



## Tonry Topics

### **4/1/2014 MASSACHUSETTS WORKERS' COMPENSATION RATE CHANGE**

The Massachusetts Commissioner of Insurance has approved a Stipulation for the general revision of workers' compensation rates, effective 12:01 A.M., April 1, 2014. The rate change will affect new and renewal policies with an anniversary rating date of April 1, 2014 and after, including all policies in the Massachusetts Workers' Compensation Assigned Risk Pool. The anniversary rating date is commonly the effective date of the policy but can be different if a policy is canceled and rewritten or if there are multiple policies.

#### **Average Rates**

Although there is no change in overall statewide average rates; the change in average rates by industry group is as follows; manufacturing is a decrease of (11.3%), construction is a decrease of (0.9%), office and clerical is an increase of 3.9%, goods and services is an increase of 2.5% and miscellaneous groups is an increase of 6.7%. The changes by class, even within the same industry group, vary substantially.

The average rate change does not take into consideration the overall average decrease of 13.4% in the existing workers' compensation F-class rates nor the decrease in the U.S. Longshore and Harbor Workers' Compensation Act (USL&H) percentage from 32.0% to 25.4%

#### **Change in Manual Rates**

Following is a list of the more common classifications we work with and the new manual rates per \$100 of payroll. The rates for all Massachusetts classes can be found at [www.wcribma.org](http://www.wcribma.org), the web site of the Workers' Compensation Rating and Inspection Bureau

of Massachusetts. If you would like to lookup specific class codes please visit the WCRIB Class Code lookup page found at <https://www.wcribma.org/mass/ToolsAndServices/MACI/Main.aspx>. The manual rates by industry group decreased (11.5%) for manufacturing, decreased (3.1%) for construction, increased 1.5% for office and clerical, increased 2.2% for goods and services and increased 6.6% for miscellaneous. Again, the changes by class, even within the same industry group, vary substantially.

#### **Experience Rating Plan Changes**

The Experience Rating Plan Expected Loss Rates and D-Ratios have also changed. These rates and ratios are used in calculating experience rating factors (experience mod. and ARAP) and are a significant component in determining the final premium for an experience rated risk. Expected loss rates used in calculating experience factors increased by an average of 8.9% over all industry groups. Every situation is different but, in general, this will mean an improvement in experience factors and thus, a lower premium.

A risk is eligible for experience rating when the payrolls or other exposures developed in the last year or last two years of the experience period produced a premium of at least \$11,000. If more than two years, an average annual premium of at least \$5,500 is required.

Experience mods and ARAPs already issued effective 4/1/14 or after on a preliminary basis will be recalculated to reflect the new Expected Loss Rates.

#### **Construction Class Premium Adjustment Credit**

The Massachusetts Construction Class Premium Adjustment Program (MCCPAP) has undergone a major revision. Most notably, the average hourly wage to qualify for the credit has increased from \$18 per hour, which has been unchanged since the program was first introduced in January, 1991, to \$30 per hour. Many businesses who previously received the benefit of the Construction Class Credit may

no longer qualify or may receive less of a credit than in previous years.

**Small Deductible Credits**

The premium credits applicable to the election of small deductibles under either the Massachusetts Benefits Deductible Program or the Massachusetts Benefits Claim and Aggregate Deductible Program have been revised. The deductible credits will be:

Benefits Deductible Coverage Program

Deductible Amount	Credit
\$500	2.2%
\$1,000	3.5%
\$2,000	5.3%
\$2,500	6.0%
\$5,000	8.9%



- Admiralty Law and Federal Employers' Liability Act classifications
- Merit Rating Program
- Premium Discount Tables A and B
- Take-Out Credit
- Qualified Loss Management Program [QLMP]
- Weights and Ballasts Tables

It is important to remember this rate change will affect each insured differently and the premium changes will vary. Please consult with a licensed professional insurance agent to review how this change will affect you.

For additional information, please contact Lou Tonry at (617) 773-9200.  
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Benefits Claim and Aggregate Deductible Program

Under this program, a per claim deductible of \$2,500 applies subject to an aggregate of \$10,000. For policies with an estimated annual standard premium over \$200,000, the aggregate is 5% of the estimated annual standard premium.

