

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

IN THE MATTER OF:

**NATIONAL COUNCIL ON COMPENSATION
INSURANCE LOSS COSTS LEVEL CHANGE
WORKERS' COMPENSATION**

Filed September 5, 2006.

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DBR No. 06-I-0168

DECISION

**I.
INTRODUCTION**

The above-entitled matter came before the Department of Business Regulation ("Department") with the submission of Workers' Compensation Loss Costs Level Change by the National Council on Compensation Insurance ("NCCI") on September 5, 2006. The Filing requested approval of a reduction of the overall loss costs by three and seven tenths percent (-3.7%) for Industrial Classifications. The loss costs were proposed to be effective for policies renewing after January 1, 2007.¹ "Loss costs" as defined in this Filing include loss based expenses (also known as "loss adjustment expenses").

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 September 18, 2006.

¹ This is the average decrease. NCCI files advisory loss costs by "class codes" in which the values vary by the type of business in which the insured is engaged. For each class code within five major industry groups, NCCI has proposed specific advisory loss costs. The largest decrease in the proposal is -36% and the largest increase proposed is +27%.

A prehearing conference was held on September 25, 2006. The Co-Hearing Officers ordered that the class loss costs portion of the Filing be filed by NCCI no later than October 11, 2006, that Motions to Intervene be filed no later than November 10, 2006, that discovery be completed no later than November 17, 2006, that alternative rate calculations be filed no later than December 8, 2006 and that the public hearing be held on December 20, 2006. On October 10, 2006 NCCI filed the class loss costs portion of the Filing and amended their original requested effective date to February 1, 2007. The new information included F-Classification loss costs representing an overall change (decrease) for F-Classifications of -9.8%. A representative of Beacon Mutual Insurance Company attended the prehearing conference. Beacon later informed the Department that it did not intend to intervene in the proceeding.

On November 15, 2006 an advertisement appeared in the Providence Journal informing the public that the hearing on this matter would be held on December 20, 2006. This notice was also posted on the Department's website.

During discovery the parties determined that the pace of discovery was such that more time was needed to prepare for a substantive hearing. As such, a second prehearing order was issued on December 4, 2006 continuing the date upon which alternative calculations were required to be filed to December 19, 2006 and continuing the substantive hearing on this matter to January 4, 2007.

The Attorney General filed a statement of issues and alternative loss cost calculations on December 19, 2006. In that document the Attorney General raised five issues and advocated for an overall decrease in advisory loss costs of -12.7% for the Industrial

Classifications as well as additional changes that would impact the F-Classifications by an unknown level.²

A public hearing was held on December 20, 2006. No member of the public appeared to testify. The hearing was continued until January 4, 2007 and again no member of the public appeared to testify.

The parties filed a Joint Exhibit List designating certain documents as joint exhibits 1 through 24. All of those exhibits were admitted in full without objection. In addition NCCI filed two exhibits entered in full as NCCI Exhibits 1 and 2. The Attorney General filed one exhibit entered in full as AG Exhibit 1. During the course of the hearing an additional nine requests for information were made. Responses to these requests by NCCI were received and the Department has admitted those responses as full exhibits.

During the course of the hearing it was determined that a mistake had been made on one of the schedules provided by the Attorney General. That schedule was corrected and filed with the Department. The Attorney General also filed amended areas of disagreement and alternative loss cost calculations on January 12, 2007. The amended alternative loss cost calculations suggested an overall decrease in advisory loss costs of 12.0% for Industrial Classifications. The Attorney General also filed a Supplemental Statement of Areas of Disagreement and Alternative Calculations, Pursuant to Insurance Regulation 39, Section 10(b) on January 18, 2007.

² As indicated below the statement of issues was subsequently amended and the overall decrease was changed to 12.0% for Industrial Classifications.

II. JURISDICTION

The Department has jurisdiction over this matter pursuant to R.I.G.L. § 27-7.1-5.1, 27-9-10, 42-14-1 *et seq.*, and 42-35-1 *et seq.*

III. ISSUES

- 1) What level of advisory loss costs will produce Workers' Compensation loss costs, and hence, rates in Rhode Island which are not excessive, inadequate or unfairly discriminatory?
- 2) Should the proposed swing limit of +/- 25% filed by NCCI be changed to +/- 15%?

