

HOUSE No. 01408

The Commonwealth of Massachusetts

PRESENTED BY:

David M. Torrasi

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to the competitive determination of workers' compensation insurance rates..

PETITION OF:

NAME:

David M. Torrasi

DISTRICT/ADDRESS:

14th Essex

HOUSE No. 01408

By Mr. David M. Torrasi of North Andover, petition (accompanied by bill, House, No. 01408) of David M. Torrasi relative to the competitive determination of workers compensation insurance rates.. Joint Committee on Labor and Workforce Development.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE
□ HOUSE
□ , NO. 1864 OF 2009-2010.]

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act relative to the competitive determination of workers' compensation insurance rates..

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 SECTION 1. Chapter 152 of the General Laws is hereby amended by striking out section 53A,
- 2 as appearing in the 2008 Official Edition, and inserting in place thereof the following section:-
- 3 Section 53A. (a) As used in this section, the following terms shall, unless the context clearly
- 4 requires otherwise, have the following meanings:-
- 5 "Commissioner", the commissioner of insurance established under chapter 26
- 6 "Division", the division of insurance.
- 7 "Loss cost modifier ("LCM")", shall mean that provision within the rates proposed or approved
- 8 for any insurer or pool writing workers' compensation and employers' liability insurance,

9 intended to account for such company's or pool's (i) projected expenses, other than allocated loss
10 adjustment expense; (ii) profit and contingency allowance; and (iii) expected difference in loss
11 experience or allocated loss adjustment expense from that of the loss and allocated loss
12 adjustment experience of the industry as a whole. Except for any expense constant component,
13 LCMs shall be expressed as decimals to be applied equally and uniformly to the prospective loss
14 costs approved by the commissioner for use by the filer across all hazard and industry groups.
15 The LCM shall not include any provision to account for assessments collected on behalf of the
16 residual market or to support any trust funds created pursuant to section 65. "Pool", shall mean
17 the reinsurance pool established pursuant to section 65C.

18 "Prospective loss cost", shall mean that portion of a workers' compensation and employers'
19 liability rate that does not include provisions for expenses (other than allocated loss adjustment
20 expenses), profit and contingency, or variations in company loss and allocated loss adjustment
21 expense experience as compared with the experience of the industry as a whole. Such loss costs
22 shall be based on historical aggregate losses and allocated loss adjustment expenses, both
23 reasonably adjusted through development to their ultimate value and projected through trending
24 to a future point in time.

25 "Rate", shall mean the cost of workers' compensation and employers' liability insurance per
26 exposure unit, which shall be derived from a prospective loss cost for such exposure adjusted by
27 a filed LCM.

28 (b) Any insurance company authorized to transact business in this commonwealth under
29 subclause (b) or (e) of clause Sixth of section 47 of chapter 175 may, except as provided in
30 clause (c) of section 54 of said chapter 175, insure the payment of the compensation provided for

31 by this chapter, and when any such company insures such payment, it shall file with the
32 commissioner, or, if it is a member of or subscriber to a rating organization under section 52C,
33 authorize such rating organization to file with the commissioner on its behalf, its classification of
34 risks and projected loss costs relating thereto.

35 (c)(1) The commissioner shall designate a rating organization, duly qualified under said section
36 52C, to file with the commissioner proposed loss costs and classifications of risks associated
37 with writing workers' compensation and employers' liability insurance in the commonwealth, for
38 use in both the voluntary market and the pool. Said rating organization shall annually file, on or
39 before November 1 of the year such filing is made, industry-wide classifications of risks,
40 prospective loss costs, and minimum premium determination rules for use throughout the entire
41 market. Prospective loss costs and classifications of risk shall be developed for the entire insured
42 workers' compensation market utilizing loss experience without regard to whether such
43 experience came from the voluntary market or the pool.