Estimated Annual Standard Premium	Credit
\$0 to \$75,000	5.9%
\$75,001 to \$100,000	5.8%
\$100,001 to \$125,000	5.7%
\$125,001 to \$150,000	5.6%
\$150,001 to \$200,000	5.4%
over \$200,000	5.0%

**Other Factors**

There were changes to the Retrospective Rate Plan. For details, see the Bureau's web site at www.wcribma.org. There were no changes in the following:

- Expense Constant
- Loss Constant

## MASSACHUSETTS WORKERS' COMPENSATION RATES

### Selected Rates per \$100 of Payroll

Class	Description	9/1/05 Rate	9/1/07 Rate	9/1/08 Rate	9/1/10 Rate	4/1/14 Rate	% Change 10 to 14
7600	Alarm Systems	\$3.04	\$3.13	\$3.03	\$3.23	\$3.54	9.6%
5472	Asbestos Removal	\$8.65	\$7.21	\$7.22	\$8.75	\$8.98	2.6%
5473	Asbestos Removal NOC	\$18.65	\$12.86	\$12.48	\$12.60	\$11.70	-7.1%
1463	Asphalt Works & Drivers	\$5.84	\$6.16	\$6.06	\$7.53	\$8.27	9.8%
8058	Building Material Dealers - Store	\$3.17	\$2.89	\$3.45	\$2.71	\$2.58	-4.8%
5703	Building Raising or Moving	\$20.59	\$22.18	\$26.58	\$26.72	\$24.80	-7.2%
9014	Buildings Operations By Contractors	\$2.65	\$2.09	\$2.50	\$2.48	\$2.66	7.3%
9015	Buildings Operations By Owners	\$3.19	\$2.69	\$2.94	\$2.72	\$2.99	9.9%
7382	Bus Co. - All Other	\$4.58	\$3.88	\$3.65	\$4.09	\$3.99	-2.4%
8385	Bus Co. - Garage	\$3.91	\$2.75	\$2.90	\$3.31	\$2.98	-10.0%
5437	Carpentry - Cabinet Work, Interior Trim, Wood Flooring	\$6.88	\$5.60	\$5.93	\$5.23	\$4.86	-7.1%
5645	Carpentry - Detached Dwellings	\$9.03	\$6.80	\$7.50	\$8.68	\$8.06	-7.1%
5651	Carpentry - Dwellings, Three Stories or Less	\$9.03	\$6.80	\$7.50	\$8.68	\$8.06	-7.1%
2802	Carpentry - Shop	\$5.73	\$4.29	\$4.35	\$4.63	\$3.93	-15.1%
5403	Carpentry NOC	\$16.48	\$11.46	\$11.92	\$9.61	\$9.86	2.6%
9521	Carpet Installation	\$6.29	\$4.62	\$4.56	\$4.53	\$3.85	-15.0%
5610	Cleaner Debris Removal	\$5.89	\$5.28	\$5.83	\$5.43	\$5.57	2.6%
8810	Clerical NOC	\$0.15	\$0.12	\$0.12	\$0.09	\$0.08	-11.1%
5222	Concrete - Bridge Construction	\$8.61	\$8.62	\$8.43	\$8.70	\$8.93	2.6%
5213	Concrete Construction NOC	\$22.32	\$19.51	\$21.45	\$18.85	\$17.50	-7.2%
5221	Concrete Floors, Driveways	\$9.18	\$6.57	\$6.62	\$6.24	\$6.40	2.6%
5215	Concrete Work - Private Residence	\$7.22	\$4.98	\$5.07	\$5.33	\$4.95	-7.1%
6325	Conduit Construction-Cable or Wires	\$3.47	\$3.39	\$3.61	\$4.38	\$4.49	2.5%
5102	Door, Door Frame, Sash Erection	\$11.04	\$7.61	\$6.76	\$6.89	\$6.40	-7.1%
6229	Drainage or Irrigation Systems	\$6.08	\$4.19	\$4.17	\$4.35	\$4.46	2.5%
6204	Drilling NOC	\$12.12	\$11.05	\$9.81	\$9.67	\$9.01	-6.8%
7380	Drivers NOC	\$7.13	\$6.22	\$5.56	\$5.71	\$6.17	8.1%
5190	Electrical Wiring	\$4.18	\$3.20	\$3.17	\$2.84	\$2.74	-3.5%
5160	Elevator Erection or Repair	\$3.62	\$3.32	\$3.47	\$4.21	\$3.91	-7.1%
8601	Engineer or Architect - Consulting	\$0.46	\$0.31	\$0.33	\$0.26	\$0.29	11.5%
6217	Excavation / Grading of Land	\$6.08	\$4.19	\$4.17	\$4.35	\$4.46	2.5%
5606	Executive Supervisor	\$2.41	\$1.70	\$1.75	\$1.62	\$1.66	2.5%
6400	Fence Erection	\$7.60	\$6.07	\$6.33	\$7.05	\$6.55	-7.1%
8232	Fuel & Material Dealer	\$5.80	\$4.78	\$4.87	\$4.43	\$4.75	7.2%
5462	Glazier	\$9.25	\$8.96	\$8.93	\$9.58	\$8.89	-7.2%
4000	Gravel & Sand Digging	\$5.00	\$5.59	\$5.31	\$4.82	\$4.41	-8.5%



