HOUSE DOCKET, NO. 2110 FILED ON: 1/17/2013

HOUSE . . . . . No. 1709

The Commonwealth of Massachusetts

PRESENTED BY:

Cheryl A. Coakley-Rivera

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:

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

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Cheryl A. Coakley-Rivera	*10th Hampden*

HOUSE DOCKET, NO. 2110 FILED ON: 1/17/2013

HOUSE . . . . . No. 1709

By Ms. Coakley-Rivera of Springfield, a petition (accompanied by bill, House, No. 1709) of Cheryl A. Coakley-Rivera relative to the competitive determination of workers compensation insurance rates. Labor and Workforce Development.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE
HOUSE
, NO. *1408* OF 2011-2012.]

The Commonwealth of Massachusetts

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:

SECTION 1. Chapter 152 of the General Laws is hereby amended by striking out section 53A, as appearing in the 2010 Official Edition, and inserting in place thereof the following section:-

Section 53A. (a) As used in this section, the following terms shall, unless the context clearly requires otherwise, have the following meanings:-

"Commissioner", the commissioner of insurance established under chapter 26

"Division", the division of insurance.

"Loss cost modifier ("LCM")", shall mean that provision within the rates proposed or approved for any insurer or pool writing workers' compensation and employers' liability insurance, intended to account for such company's or pool's (i) projected expenses, other than allocated loss adjustment expense; (ii) profit and contingency allowance; and (iii) expected difference in loss experience or allocated loss adjustment expense from that of the loss and allocated loss adjustment experience of the industry as a whole. Except for any expense constant component, LCMs shall be expressed as decimals to be applied equally and uniformly to the prospective loss costs approved by the commissioner for use by the filer across all hazard and industry groups. The LCM shall not include any provision to account for assessments collected

17 on behalf of the residual market or to support any trust funds created pursuant to section 65.
18 "Pool", shall mean the reinsurance pool established pursuant to section 65C.

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

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

29 (b) Any insurance company authorized to transact business in this commonwealth under
30 subclause (b) or (e) of clause Sixth of section 47 of chapter 175 may, except as provided in
31 clause (c) of section 54 of said chapter 175, insure the payment of the compensation provided for
32 by this chapter, and when any such company insures such payment, it shall file with the
33 commissioner, or, if it is a member of or subscriber to a rating organization under section 52C,
34 authorize such rating organization to file with the commissioner on its behalf, its classification of
35 risks and projected loss costs relating thereto.

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

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

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

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

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

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

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

84 (e)(1) Simultaneous with its annual filing of prospective industry-wide loss costs, the
85 rating organization designated by the commissioner to administer the pool pursuant to section
86 65C shall separately file LCMs to be used in the pool as of the effective date of such new loss
87 costs. Such LCMs shall be approved as adequate, not-excessive and not unfairly discriminatory
88 if and only if they reflect the following factors: (i) a loss and allocated loss adjustment expense
89 multiplier of 1.0; (ii) a multiplier reflecting a reasonable estimate of the general and unallocated
90 loss adjustment expenses in the overall workers' compensation market; (iii) any appropriate loss

91 and expense constants; (iv) a reasonable profit- and-contingency multiplier; and (v) such tables
92 and parameters as are necessary for member companies to write retrospectively rated or
93 deductible policies. In reviewing the appropriateness of the rating organization's filed multipliers
94 for expense and for profit and contingency, the commissioner shall be guided by a review of the
95 most recent company LCM filings and shall endeavor to place such pool components within the
96 voluntary market range. The pool profit and contingency component shall reflect any data that
97 indicates that the risk of covering randomly assigned exposures may be slightly higher than that
98 of covering similar risks freely chosen by an insurer as well as any changes in the economic and
99 company expense environments since the voluntary market LCMs reviewed were last placed on
100 file. The commissioner may find a pool profit and contingency multiplier unreasonable if such
101 multiplier is deemed likely to contribute to the creation or sustainability of a pool size that
102 reflects unhealthy market conditions. Each industry-wide loss cost filing and pool LCM filing
103 shall, if not disapproved, be effective as of July 1 following completion of the hearing on
104 prospective loss costs. Decisions disapproving pool LCMs shall indicate what changes are
105 deemed necessary to make such LCMs acceptable to the division.

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

120 (i) A multiplier which shall reflect the filer's estimate of its loss and allocated loss
121 adjustment expenses. Each such factor to be applied to the industry loss and allocated loss
122 adjustment expense costs approved by the commissioner shall be at least .75, but no greater than
123 1.25. The commissioner may approve a filing that includes different multipliers for different
124 industrial classes under this paragraph but only if such differential multipliers are actuarially
125 supported by the filer and are not violative of subsection (f).