44 In any instance in which the most recent aggregated 3 years of calendar-accident year data of the
45 loss- plus-all expense ratios of the top 15 insurers in voluntary and pool market share, with all
46 the companies smaller than the fourteenth largest combined to make the fifteenth "company" in
47 such list, contain any companies whose loss-plus-all expense ratios exceed 150% of the median
48 combined ratio of such companies, the commissioner shall, when considering the
49 appropriateness of filed loss costs at the next prospective loss cost proceeding, exclude the
50 voluntary and residual market premiums, payrolls, losses and allocated loss adjustment expenses
51 of such high-ratio companies. The designated rating organization shall also file all necessary
52 parameters, rating and statistical reporting rules, and forms to be used by any company wishing
53 to write retrospectively rated or large deductible policies. The designated rating organization

54 may also file any desired changes to existing rating plans and other adjustments requested to be
55 applied to the rates and classifications within the voluntary market or pool. Prospective loss costs
56 and any additional requests made within prospective loss cost filings shall be approved by the
57 commissioner only if it is determined after a hearing that their use will not, given reasonable
58 LCMs, produce premiums that are inadequate, excessive, or unfairly discriminatory.

59 (2) Non-rating organization members making individual company prospective loss cost filings
60 must utilize only such classifications of risk and rating plans as are consistent with those filed by
61 the designated rating organization as set forth herein and approved by the commissioner.

62 (3) Within 30 days after the prospective loss cost filing under this section the commissioner shall
63 initiate a hearing to ensure that the proposed classifications are reasonable and equitable and the
64 proposed loss costs fall within a range of reasonableness and are not excessive, inadequate, or
65 unfairly discriminatory for the risks to which they apply.

66 Any hearing on projected industry loss costs shall be completed within 45 days of its
67 commencement and a written decision thereon shall be issued within 30 days of the close of such
68 hearing. If, after said hearing, the commissioner disapproves any part of the filing, the reasons
69 for such disapproval shall be specified in the decision which shall also indicate what changes
70 would be necessary to make any refiling approvable. Any projected loss cost filing shall be
71 deemed approved if the commissioner does not commence the hearing within 30 days of receipt
72 of the filing, complete the hearing within 45 days of its commencement, or issue a written
73 decision within 30 days of its completion. The rating organization, non-member company that
74 has made an individual prospective loss cost filing, or other aggrieved party to a proceeding may
75 seek review of the commissioner's decision before the supreme judicial court.

76 (d) When a filing is not accompanied by the information upon which the insurer supports such
77 filing, and the commissioner does not have sufficient information to determine whether such
78 filing meets the requirements of this section, the commissioner may require such insurer to
79 furnish the information upon which it supports such filing. Any filing may be supported by the
80 experience or judgment of the insurer or rating organization making the filing, the experience of
81 other insurers or rating organizations, and any other factors which the insurer or rating
82 organization deems relevant.

83 (e)(1) Simultaneous with its annual filing of prospective industry-wide loss costs, the rating
84 organization designated by the commissioner to administer the pool pursuant to section 65C shall
85 separately file LCMs to be used in the pool as of the effective date of such new loss costs. Such
86 LCMs shall be approved as adequate, not-excessive and not unfairly discriminatory if and only if
87 they reflect the following factors: (i) a loss and allocated loss adjustment expense multiplier of
88 1.0; (ii) a multiplier reflecting a reasonable estimate of the general and unallocated loss
89 adjustment expenses in the overall workers' compensation market; (iii) any appropriate loss and
90 expense constants; (iv) a reasonable profit- and-contingency multiplier; and (v) such tables and
91 parameters as are necessary for member companies to write retrospectively rated or deductible
92 policies. In reviewing the appropriateness of the rating organization's filed multipliers for
93 expense and for profit and contingency, the commissioner shall be guided by a review of the
94 most recent company LCM filings and shall endeavor to place such pool components within the
95 voluntary market range. The pool profit and contingency component shall reflect any data that
96 indicates that the risk of covering randomly assigned exposures may be slightly higher than that
97 of covering similar risks freely chosen by an insurer as well as any changes in the economic and
98 company expense environments since the voluntary market LCMs reviewed were last placed on

99 file. The commissioner may find a pool profit and contingency multiplier unreasonable if such
100 multiplier is deemed likely to contribute to the creation or sustainability of a pool size that
101 reflects unhealthy market conditions. Each industry-wide loss cost filing and pool LCM filing
102 shall, if not disapproved, be effective as of July 1 following completion of the hearing on
103 prospective loss costs. Decisions disapproving pool LCMs shall indicate what changes are
104 deemed necessary to make such LCMs acceptable to the division.

