



THE COMMONWEALTH OF MASSACHUSETTS  
EXECUTIVE OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION  
DIVISION OF INSURANCE  
280 FRIEND STREET, BOSTON 02114  
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JAN 2 1991

TIMOTHY H. GAILEY  
COMMISSIONER OF INSURANCE

December 31, 1990

Scott P. Lewis, Esq.  
Palmer & Dodge  
One Beacon Street  
Boston, MA 02108

Dear Mr. Lewis:

In accordance with G.L. c. 152, §§ 65 et seq., as amended effective today, and in order to provide for a smooth and orderly transition, I hereby take the following actions:

- (1) subject to the provisions of § 65C, I designate the Workers' Compensation Rating and Inspection Bureau ("the Bureau") to administer the Massachusetts Workers' Compensation Assigned Risk Pool ("the Pool");
- (2) subject to the provisions of § 65A, I delegate to the Bureau my duties under § 65A; and
- (3) subject to the provisions of § 65C, I approve the Transitional Plan of Operation of the Pool which was submitted by the Bureau. However, I direct the Bureau to submit a final form of Plan of Operation of the Pool, for my review and approval, within six months. This Transitional Plan of Operation of the Pool shall be in effect for at most six months unless the Commissioner of Insurance determines in writing that this Transitional Plan of Operation should remain in effect for a longer period of time than six months.

Sincerely,

*Susan K. Scott*

Susan K. Scott  
Acting Commissioner  
Division of Insurance

cc: Mr. Roy Stewart

# MASSACHUSETTS WORKERS' COMPENSATION ASSIGNED RISK POOL

## TRANSITIONAL PLAN OF OPERATION

### *I. Name.*

The reinsurance pool contemplated by G.L. c. 152, § 65C, as amended, shall be known as the Massachusetts Workers' Compensation Assigned Risk Pool (the "Pool").

### *II. Designation of Administrator.*

The Pool shall be administered, in accordance with G.L. c. 152, §§ 65A et seq., as amended, by the Workers' Compensation Rating and Inspection Bureau of Massachusetts (the "Bureau").

### *III. Purpose.*

It is the purpose of the Pool to provide a mechanism for the equitable distribution among insurers of risks entitled to coverage under G.L. c. 152, § 65A, as amended, and to provide, in accordance with G.L. c. 152, § 65C, as amended, for the equitable allocation among all insurers authorized to write workers' compensation insurance in the Commonwealth of the losses incurred on policies issued to employers under § 65A.

### *IV. Assignment of Risks.*

Under delegation from the Commissioner of Insurance (the "Commissioner"), the Bureau shall make equitable assignments of risks entitled to coverage under G.L. c. 152, § 65A, as amended, including assignments to servicing carriers, in accordance with the rules and procedures that were followed in the making of assignments during 1990, which are hereby incorporated into this Plan of Operation. The Bureau shall each year submit to the Commissioner a report of the assigned risks for the preceding year.

### *V. Servicing Carriers.*

The Bureau may designate one or more insurers as servicing carriers to issue policies of insurance to employers qualified for coverage under G.L. c. 152, § 65A, as amended. Until this Plan of Operation is amended, all insurers who served as servicing carriers in the Commonwealth during 1990 shall continue to be designated as servicing carriers, and no designation of additional servicing carriers shall be made without the approval of the Commissioner. Servicing carriers shall continue to be compensated for their services in the same way they were compensated in 1990.

## **VI. Membership.**

Every insurer, as defined in G.L. c. 152, § 1(7), and any insurance company, reciprocal or interinsurance exchange which has contracted with an employer to pay the compensation provided for by G.L. c. 152, that is authorized to write or to continue to write workers' compensation insurance in the Commonwealth shall be a member of the Pool.

## **VII. Assessments.**

The losses incurred under policies issued to employers under G.L. c. 152, § 65A, as amended, shall be equitably distributed among all insurers authorized to transact and transacting workers' compensation insurance in the Commonwealth in accordance with the same formulas that were used to allocate incurred losses among insurers in the Commonwealth during 1990; provided, however, that insurers which did not participate in the assessment of such losses in the past, but that are required to be members of the Pool in 1991 and later years, shall be subject to equitable assessments in accordance with the same formulas that were used to determine equitable distributions during 1990.

## **VIII. Effective Date.**

This Plan of Operation shall become effective January 1, 1991, or at such later time as it has been approved by both the Governing Committee of the Bureau and the Commissioner of Insurance.