IV. MATERIAL FACTS AND TESTIMONY

NCCI is a "rating organization" licensed by the Department pursuant to R.I.G.L. § 27-9-22. Carriers licensed to write Workers' Compensation insurance in Rhode Island have the option of "adopting" the advisory loss costs approved by the Department for NCCI, along with an approved loss costs multiplier, rather than making their own individual rate filings with the Department. In 2004 the Department approved an overall decrease of twenty and two tenths percent (-20.2%) in advisory loss costs effective January 1, 2005. In 2005 the Department approved a further overall decrease of four and two tenths percent (-4.2%) for Industrial Classifications and four and four tenths percent (-4.4%) for F-Classifications. This filing, therefore, represents the third consecutive year in which NCCI has filed for an overall decrease in loss costs.

NCCI indicated that the components of the proposed overall change (decrease) in advisory loss costs of -3.7% were: experience and trend -3.9%, benefit change +0.1% and loss adjustment expense +0.1%. NCCI offered the testimony of Carolyn J. Bergh, senior director and practice leader at NCCI, in support of the Filing. Ms. Bergh testified that she oversaw the production of the Filing. (Transcript of hearing of 1-4-07, page 11) Ms. Bergh responded to two issues raised by the hearing panel that had been brought to the attention of the Department during testimony at the State House in 2006. The first of these was expense constants. Ms. Bergh testified that NCCI only files expense constants in states with administered rates and, therefore, it was eliminated in Rhode Island in the advisory loss costs filing adopted January 1, 2005. (Transcript of hearing of 1-4-07, pages 22-23) However, if an insurer continued to use the 1998 rates after the January 1, 2005 approval, the employer would have been charged the expense constant until the insurer adopted the loss costs approved January 1, 2005. (Transcript of hearing of 1-4-07, page 95)

The second issue was experience rating and schedule rating eligibility. Ms. Bergh testified that the current threshold is \$5,000 in one year or \$10,000 in two years. Insureds below that threshold are not eligible for experience rating or schedule rating. Ms. Bergh testified that this threshold can vary and that other states have different thresholds. (Transcript of hearing of 1-4-07, page 23) NCCI has not, however, done an analysis of the effects of a change in the threshold in Rhode Island. (Transcript of hearing of 1-4-07, pages 94-95)

The Attorney General, through its expert, Mr. Anthony J. Grippa, raised four issues which, if accepted as proposed, would reduce overall loss costs to -12.0%, an 8.3

point differential from the -3.7% requested by NCCI. The Attorney General also raised an issue regarding the swing limits that would not affect overall loss costs for Industrial Classifications, but would affect the application of those loss costs to individual employers. Each of these issues is discussed below:

A.
Loss Development Factors

The Attorney General disagreed with NCCI's selection of indemnity paid loss development factors. In this Filing NCCI had used the 5-year ex hi/lo averaging process. In last year's proceeding the same issue was raised and the Department concluded that NCCI should use a 3-year average approach for indemnity. Decision, *In re NCCI Advisory Loss Costs* DBR No. 05-I-0175.

Ms. Bergh indicated that NCCI considered the Department's Decision on this issue in last year's filing but decided that the Decision was predicated on the fact that there was a downward trend that was eliminated with the use of additional data. Upon analyzing the data, they decided that the 5-year ex hi/lo approach removed some of the fluctuation and stabilized the indication over the long term. (Transcript of hearing of 1-4-07, page 30)

The Attorney General agreed with NCCI on medical but disagreed on indemnity – the Attorney General argued for the continuation of the 3-year average from first report to 12th report on the premise that the next to the last factor (from the 2004 evaluation) was nearly always the lowest factor, and excluding the hi/lo factors systematically excluded the 2004 evaluation. The Attorney General argued that while the ex hi/lo approach is often the preferred approach in that it promotes stability and smooths random fluctuations, the data

was not random, and it was not appropriate to exclude the hi/lo factors for indemnity from 1st to 12th report. (Transcript of hearing of 1-4-07, page 137)

The Department has considered the positions of both NCCI and the Attorney General and concludes, as it did in the last filing, that a 3-year average approach for indemnity as used in the last filing continues to be appropriate. The Department agrees with the Attorney General that the exclusion of the hi/lo factors is still not eliminating random fluctuation. Further, the actual factors that emerged since the last filing were closer to the 3-year average factors for indemnity than the latest 5-year ex hi/lo factors from last year's filing. (NCCI response to the Department's second set of questions) While neither NCCI nor the Attorney General is advocating the use of a 3-year average beyond the 12th report for indemnity, the difference between this and the latest 5-year ex hi/low is small, and for consistency and simplicity, the Department has selected the 3-year average for indemnity paid loss development factors.