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

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

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

143 (4) Both the pool and individual company insurers' final rates shall be determined by
144 applying filed loss cost modifiers to the most recently approved loss and allocated loss
145 adjustment expense costs for the industry as a whole. Rating plans for retrospectively rated or
146 deductible policies written by an insurer shall be consistent with and derivable from parameters
147 approved in the industry-wide loss cost filing. Companies shall use the rates, rules, or amounts
148 approved for the pool for minimum premium determinations and for per capita and other non-
149 payroll based class rates. The classification and experience rating systems approved for the
150 industry as a whole, in accordance with this section, shall be adopted by every insurer without
151 modification.

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

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

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

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

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

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

203 Each company group having more than one company writing workers' compensation
204 insurance within the commonwealth shall make a single filing containing all the LCMs such
205 group proposes to employ within its entire group, and its filing shall provide objective and not

206 unlawfully discriminatory criteria for placing risks in particular companies within such group.
207 For purposes of this section, a company group's LCMs shall be considered unfairly
208 discriminatory if (i) they include 1 or more LCMs that are deemed to violate any anti-
209 discrimination statute; (ii) they include one or more LCMs that could produce rates that are not
210 uniform within any classification of risk written within any company; or (iii) they could produce
211 disparate rates within the same industrial classification as between 2 or more companies within
212 the same company group, and such differences are not entirely a function of objective and not
213 unlawfully discriminatory criteria filed along with such group's LCMs. Nothing in this paragraph
214 shall be construed to prohibit companies from utilizing policyholder dividend plans that return
215 diverse dividends within any class at the close of a policy period based on company or individual
216 risk performance; provided, however, that no specified dividend amounts may be promised or
217 paid to policyholders in advance of annual declarations.

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

220 (g) Where a claim against an insured that has affected the insured's experience rating has
221 been found non-compensable, or where an insurer recovers previously paid workers'
222 compensation benefits from a negligent third party, or where an insurer has been reimbursed by
223 the insured or the Workers' Compensation Trust Fund for payments made pursuant to subsection
224 2 of section 65, the insurer shall submit a revised statistical unit report to the appropriate rating
225 bureau within 65 days of such finding, recovery or reimbursement.

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

230 (i) The advisory council established pursuant to section 15 of chapter 23E may request
231 loss data from any insurance company or rating organization. Any insurance company or rating
232 organization that is the recipient of such a request may, if it believes that the request is unduly
233 burdensome or unreasonable, file a motion to be heard by the commissioner concerning whether
234 all or part of the request requires response. The commissioner may, if the commissioner finds the
235 request is unduly burdensome or unreasonable, deny the request in whole or in part. At any
236 prospective loss cost or pool LCM hearing conducted pursuant to this section, the advisory
237 council may present a written statement and oral testimony relating to any issues that may arise
238 during the course of such hearing. Said advisory council may not cross-examine witnesses
239 produced by other parties or appeal any decision of the commissioner.

240 (j)(1) The commissioner shall make a finding on the basis of information submitted in
241 any prospective loss cost filing made pursuant to this section that the insurer or insurers employ
242 cost control programs and techniques acceptable to the commissioner which have had or are

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

256 (2) The commissioner shall promulgate rules and statistical plans, which may be
257 modified from time to time and which shall be used thereafter by each insurer in the recording
258 and reporting of its loss and expense experience, in order that the experience of all insurers may
259 be made available, at least annually, in such form and detail as may be necessary to aid the
260 commissioner in the performance of the commissioner's duties. In promulgating such rules and
261 plans, the commissioner shall give due consideration to the rating systems on file with the
262 division and to the rules and to the form of the plans used for statistical reporting in other states.
263 The commissioner may designate one or more rating organizations or other agencies to assist in
264 gathering such experience and making compilations thereof.

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

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

282 SECTION 2. Subsection (5) of section 65 of chapter 152 of the General Laws, as
283 appearing in the 2010 Official Edition, is hereby amended by adding the following paragraph:-

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

292 SECTION 3. Section 65A of chapter 152 of the General Laws, as appearing in the 2010
293 Official Edition, is hereby amended by striking out the first two sentences and inserting in place
294 thereof the following:-

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

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

320 SECTION 4. In August of any year in which either the Herfindahl-Hirschman Index of
321 market concentration for the Massachusetts workers' compensation market rose above 1,500
322 during the prior year, or the commissioner, for any other reasons, believes either that competition
323 may have been insufficient to protect consumer interests or may have been conducted in a
324 manner that was either detrimental to a healthy competitive market or to quality workers'
325 compensation insurance products being widely offered in a non-discriminatory manner at
326 reasonable prices, may hold a hearing on the state of competition in the workers' compensation
327 market. If the primary reason for the commissioner's belief that the workers' compensation
328 market is insufficiently competitive is a function of either (i) the residual market pool's
329 contribution to the Herfindahl-Hirschman Index of more than 30% or (ii) a significant change in
330 the residual market load borne by voluntary market carriers, the commissioner may make an
331 adjustment to the pool profit and contingency multiplier at the next loss cost proceeding without
332 holding a hearing on the state of competition in the workers' compensation market.

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

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

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