1</sup> Its proposal would delete the current Rule I (G), amend Rule I (F) to reflect that deletion, and amend the Manual by adopting revisions proposed by the National Council on Compensation Insurance ("NCCI"), including proposed revisions to the NCCI's Information Page Notes, that eliminate the Anniversary Rate Endorsement. The WCRIB also proposes changes to the Massachusetts Statistical Plan. The proposed effective date for the revisions is May 1, 2017.

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<sup>1</sup> According to the WCRIB's filing memorandum, the Anniversary Rating Date and the Policy Effective Date are identical for approximately 91 percent of Massachusetts workers' compensation policies. The rationale for the new rule is to remove the confusion that results when the two dates are not the same, a situation that may arise, for example, when a policy covers business operations in more than one state, and to make Massachusetts rules consistent with the approach used in most other states. If the two dates are not identical, the rules, classifications and rates are applied as of the Anniversary Rating Date, with the result that more than one set of rates, rules, or classifications may apply during the policy period.

A hearing notice was issued on May 17, 2016 and published in the Boston Globe on May 19, 2016. The notice scheduled a hearing for June 15, 2016, and invited those who wanted to make statements at the hearing to submit notices of intent to speak by June 13, 2016. On May 24, 2016, the law firm of Anderson Kreiger, counsel for the WCRIB, filed a notice of appearance. On June 13, the Office of the Attorney General ("AG") also filed a notice of appearance.

At the hearing, Matthew Mancini, Esq., Director of the State Rating Bureau ("SRB") and Mina Makarious, Esq., representing the WCRIB, made statements. The Attorney General had no comments on the filing, and no other person spoke at the hearing. No written comments on the proposed revisions were received in the course of this proceeding.

At the close of the hearing, the parties indicated that they were working on a stipulation with the goal of simplifying the WCRIB's proposed revisions to the Manual. On September 16, 2016, the parties submitted a stipulation.


## **II. The Stipulation**

The stipulation provides that no party will object to or appeal from an order approving the WCRIB's proposal to eliminate the ARD, effective May 1, 2017, with the following provisos. On or before March 15, 2019, the WCRIB is to identify 1) Massachusetts workers' compensation policyholders whose workers' compensation insurance premium increased during the period between May 1, 2017 and June 30, 2017, as the direct result of eliminating the ARD on May 1, 2017; and 2) the amount of the increase. If the increase is \$50 or more, the WCRIB will refund the increase to the policyholder. The WCRIB will provide the AG and the SRB with a list of policyholders whose premium increased, the amount of the increase and the refunds issued. The WCRIB shall also, at the request of the AG or the SRB, provide them with any data or calculations that will allow them to verify the WCRIB's actions.

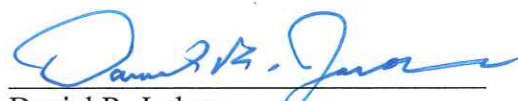
In its filing, the WCRIB stated that it did not expect the rule change to affect statewide premiums. It contended that, because a high percentage of Massachusetts policies now have identical ARDs and PEDs, the proposed rule change will not affect a large number of employers. The WCRIB provided no estimate of the economic effect of implementing the rule change on current policyholders, arguing that it could not do so because there is no single formula for establishing differences between ARDs and PEDs that might provide some basis for estimating the economic consequences of the rule change.

We find that the Stipulation submitted by the Parties appropriately addresses concerns about premium increases that policyholders, whose ARD is changed to a PED on May 1, 2017, might incur solely as a result of that change. The stipulated approach will identify the affected policyholders, calculate the increase, and return increases of \$50 or more to policyholders. We find, therefore, that the Stipulation provides an appropriate method for ensuring that workers' compensation rates for policyholders affected by elimination of the ARD endorsement as of May 1, 2017, will be "not excessive, inadequate, or unfairly discriminatory for the risks to which they respectively apply, and fall within a range of reasonableness." Therefore, we approve the Stipulation, which shall apply to new and renewal policies issued on and after May 1, 2017.

ENTERED this 16<sup>th</sup> day of September 2016.

  
Jean F. Farrington  
Presiding Officer

AFFIRMED this 16<sup>th</sup> day of September 2016:

  
Daniel R. Judson  
Commissioner of Insurance