B.
Tail Factors

Ms. Bergh testified that NCCI's standard methodology is to employ a 5-year average in the tail. The reason for this is because the 5-year average insures long-term loss cost adequacy. (Transcript of hearing of 1-4-07, page 35) Ms. Bergh commented that there was one high factor of the five for medical. NCCI investigated this and she initially believed that it was due to a large medical case reserve. However, she then recalled that it was due to multiple claims. (Transcript of hearing of 1-4-07, page 72) However, no data was ever produced to prove or disprove this assertion. NCCI further testified that while the standard methodology was used, NCCI is not strictly bound to this approach and would consider

alternatives if they deemed a particular factor to truly be an outlier. (Transcript of hearing of 1-4-07, pages 72-73)

The Attorney General raised this as an issue in this Filing due to the one high factor and recommended the use of a 5-year average excluding hi/lo factors. That high factor, however, has been present for years and has never previously been commented on. NCCI's testimony concerning this factor and the corresponding need for adequacy, together with a) the fact that this issue has not been raised in the past, and b) the medical tail factor is lower than that from the previous filing, persuaded the Department to choose NCCI's approach.

C. Trend

Ms. Bergh testified that the loss costs were calculated using an indemnity loss ratio annual trend of -1.0% and a medical loss ratio annual trend of +2.0%. (Transcript of hearing of 1-4-07, page 38) They selected the values based on a) a five point policy year loss ratio trend calculation, which had high R-squared/goodness of fit values, and b) the values approved in the previous filing. (Transcript of hearing of 1-4-07, pages 38-39)

Mr. Grippa, the Attorney General's expert, testified that the three policy years used by NCCI (2002, 2003 and 2004) have remarkably close loss ratios. He suggested looking at accident year 2005 as an early indicator that loss ratios are decreasing. (Transcript of hearing of 1-4-07, page 120) While NCCI gave some unqualified consideration to accident year 2005 data in the filing, it did not utilize accident year 2005. This contrasts with the prior filing when accident year 2004 was showing increases when NCCI gave more consideration to it. (Transcript of hearing of 1-4-07, page 121)

The Attorney General's expert originally requested annual trend factors of -1.5% for indemnity and +1.5% for medical. In support of the selected values, the Attorney General testified that since accident year 2005 shows a significant downward trend in loss costs, it should be considered to select a trend lower than that being calculated solely by policy year data. (Transcript of hearing of 1-4-07, page 122) Mr. Grippa admits that the 2005 accident year information is immature, however, he still believes that it should be considered in the analysis. (Transcript of hearing of 1-4-07, pages 122 and 168) Ms. Bergh agreed that accident year 2005 data could be an early indication of what would be expected for policy year 2005 at a very immature stage. (Transcript of hearing of 1-4-07, page 61) Mr. Grippa did, however, agree that that the trend calculations presented by NCCI have R-squared values closer to 1.0 than do his calculations. (Transcript of hearing of 1-4-07, page 146)

In its original alternative calculation, the Attorney General advocated for an adjustment to both the medical and indemnity trends. However, during the hearing it was discovered that there was an error in one of the schedules presented in the Attorney General's position. (Transcript of hearing of 1-4-07, pages 147-148) With the correction to that schedule the Attorney General's medical trend of +2.0% was the same as filed by NCCI.

With regard to the indemnity trend, both the Attorney General and NCCI offered strong arguments in support of their selected trends. Upon consideration of both arguments, the Department selects an indemnity trend of -1.25%, which is halfway between NCCI's selected value and the Attorney General's selected value. The Department believes that this takes into account all of the relevant data and information, including the 2005 accident year. The revised indemnity annual trend factor would apply to each of Industrial Classifications and F-Classifications.

