

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
233 RICHMOND STREET
PROVIDENCE, RHODE ISLAND 02903**

**IN RE: The Beacon Mutual Insurance Company
Loss Cost Rate Filing**

(Filed January 17, 2006)

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DBR No. 06-I-0034

DECISION

The above-entitled matter came before the Department of Business Regulation ("Department") as the result of proposed Loss Costs submitted by the Beacon Mutual Insurance Company ("Beacon") on January 17, 2006 ("Filing"). The filing requested that the Department approve Loss Costs specifically for Beacon based mainly on Rhode Island specific data.¹ At the time of the Filing, Beacon represented that it was rating upon the National Council on Compensation Insurance ("NCCI") Advisory Loss Costs approved and effective on March 4, 1999. Beacon represented that the Filing would represent an overall decrease of -27.7% from the Loss Costs approved and effective on March 4, 1999.

An Order appointing Elizabeth Kelleher Dwyer and Paula M. Pallozzi as Co-Hearing Officers and Joel S. Chansky, FCAS, MAAA as the Department's consulting actuary was issued on January 20, 2006. A prehearing conference was held on February 2, 2006. At that time Beacon requested that the Filing be amended to include a requested effective date of June 1, 2006. The Hearing Officers ordered that Motions to Intervene be

¹ The filing indicates that Rhode Island data has been used unless the data is insufficient in a particular area in which case a blend of Rhode Island and national data is used.

filed no later than February 22, 2006 and alternative rate calculations be filed by May 3, 2006.

The public hearing on the Filing was scheduled for May 11, 2006. The Notice of Public Hearing was posted on the Department's website and published in the *Providence Journal* on March 28, 2006.

On May 4, 2006 Beacon filed a Motion to Withdraw the Filing. In conjunction with that Motion Beacon indicated an intention to adopt the Advisory Loss Costs filed on behalf of the NCCI effective January 1, 2006. Two reductions to the NCCI Advisory Loss Costs had been approved since those approved for Beacon on March 4, 1999. Effective January 1, 2005 the NCCI Advisory Loss Costs had been approved with an overall decrease of -20.2%. Effective January 1, 2006 the NCCI Advisory Loss Costs had been approved with an additional overall decrease of -4.2%.² Beacon's proposal, therefore, is to adopt the NCCI Advisory Loss Costs effective January 1, 2006 which incorporate these reductions from the Advisory Loss Costs upon which Beacon currently writes.

II. JURISDICTION

The Department has jurisdiction over this matter pursuant to R.I. Gen. Laws § 27-7.1-5.1, P.L 2003. ch. 410, R. I. Gen. Laws § 42-14-1 *et seq.*, and R.I. Gen. Laws § 42-35-1 *et seq.*

III. DISCUSSION

The Department opened the hearing on May 11, 2006 to take any public comment and accept Beacon's motion. Beacon indicated that it was its intent to file its Loss Cost Multiplier no later than May 30, 2006. Assuming that approval of the Loss Cost Multiplier

² These overall decreases applied to all classifications except classification "F". For classification "F" the decreases were 1.4% on January 1, 2004 and -4.4% on January 1, 2005.

is approved within the contemplated timeframe, Beacon intends to rate based upon the current NCCI Advisory Loss Costs beginning with renewals on September 1, 2006. Beacon further indicated that it would give sixty (60) days notice of the new rates to employers for September 1, 2006 and later renewals.

The Attorney General indicated that it had no objection to Beacon's motion or the proposed time line. Beacon agreed that it would provide the Attorney General with the Loss Cost Multiplier filing. The Attorney General asked whether discovery in this docket could be referred to in any comments it has to the Loss Costs Multiplier and was told by the Hearing Panel that such reference would be appropriate.

IV. RECOMMENDATION

Based on the above analysis, the Hearing Officers recommend that

1. Beacon be ordered to file a Loss Cost Multiplier to be applied to the NCCI Advisory Loss Costs approved January 1, 2006 no later than May 30, 2006.
2. The Filing which is the subject of this Docket be allowed to be withdrawn.
3. Approval of adoption of the January 1, 2006 NCCI Advisory Loss Costs does not vitiate any prior violation of rating statutes or the Departments statutory ability to take regulatory action with regard to such violations.

Dated: May 17, 2006

_____ original signature on file _____
Elizabeth Kelleher Dwyer
Hearing Officer

Dated: May 17, 2006

_____ original signature on file _____
Paula M. Pallozzi
Hearing Officer

I have read the Hearing Officers' Decision and Recommendation in this matter, and I hereby

ADOPT
 REJECT
 MODIFY

the Decision and Recommendation.

Dated: May 17, 2006

_____ original signature on file _____
A. Michael Marques
Director

NOTICE OF APPELLATE RIGHTS

THIS DECISION CONSTITUTES A FINAL ORDER OF THE DEPARTMENT OF BUSINESS REGULATION PURSUANT TO R.I. GEN. LAWS § 42-35-12. PURSUANT TO R.I. GEN. LAWS § 42-35-15, THIS ORDER MAY BE APPEALED TO THE SUPERIOR COURT SITTING IN AND FOR THE COUNTY OF PROVIDENCE WITHIN THIRTY (30) DAYS OF THE MAILING DATE OF THIS DECISION. SUCH APPEAL, IF TAKEN, MUST BE COMPLETED BY FILING A PETITION FOR REVIEW IN SUPERIOR COURT. THE FILING OF THE COMPLAINT DOES NOT ITSELF STAY ENFORCEMENT OF THIS ORDER. THE AGENCY MAY GRANT, OR THE REVIEWING COURT MAY ORDER, A STAY UPON THE APPROPRIATE TERMS.