105 (2) Except as provided below with respect to filings already on file that continue to be in
106 compliance with this section, each company that is a member of the bureau duly designated by
107 the commissioner to make such filings shall, subsequent to the annual approval of an industry-
108 wide prospective loss cost filing and the placing on file of a pool LCM, submit to the division of
109 insurance an LCM filing upon which it desires its rates to be based. Individual companies not
110 belonging to said rating bureau must also make separate filings of their LCMs subsequent to
111 approval of their estimate of prospective company loss costs. In making individual company loss
112 cost and LCM filings, due consideration shall be given by an insurer to its past and prospective
113 loss and allocated loss adjustment expense experience within and outside the commonwealth, to
114 catastrophe hazards, if any, to a reasonable margin for underwriting profit and contingencies, to
115 past and prospective expense both countrywide and those specially applicable to the
116 commonwealth, and to all other relevant factors within and outside the commonwealth, including
117 the experience or judgment of the insurer. (3) In addition to its final proposed modifier, each
118 insurer's LCM filing shall set forth the following components of such modifier:

119 (i) A multiplier which shall reflect the filer's estimate of its loss and allocated loss adjustment
120 expenses. Each such factor to be applied to the industry loss and allocated loss adjustment
121 expense costs approved by the commissioner shall be at least .75, but no greater than 1.25. The

122 commissioner may approve a filing that includes different multipliers for different industrial
123 classes under this paragraph but only if such differential multipliers are actuarially supported by
124 the filer and are not violative of subsection (f).

125 (ii) A multiplier which shall reflect the filer's estimate of its general and unallocated loss
126 adjustment expense costs. Such factor to be applied to the industry loss and allocated loss
127 adjustment expense costs approved by the commissioner shall not be lower than 0.33 or higher
128 than 0.50.

129 (iii) A multiplier which shall reflect the filer's estimate of its profit and contingency
130 requirements. Such factor to be applied to the industry loss and allocated loss adjustment
131 expense costs approved by the commissioner shall be no less than the result of subtracting 1.025
132 from the average of 1.0 and the workers' compensation discount factor applicable to the earliest
133 tax year shown for countrywide flows on the most recent IRS publication regarding discount
134 factors for unpaid losses under Section 846, or any corresponding successor section of the
135 Internal Revenue Code, and shall be no greater than one thousand basis points (0.001) higher
136 than said result.

137 (iv) Any expense or loss constants the filer proposes to charge provided that no such constants
138 shall exceed those currently approved for use in the pool at the time of the company LCM filing.
139 The factor to be multiplied by the approved loss and allocated loss adjustment expense cost by
140 class shall be the sum of the multipliers described above in (i), (ii), and (iii). The final company
141 modifier shall also include any constants described in (iv).

142 (4) Both the pool and individual company insurers' final rates shall be determined by applying
143 filed loss cost modifiers to the most recently approved loss and allocated loss adjustment expense

144 costs for the industry as a whole. Rating plans for retrospectively rated or deductible policies
145 written by an insurer shall be consistent with and derivable from parameters approved in the
146 industry-wide loss cost filing. Companies shall use the rates, rules, or amounts approved for the
147 pool for minimum premium determinations and for per capita and other non-payroll based class
148 rates. The classification and experience rating systems approved for the industry as a whole, in
149 accordance with this section, shall be adopted by every insurer without modification.

150 (5) Except where company solvency or continuation is an issue, or where there has been a
151 change in the law affecting company costs, individual company LCM filings shall be effective
152 no earlier than 30 days following their receipt by the division of insurance. No pool or individual
153 company filed LCM shall become effective if, within 21 days of its receipt by the division, the
154 state rating bureau asserts in writing to the filing company or bureau and the commissioner that
155 there are one or more defects in the form or manner of any such filing, explaining the nature of
156 such alleged defects and recommending an acceptable manner of their removal. In such instances
157 the company or pool may not use its filed LCM and may either revise its filing in the manner
158 recommended by the state rating bureau or request a hearing to review the prohibition of its use.
159 The state rating bureau shall disapprove an individual company's LCMs as defective only for the
160 following reasons: (i) such filing contains one or more LCM components that are violative of
161 this section; (ii) such filing would tend to impair or threaten the solvency of the filer; (iii) such
162 filing would likely create a monopoly in the market; or (iv) such filing is expected to produce
163 one or more rates, classifications or premiums that are in any respect unfairly discriminatory. If
164 the company or the pool chooses to revise the filing based on the state rating bureau's objections,
165 the earliest date upon which the filing may be used, if no earlier date is agreed upon by the
166 company and the division, shall be 65 days from the division's receipt of the original filing.