D.
Paid vs. Paid + Case Loss Development Methodology

Mr. Grippa testified that while he accepted the paid methodology last year he is advocating a change to giving 50% weight to the paid + case results with this Filing. (Transcript of hearing of 1-4-07, pages 111-115) In the 2005 filing (effective January 1, 2006) NCCI presented diagnostics which indicated that the ratio of paid to paid + case was increasing. Mr. Grippa testified that there are three reasons why this could occur: (1) case reserves become less adequate; (2) loss payments are paid out faster and/or (3) long term disability claims are decreasing in number. (Transcript of hearing of 1-4-07, page 112) Only if the first reason is the cause would the paid method be clearly superior. If the cause is some combination of the second or third reasons, the paid loss method alone will produce excessive loss costs. (Transcript of hearing of 1-4-07, page 115) He did not suggest the change last year because he could not tell why it was occurring and he believed that the evidence provided by NCCI in the form of increasing paid to paid + case ratios was compelling. However, this year he believes that NCCI has not given any support as to why paid losses are a more accurate predictor of loss costs than paid + case. (Transcript of hearing of 1-4-07, page 112) He is also of the opinion that one of the successes of the 1992 reforms was to reduce the duration of payments to workers. If this were the case, use of paid only would not reflect those savings. But using paid + case data would incorporate “valuable information that the paid loss development method ignores”. (Transcript of hearing of 1-4-07, page 117)

An alternative approach to quantifying the successes of the 1992 reforms would be to use the paid methodology only, with an adjustment factor to reflect the impact of

the reform. In fact, NCCI has used this approach in prior filings. Ms. Bergh testified that she attempted to use as much post-reform data as possible in the loss development factors. (Transcript of hearing of 1-4-07, page 32) In order to address the Department's request that they research possible adjustments to the indemnity paid loss development factors to reflect potential adjustments for the 1992 reforms, they used the Bayesian State Space modeling technique that produced an indicated reduction of 2.0%. (Transcript of hearing of 1-4-07, pages 33-34) Application of this factor would move the results of the paid methodology closer to those of the paid + case methodology. However, due to uncertainties in this model as well as to a reporting dispute with Beacon Mutual, NCCI was unable to conclude anything definitive.³ They also built a triangle of all of the data and link ratios from past filings. Neither of these methods, however, made her comfortable enough to apply a factor to reflect the 1992 reforms. (Transcript of hearing of 1-4-07, page 35)

Ms. Bergh testified that NCCI has consistently used the paid loss methodology in Rhode Island for the past four filings. As they developed the Filing they looked at both the paid and paid + case methodology and analyzed whether there was a reason to change the methodology utilized. In Rhode Island the difference in the indicated change in loss costs between paid and paid + case is significant and it is her opinion that the paid is much more stable. One reason for this offered by Ms. Bergh is that the state has a large dominant carrier created in 1992 with rapid increase in market share and the mix of carriers is totally different over time. (Transcript of hearing of 1-4-07, pages 29-30) As a result the reserving practices from 12th to ultimate of the more mature claims are totally different than the 1st to 12th which are less mature claims mainly from Beacon Mutual.

³ This reporting dispute is currently being reviewed by the Department. Ms. Bergh testified as to NCCI's

Further, Ms. Bergh testified that the paid were stable and, in her opinion, preferable. (Transcript of hearing of 1-4-07, page 30) Ms. Bergh also indicated that both paid and paid + case are standard actuarial methodologies and the merits of each should be weighed in each situation. However, in response to a question about the data that NCCI supplied in support of the use of the paid methodology, Ms. Bergh later testified as follows: “I’ll start out saying that I was predisposed to the paid methodology because it’s been filed for the past four years and due to the stability of the indication and the basis of my testimony for the past year and other people’s testimony, I am biased in that direction.” (Transcript of hearing of 1-4-07, page 55)

Ms. Bergh testified that paid + case has consistently been between 10% and 20% lower than the paid indication. (Transcript of hearing of 1-4-07, page 46) She does not have a definitive explanation as to why this is the case, however, it may have to do with the difference between pre-1992 claims and post 1992 claims. (Transcript of hearing of 1-4-07, page 83) She could not say definitively whether the paid + case is understated, the paid is overstated or some combination of the two but believes based on her judgment that paid is the appropriate methodology to use. (Transcript of hearing of 1-4-07, page 83) Of the states that NCCI serves, 14 use average of paid and paid + case, 12 use paid only and 9 use paid + case only.

