



**State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920**

Insurance Division

April 16, 2019

Justin Moulton, CPCU
State Relations Executive
National Council on Compensation Insurance, Inc. ("NCCI")

Re: NCCI 2019 Rhode Island Advisory Loss Costs and Rating Values Filing

Dear Mr. Moulton:

On November 20, 2018, NCCI made a filing requesting an overall decrease in advisory loss costs of -7.7% for industrial classes and -8.3% for "F" classes effective August 1, 2019. After careful review and analysis of the filing and all supplemental material provided, the Department finds that an overall decrease of -8.1% for industrial classes and an overall decrease of -8.7% for "F" classes is supported and is hereby approved. Further discussion of the process is included below.

This filing requests approval of "advisory loss costs" which, once approved, all insurers electing to write workers compensation insurance in Rhode Island must use as one component in setting the rates charged to employers. The Department's statutory directive is to determine whether the advisory loss costs are "excessive, inadequate or unfairly discriminatory." In concluding this matter, the Department solicited comment from the public and interested parties. The Department then reviewed all information obtained with the goal of achieving actuarially justified lost costs which are intended to produce a rate charged to employers that will adequately cover the costs incurred in providing benefits to injured employers while at the same time producing rates that are not excessive.

The actuarial review of this filing was instituted by the Department on December 6, 2018. On February 22, 2019, the Insurance Advocacy Unit of the RI Department of Attorney General ("Insurance Advocacy Unit") notified the Department of its intent to not undertake an actuarial review of the Filing this year and instead provide non-actuarial comments on behalf of the consumer. In accordance with the notice of solicitation of public comment, the Insurance Advocacy Unit provided the Department with written recommendations on February 22, 2019. Beacon Mutual, who had received all communications in this matter, offered comments on February 15, 2019. No other comments were received.

The Department appreciates and values the information provided by interested parties, especially that of the Insurance Advocacy Unit and the Beacon Mutual Insurance Company and has carefully considered each issue raised with an eye toward its statutory obligation. The conclusions reached by the Department are included in the attached actuarial report and available to the public.

The Department hereby approves an overall decrease in advisory loss costs of -8.1% for industrial classes and a decrease of -8.7% for "F" classes for use in Rhode Island beginning August 1, 2019. NCCI is hereby directed to make a compliance filing consistent with this approval no later than June 1, 2019. NCCI shall issue a Circular advising member insurers to notify the Department no later than June 30, 2019, of its intention to adopt NCCI's advisory loss costs along with proposed loss cost multipliers. Any insurer electing to not adopt the 2019 Advisory Loss Costs, to delay adoption of the new loss costs, and/or to maintain its current loss cost multiplier must provide an explanation to the Department supporting its position, including statistical support. All notices and filings must be submitted electronically in SERFF.

Very Truly Yours,



Beth Vollucci
Chief of Consumer and Filing Services

cc: Liz Tanner, Director
Elizabeth Kelleher Dwyer, Superintendent of Insurance
John Herzfeld, Milliman, Inc.
Maria Lenz, Assistant Attorney General
Amy Vitale, General Counsel, The Beacon Mutual Insurance Company
Brian Spero, CEO and President, The Beacon Mutual Insurance Company