167 The commissioner shall commence any hearing pursuant to this subsection within 21 days of the
168 division's receipt of the filer's request for a review of the state rating bureau's written reasons for
169 disapproval of the filing. In the case of an individual company filing, the commissioner shall, by
170 written decision, disapprove the filed LCM after the hearing if, and only if, it is found that the
171 filed LCM contains one or more of the substantive or formal failures set forth in the disapproval
172 by the state rating bureau.

173 Decisions on LCM hearings shall be issued no later than 21 days following commencement of
174 such hearings. In any instance in which either the hearing is not commenced within 21 days of
175 receipt of the filer's request or the decision is not issued within 21 days of the hearing's
176 commencement, the LCM filing shall be deemed approved and become effective no sooner than
177 65 days from the division's receipt of the company's request for a hearing or the effective date
178 proposed by such company, whichever is the later date.

179 (6) Whenever the commissioner disapproves an individual company LCM filing in accordance
180 with this section, the commissioner may, by sole discretion, authorize the insurer to use either
181 that LCM in effect for such entity prior to the disapproved filing or that LCM most recently
182 placed on file for the pool. Effective LCMs, whether placed on file by the division as submitted
183 or authorized for use by the commissioner pursuant to a hearing as set forth above, shall remain
184 in effect at least until July 1 of the following year. Companies need not refile and may continue
185 to use any effective LCMs subsequent to approved changes in prospective loss costs when all the
186 components of such LCMs continue to comply with every provision of this section. The
187 commissioner may at any time after any company's LCM has been in effect for a year, require
188 such company to file a new LCM, indicating what changes are deemed to be required to make
189 such LCM comply with this section.

190 (7) Both the pool and individual insurers shall have the right to appeal any decision of the
191 commissioner regarding LCMs pursuant to section 14 of chapter 30A, except that all such
192 appeals shall be filed with the Supreme Judicial Court.

193 (f) Insurers' LCM filings shall be in such form and manner as will enable the commissioner to
194 ensure that all filed LCM components are within the constraints provided by subsection (e) and
195 to determine both the filer's basis for its proposed LCM and the premiums such insurer would
196 charge its insureds if such filing were to be approved. When any filing is not accompanied by the
197 information upon which the insurer supports such filing, or the commissioner does not have
198 sufficient information to determine whether such filing meets the requirements of this section,
199 she may require the filer to furnish the information upon which it supports such filing.

200 Each company group having more than one company writing workers' compensation insurance
201 within the commonwealth shall make a single filing containing all the LCMs such group
202 proposes to employ within its entire group, and its filing shall provide objective and not
203 unlawfully discriminatory criteria for placing risks in particular companies within such group.
204 For purposes of this section, a company group's LCMs shall be considered unfairly
205 discriminatory if (i) they include 1 or more LCMs that are deemed to violate any anti-
206 discrimination statute; (ii) they include one or more LCMs that could produce rates that are not
207 uniform within any classification of risk written within any company; or (iii) they could produce
208 disparate rates within the same industrial classification as between 2 or more companies within
209 the same company group, and such differences are not entirely a function of objective and not
210 unlawfully discriminatory criteria filed along with such group's LCMs. Nothing in this paragraph
211 shall be construed to prohibit companies from utilizing policyholder dividend plans that return
212 diverse dividends within any class at the close of a policy period based on company or individual

213 risk performance; provided, however, that no specified dividend amounts may be promised or
214 paid to policyholders in advance of annual declarations.

215 The commissioner may promulgate rules or regulations as deemed necessary to carry out the
216 provisions of this section.

217 (g) Where a claim against an insured that has affected the insured's experience rating has been
218 found non-compensable, or where an insurer recovers previously paid workers' compensation
219 benefits from a negligent third party, or where an insurer has been reimbursed by the insured or
220 the Workers' Compensation Trust Fund for payments made pursuant to subsection 2 of section
221 65, the insurer shall submit a revised statistical unit report to the appropriate rating bureau within
222 65 days of such finding, recovery or reimbursement.

223 (h) The commissioner shall, by the use of experience rating credits, the institution of a payroll
224 cap on premium computation, or other method, provide for equitable distribution of premiums
225 among employers paying higher than average wages and those paying lower than average wages.