Finally, NCCI responded to a number of data requests at the hearing and provided statistics including but not limited to claim counts and ratios of paid losses to paid + case losses. In the Attorney General’s Supplemental Statement of Areas of Disagreement and Alternative Calculations, Pursuant to Insurance Regulation 39, Section 10(b), an analysis

position with regard to the dispute but also stated that this issue did not have a material impact on this

was performed on ratios of indemnity a) paid to paid + case losses, and b) case reserves to total reserves.

For the indemnity paid to paid + case ratios, the Attorney General asserts that because the ratios “are no longer increasing, concern about potential decrease in case reserve adequacy is diminished.” The Department notes that there are still some instances of ratios increasing, such as at 1st, 3rd, and 5th reports as shown on RI PH6, Worksheet 2 in the Attorney General’s Supplemental Statement. The Department also notes that there is a fairly consistent pattern of decreases from the top of the first few columns of figures for indemnity. While there is some evidence that the ratios are either no longer decreasing or that the rate of decrease is getting smaller, this doesn’t mean that the paid + case methodology would, all else equal, produce loss costs that are not inadequate. Given the fairly substantial decreases over time, the paid + case methodology, without some sort of adjustment to account for these changes, would likely be more consistent if the ratios were level for a longer period of time.

Regarding the indemnity case reserves to total reserves ratios, the Attorney General notes that values have decreased, then increased, over time, and because the ratios are not decreasing, this supports their position to give weight to the paid + case methodology. The Attorney General did note that these ratios involve potential changes in insurers’ incurred but not reported (IBNR) reserves, “which in turn may have a variety of underlying causes which may or may not relate to workers compensation and may or may not relate to Rhode Island.” The Department is not ready to draw conclusions from this test, especially in light of the use of insurers’ IBNR reserves as a tool. The Attorney General has correctly noted some of the issues involved.

In summary, while this is a complex issue, the Department was not provided with an appropriate explanation for the difference between the results of the paid and paid + case methodologies. NCCI did provide additional statistics at the request of the Hearing Panel but did not provide any interpretation of these statistics. The Department is not persuaded that the issue is strictly one of volatility since the results of the paid + case methodology are fairly consistent over time and among the 3 policy years in question for this Filing, just lower than the results of the paid methodology. The Department would like further information prior to moving to paid + case or a combination of paid and paid + case. For this Filing, therefore, it will accept the paid methodology as filed. However, NCCI is directed in its next filing to: (1) quantify the impact of reform on the paid method and (2) either incorporate paid + case or clearly explain why paid + case is producing a different result. The Department will work with both Beacon and NCCI to resolve any data problems to allow for such analysis.

E.
Swing Limits

Ms. Bergh testified that the currently approved swing limit of +/- 25% is the NCCI standard, however, other states do have lower swing limits. (Transcript of hearing of 1-4-07, page 25) She indicated that tightening the swing limits would result in some cross-subsidization within the industry group as the experience of the worst classes will be spread amongst the other classes. (Transcript of hearing of 1-4-07, page 26) She defined cross subsidization as "...everyone would bear either the detriment of that bad experience or the benefit of that good experience within that industry group." (Transcript of hearing of 1-4-07, page 43) On the other hand, Ms. Bergh indicated that a lower threshold would smooth the

loss costs overall and promote increased stability and could be beneficial in a small state like Rhode Island. (Transcript of hearing of 1-4-07, page 91) NCCI provided an exhibit listing the swing limits in the states they service. That exhibit indicated that six states use +/- 15%, four use +/- 20% and the remainder use +/- 25%. Ms. Bergh believes that the states which utilize +/- 15% and +/- 20% do so as a result of regulatory directives. (Transcript of hearing of 1-4-07, page 97)

