



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

Insurance Division

May 9, 2018

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

Re: NCCI 2018 Rhode Island Advisory Loss Costs and Rating Values Filing

Dear Mr. Moulton:

On November 17, 2017, NCCI made a filing requesting an overall decrease in advisory loss costs of -4.6% for industrial classes and -3.7% for "F" classes effective August 1, 2018. After careful review and analysis of the filing and all supplemental material provided, the Department finds that an overall decrease of -5.3% for industrial classes and an overall decrease of -4.4% decrease 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 coming to a conclusion on this issue the Department solicited comment from the public and interested parties. The Department then reviewed all information obtained with the goal of achieving actuarially justified loss 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.

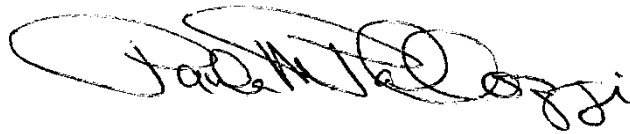
The actuarial review of this filing was instituted by the Department on December 21, 2017. On January 22, 2018, the Insurance Advocacy Unit of the RI Department of Attorney General ("Insurance Advocacy Unit") notified the Department of its intent to engage an actuary and intervene in the proceedings. As agreed upon by the parties, the Insurance Advocacy Unit reviewed the filing based on the work already in progress, issuing its first data request on March 6, 2018. The NCCI responded on March 14, 2018. In accordance with the notice of solicitation of public comment, the Insurance Advocacy Unit provided the Department with written recommendations on March 23, 2018. NCCI responded to those recommendations on April 6, 2018. Beacon Mutual, which had received all communications in this matter, offered comments on April 6, 2018. The Insurance Advocacy Unit provided comments in response to NCCI's and Beacon's reply on April 13, 2018. 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 and every 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 -5.3% for industrial classes and a decrease of -4.4% for "F" classes for use in Rhode Island beginning August 1, 2018. NCCI is hereby directed to make a compliance filing consistent with this approval no later than June 1, 2018. NCCI shall issue a Circular advising member insurers to notify the Department no later than June 30, 2018, of its intention to adopt NCCI's advisory loss costs along with proposed loss cost multipliers. Any insurer electing to not adopt the 2018 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,

A handwritten signature in black ink, appearing to read "Paula M. Pallozzi", written in a cursive style.

Paula M. Pallozzi
Associate Director

cc: Liz Tanner, Director
Elizabeth Kelleher Dwyer, Superintendent of Insurance
Beth Vollucci, Principal Analyst
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