226 (i) The advisory council established pursuant to section 15 of chapter 23E may request loss data
227 from any insurance company or rating organization. Any insurance company or rating
228 organization that is the recipient of such a request may, if it believes that the request is unduly
229 burdensome or unreasonable, file a motion to be heard by the commissioner concerning whether
230 all or part of the request requires response. The commissioner may, if the commissioner finds the
231 request is unduly burdensome or unreasonable, deny the request in whole or in part. At any
232 prospective loss cost or pool LCM hearing conducted pursuant to this section, the advisory
233 council may present a written statement and oral testimony relating to any issues that may arise

234 during the course of such hearing. Said advisory council may not cross-examine witnesses
235 produced by other parties or appeal any decision of the commissioner.

236 (j)(1) The commissioner shall make a finding on the basis of information submitted in any
237 prospective loss cost filing made pursuant to this section that the insurer or insurers employ cost
238 control programs and techniques acceptable to the commissioner which have had or are expected
239 to have a substantial impact on fraudulent claim costs, unnecessary health care costs, and any
240 other unreasonable loss costs, as well as on the efficient and adequate collection of the
241 appropriate premium charges owed the insurer or insurers. If the commissioner does not find
242 such cost control programs and techniques, the commissioner may disapprove such filing. The
243 commissioner shall also have authority to make findings, after a hearing on any prospective loss
244 cost filing made pursuant to this section, that the proposed loss costs are excessive due to the
245 failure of the insurer or insurers to utilize adequate programs to control loss costs or to collect the
246 appropriate premium charges. If the commissioner so finds, the commissioner shall disapprove
247 such a filing or, in the alternative, shall limit in any manner determined to be appropriate the
248 amount of any adjustment in premium charges based upon changes in loss costs and premium
249 collections. The commissioner may issue regulations designed to further achievement by insurers
250 of adequate controls on loss costs and of adequate collection of the appropriate premium charges
251 owed to the insurers.

252 (2) The commissioner shall promulgate rules and statistical plans, which may be modified from
253 time to time and which shall be used thereafter by each insurer in the recording and reporting of
254 its loss and expense experience, in order that the experience of all insurers may be made
255 available, at least annually, in such form and detail as may be necessary to aid the commissioner
256 in the performance of the commissioner's duties. In promulgating such rules and plans, the

257 commissioner shall give due consideration to the rating systems on file with the division and to
258 the rules and to the form of the plans used for statistical reporting in other states. The
259 commissioner may designate one or more rating organizations or other agencies to assist in
260 gathering such experience and making compilations thereof.

261 Such compilations shall be made available, subject to rules promulgated by the commissioner, to
262 insurers and rating organizations. Any such statistical agent appointed by the commissioner
263 pursuant to this section to assist in the gathering, compilation and dissemination of statistical
264 data shall be authorized to assess reporting companies for the reasonable costs of such services,
265 as approved by the commissioner.

266 Every statistical agent and rating organization designated by the commissioner and every insurer
267 that is not a member of any such rating organization shall share the information and experience
268 necessary for the calculation of experience modifications and other derivable elements from
269 approved rating plans with every other non-member insurer, approved statistical agent, and
270 rating organization requiring such information and experience in order to estimate loss costs or
271 LCMs for its own insureds or those of its members or subscribers. Any statistical plan
272 promulgated by the commissioner pursuant to this section may include provisions for reasonable
273 fines or other penalties for late or inaccurate reporting, and shall provide for a process by which
274 insurers may appeal any such penalties. Failure to cooperate with the commissioner's statistical
275 agent or to pay any penalties levied pursuant to this section may subject insurers to suspension,
276 revocation, or other limitation of the right to offer insurance in the commonwealth, subject to the
277 provisions of section 4 of chapter 175.

278 SECTION 2. Subsection (5) of section 65 of chapter 152 of the General Laws, as appearing in
279 the 2006 Official Edition, is hereby amended by adding the following paragraph:-

280 For purposes of making assessments pursuant to this section, each company's standard premium
281 shall be put at pool level. "Standard premium" as used in this section, and as it is used as a basis
282 for the equitable distribution of losses or other costs associated with the assigned risk pool under
283 section 65C, shall be as defined by the Massachusetts workers' compensation statistical plan,
284 approved by the commissioner; provided, however, that any such definition shall require that
285 standard premium shall be subsequent to the application of experience modification and any
286 credits applied under the Massachusetts construction credit program, but shall be prior to the
287 application of any large deductible credits or all risk adjustment program charges.