Class	Description	9/1/05 Rate	9/1/07 Rate	9/1/08 Rate	9/1/10 Rate	4/1/14 Rate	% Change 10 to 14
5479	Insulation Work	\$14.59	\$10.06	\$8.94	\$7.78	\$7.98	2.6%
5040	Iron or Steel Erection	\$43.69	\$45.71	\$44.61	\$54.08	\$55.49	2.6%
5057	Iron or Steel Erection NOC	\$34.06	\$36.69	\$39.97	\$33.00	\$30.63	-7.2%
3030	Iron or Steel Shop - Structural	\$8.32	\$7.00	\$7.34	\$8.53	\$7.24	-15.1%
3041	Iron Works - Shop - Decorative	\$4.50	\$4.76	\$5.16	\$4.71	\$4.25	-9.8%
3040	Iron Works - Shop - Ornamental	\$13.48	\$9.45	\$9.01	\$7.77	\$7.03	-9.5%
6005	Jetty or Breakwater Construction	\$5.19	\$4.25	\$5.09	\$6.01	\$6.16	2.5%
0042	Landscape Gardening	\$4.98	\$3.84	\$4.23	\$4.03	\$4.11	2.0%
8820	Law Office	\$0.14	\$0.11	\$0.10	\$0.09	\$0.09	0.0%
9102	Lawn Maintenance	\$2.53	\$2.22	\$1.97	\$2.24	\$2.47	10.3%
5022	Masonry NOC	\$15.67	\$10.81	\$11.62	\$10.55	\$9.80	-7.1%
3724	Millwright Work NOC	\$6.88	\$5.67	\$6.79	\$5.48	\$5.09	-7.1%
9534	Mobile Crane Hoisting Service	\$6.76	\$6.06	\$6.95	\$5.60	\$5.75	2.7%
8742	Outside Sales	\$0.29	\$0.20	\$0.20	\$0.15	\$0.16	6.7%
5474	Painting or Paper Hanging NOC	\$6.85	\$4.79	\$5.01	\$5.09	\$5.22	2.6%
8227	Permanent Yard	\$3.64	\$3.05	\$3.24	\$3.93	\$4.03	2.5%
6003	Pile Driving	\$15.92	\$14.68	\$14.99	\$12.92	\$11.99	-7.2%
5480	Plastering	\$6.62	\$5.08	\$4.89	\$4.68	\$4.80	2.6%
5183	Plumbing NOC	\$4.80	\$3.98	\$3.88	\$3.50	\$3.25	-7.1%
1624	Quarry NOC	\$4.27	\$4.13	\$4.77	\$5.33	\$5.34	0.2%
9079	Restaurant	\$1.60	\$1.14	\$1.10	\$1.07	\$1.15	7.5%
5547	Roofing - Built-Up	\$19.72	\$13.60	\$14.08	\$17.07	\$15.85	-7.1%
5545	Roofing NOC	\$47.57	\$32.80	\$30.35	\$30.99	\$31.79	2.6%
7720	Security Enforcement or Protection	\$1.98	\$1.45	\$1.50	\$1.73	\$1.90	9.8%
6306	Sewer Construction	\$8.05	\$5.55	\$6.28	\$7.61	\$7.81	2.6%
5538	Sheet Metal Work - Shop & Outside	\$6.72	\$5.15	\$5.74	\$5.72	\$5.31	-7.2%
9552	Sign Mfg - Erection, Repair, Maintenance	\$6.88	\$6.94	\$8.29	\$8.35	\$7.92	-5.1%
3064	Sign Mfg - Metal	\$3.47	\$2.88	\$3.04	\$3.08	\$2.61	-15.3%
5188	Sprinkler Installation	\$5.45	\$4.07	\$4.68	\$4.13	\$4.24	2.7%
9402	Street Cleaning	\$6.75	\$5.24	\$5.49	\$4.92	\$5.40	9.8%
5507	Street or Road Construction	\$7.91	\$6.35	\$6.26	\$7.05	\$7.24	2.7%
5506	Street or Road Paving	\$7.27	\$5.81	\$6.96	\$7.05	\$7.09	0.6%
5348	Tile, Stone or Mosaic Work	\$8.78	\$6.21	\$6.45	\$5.81	\$5.93	2.1%
0106	Tree Pruning	\$16.40	\$14.82	\$13.52	\$14.64	\$15.80	7.9%
7219	Trucking NOC	\$8.22	\$7.13	\$7.68	\$8.28	\$9.10	9.9%
5445	Wallboard Installation	\$8.90	\$6.70	\$7.13	\$7.24	\$7.43	2.6%
6319	Water / Gas Main or Connection Construction	\$6.76	\$5.41	\$5.14	\$4.86	\$4.66	-4.1%
7520	Waterworks Operation	\$3.42	\$3.83	\$3.29	\$3.15	\$3.46	9.8%
3365	Welding NOC	\$14.12	\$9.98	\$9.72	\$9.67	\$8.98	-7.1%

NOC = Not Otherwise Classified