
DESANCTIS INSURANCE AGENCY, INC.

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To Our Valued Clients:

April 1, 2014

Massachusetts Worker's Compensation Rate Change

Effective April 1, 2014

The Commissioner of Insurance has approved a revision of Massachusetts Workers' Compensation rates, effective April 1, 2014, applicable to policies that are new or renew on or after that date. The most important items include:

1. STATE CLASSES - NO CHANGE IN OVERALL RATE LEVEL

Despite no change in overall rate level, most individual class rates will change. We have included a separate listing of the actual new rates for the most common construction classifications.

2. MASSACHUSETTS CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM ("MCCPAP")

The table of credits by Average Hourly Wage (AHW) ranges has been revised. The Manual Premium Credit now ranges from 5% for an AHW of \$30.00 to 25% at an AHW of \$40.00 and over. Previously the 5%-25% Credits were for AHWs ranging from \$18.00 to \$28.01 and over. To offset the reduction in the Credits, the Manual rates effective 4/1/14 have been reduced.

3. EXPERIENCE RATING PLAN CHANGES

The Experience Rating Plan Expected Loss Rates and D-Ratios will be revised to reflect the new rates. The State Per Claim Accident Limitation and the State Multiple Claim Accident Limitation remain unchanged.

4. F - CLASSES - OVERALL RATE LEVEL DECREASE OF 13.4%

The overall average decrease of 13.4% in the existing workers' compensation F- Class average rates will vary by class.

5. USL&HW ACT COVERAGE PERCENTAGE (applicable to non-f c lassifications)

The loading percentage applicable to USL&HW has been revised from 32% to 25.4%. (Multiply a Non-F classification rate by a factor of 1.254 to determine the total rate) Note, you must have USL&HW coverage added to your Workers Compensation policy by separate endorsement for coverage to apply.

6. 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 increased roughly ½ of a percentage point.

Experience ratings and ARAP factors (including replacement of preliminary experience ratings and ARAP factors) effective April 1, 2014 and subsequent will be issued in due course using the new Expected Loss Rates and D-Ratios. Experience ratings and ARAP factors that have been issued effective January 1, 2014 through March 31, 2014 will be revised to remove the preliminary status as the rate change is not retroactive.

MCCPAP Factors effective April 1, 2014 and subsequent will be revised in due course using the new table of credits by hourly wage ranges and the revised experience rating offset.

Please let us know if you have any questions.

Very truly yours,

DeSanctis Insurance Agency, Inc.