288 SECTION 3. Section 65A of chapter 152 of the General Laws, as so appearing, is hereby
289 amended by striking out the first two sentences and inserting in place thereof the following:-

290 Any employer whose application for voluntary workers' compensation insurance is rejected or
291 not accepted by at least 2 company groups within 5 days may make application to the duly
292 appointed assigned risk pool administrator for admission to the pool. In order for such an
293 employer to be eligible for such admission, the employer shall have complied substantially with
294 this section, as well as with all laws, orders, rules and regulations in force and effect relating to
295 the welfare, health and safety of his employees and shall not be in default of payment of any
296 premium for workers' compensation insurance.

297 Upon receipt of a completed application accompanied by evidence of the company group
298 declinations of coverage referenced above from an employer otherwise meeting the requirements
299 of this section, said administrator shall designate an insurer who shall forthwith, upon receipt of

300 payment for the premium therefor, issue to such employer a guaranteed cost policy of insurance
301 at rates calculated in the manner set forth in section 53A to provide all compensation required by
302 this chapter. Nothing in this chapter shall be construed to require any employer written through
303 the pool to accept a voluntary offer of coverage at a cost in excess of the cost of continued or
304 renewed residual market coverage or to require the pool to non-renew any pool risk that has
305 received a voluntary offer at premiums that are either higher than those in the pool or that require
306 the payment of premiums or loss-reimbursements that may be affected by losses occurring
307 during the same policy period for which coverage is being offered. The commissioner may order
308 occasional mandatory non-renewals of policies written through the pool, require new pool
309 applicants to provide affirmations or other evidence of their inability to obtain voluntary market
310 coverage, or undertake other such depopulation initiatives deemed to be appropriate. To assist
311 both new businesses seeking coverage in the voluntary market and currently insured employers
312 seeking the lowest premiums available, the division shall annually post on its website the
313 percentage differences between the pool rates and the rates at which workers' compensation is
314 being sold pursuant to the most recently filed individual company LCMs.

315 SECTION 4. In August of any year in which either the Herfindahl-Hirschman Index of market
316 concentration for the Massachusetts workers' compensation market rose above 1,500 during the
317 prior year, or the commissioner, for any other reasons, believes either that competition may have
318 been insufficient to protect consumer interests or may have been conducted in a manner that was
319 either detrimental to a healthy competitive market or to quality workers' compensation insurance
320 products being widely offered in a non-discriminatory manner at reasonable prices, may hold a
321 hearing on the state of competition in the workers' compensation market. If the primary reason
322 for the commissioner's belief that the workers' compensation market is insufficiently competitive

323 is a function of either (i) the residual market pool's contribution to the Herfindahl-Hirschman
324 Index of more than 30% or (ii) a significant change in the residual market load borne by
325 voluntary market carriers, the commissioner may make an adjustment to the pool profit and
326 contingency multiplier at the next loss cost proceeding without holding a hearing on the state of
327 competition in the workers' compensation market.

328 Decisions on any market competition hearing held pursuant to this section shall be issued no
329 later than September 15th of the year in which such hearing is held. If the commissioner finds,
330 based on clear and convincing evidence produced at such hearing, that competition as allowed by
331 this section has not sufficiently protected either broad consumer or industry interests during the
332 prior year and administered pricing would better serve such interests, the commissioner shall
333 order the rating bureau designated to file industry loss costs under this section to instead file
334 overall rates on behalf of the entire industry on each of the next 2 filing dates. In such instances,
335 all companies shall be required to utilize only approved industry-wide rates during each of the
336 next 2 rate years. The hearings on such bureau rate filings shall be conducted within the same
337 time frames as those set forth in this chapter for prospective loss cost filings.

338 After such 2 year period, prices shall again be determined through the use of prospective loss
339 cost filings and residual market and company LCMs as set forth herein. Market competition
340 hearings under this section shall not be held during any year following the issuance of an
341 industry-wide rate approval.

342 SECTION 5. This act shall take effect 90 days after enactment. Rates and classifications in effect
343 prior to that date shall remain in effect thereafter until new rates and classifications become
344 effective pursuant to the provisions of this act.