Mr. Grippa stated that there were four reasons why he believed that swing limits in Rhode Island should be moved from the traditional +/- 25% to +/- 15%. Those reasons are: (1) NCCI starts with the midpoint of the industry group so, to the extent that the industry group differential is more volatile, the swing limits for individual classes within each industry group become more volatile; (2) the smaller the state the more rationale there is to have tighter swing limits because the law of large numbers works better with larger volume; (3) the NCCI class ratemaking program gives a portion of weight to national pure premium, so with a tighter swing limit the effect of national pure premiums on Rhode Island classification relativities is lessened and (4) a fair number of small states have tightened swing limits. (Transcript of hearing of 1-4-07, pages 110-111) Further, the Attorney General articulated why he has waited to bring this issue up, so as to allow the classification loss costs to catch up after the long lag between the filings in 1998 and 2005. (Transcript of hearing of 1-4-07, pages 170-171)

The Department finds the Attorney General's arguments on swing limits persuasive. The Department notes that the current swing limits have produced great variances between employers. For example, although the last three filings have all requested overall decreases in lost costs, the variance on a class code basis has been

significant. The 2004 filing ranged from a -47.9% decrease to a 19.9% increase, the 2005 filing ranged from a -30.5% decrease to a 27.0% increase and this Filing ranges from a -36.0% decrease to a 27.0% increase. The Department believes that a move to a +/- 15% swing limit will promote stability and, therefore, orders NCCI to recalculate based upon a +/- 15% swing limit. This would apply to each of Industrial Classifications and F-Classifications.

**V.
FINDINGS OF FACT AND CONCLUSIONS OF LAW**

1. The Department finds that a 3-year average of indemnity loss development factors is appropriate and orders NCCI to recalculate based upon use of this methodology.
2. The Department has evaluated the approaches advocated by both parties and finds that the approach to the calculation of the medical tail factor utilized by NCCI is appropriate.
3. The recalculation by the Attorney General places the parties in agreement with regard to the medical trend. With regard to the indemnity trend the Department has determined that use of a -1.25% annual indemnity trend is appropriate and orders NCCI to recalculate both Industrial Classification and F-Classification loss costs using this new trend factor.
4. With regard to this filing the Department accepts NCCI's use of paid data. However, the department directs that in its next filing NCCI (1) quantify the impact of reform of the paid method and (2) either incorporate paid + case or clearly explain why paid + case is producing a different result.

5. The Department believes that adjustment of the current swing limit of +/- 25% to +/- 15% will promote stability in Rhode Island. NCCI is, therefore, ordered to recalculate loss costs based upon a +/- 15% swing limit for both Industrial Classifications and F-Classifications. Further, NCCI is ordered to recalculate the overall impact on loss costs for Industrial Classifications.

VI. RECOMMENDATION

Based on the above analysis, the Hearing Officers recommend that:

1. Consistent with the directives listed above, an overall decrease in advisory loss costs of -7.3% for Industrial Classifications and approximately -14% (subject to final calculations to be performed by NCCI) for F-Classifications will produce loss costs that are not excessive, inadequate or unfairly discriminatory – see Attached Exhibit 1 for Industrial Classifications.
2. NCCI be directed to file a schedule consistent with this decision by class code and industry group.
3. The advisory loss costs addressed by this opinion be effective February 1, 2007.
4. NCCI shall be required to issue a Circular to all member insurers advising insurers to file with the Department no later than April 1, 2007 their intention to adopt NCCI advisory loss costs with proposed lost cost multipliers. For any insurer electing not to adopt the 2007 advisory loss costs and/or to maintain its current lost cost multiplier, the insurer shall provide the Department with statistical support that the insurer's loss experience is lower/higher than industry. If there is any other reason why an insurer is not adopting the -7.3% change in loss costs or not amending its lost cost multiplier accordingly, the insurer must fully explain this to the Department.

5. NCCI is hereby directed to perform an analysis of triggers for experience rating and schedule rating eligibility to determine if the current Rhode Island thresholds of \$5,000 in one year or \$10,000 in two years are appropriate for Rhode Island employers. In addition, NCCI is required to analyze the effects of any proposed changes. This analysis should be included in the NCCI's next filing to the Department.

Dated: January 26, 2007

Original Signature on File

Elizabeth Kelleher Dwyer, Esq.
Hearing Officer

Dated: January 26, 2007

Original Signature on File

Paula M. Palozzi
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: January 26, 2007

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.G.L. § 42-35-12. PURSUANT TO R.I.G.L. § 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.