



**THE WORKERS' COMPENSATION
RATING AND INSPECTION BUREAU OF MASSACHUSETTS**
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CIRCULAR LETTER NO. 1564

To All Members and Subscribers of the Bureau

MASSACHUSETTS TAKE-OUT CREDIT PROGRAM

Clarifying Circular Letter No. 1562 on this subject dated February 14, 1991, the Bureau and the State Rating Bureau have agreed to delete paragraph 6 of the points informally agreed to previously and to insert a new paragraph 6 reading as follows:

6. In determining whether the kind and amount of coverage being offered is less than those afforded by the assigned risk policy, the introduction of larger deductibles will be considered "less coverage," but the introduction of retrospective rating will not be considered "less coverage." The refusal by an insured to accept a retrospectively-rated policy, however, shall not be considered to be a refusal by the insured to accept a policy within the meaning of paragraph 5 of the approved "Take-Out" Credit Program.

This modification is effective as to any risks removed on or after April 1, 1991.

What this means is that a carrier can obtain a take-out credit by removing a risk with a retrospectively-rated policy. It also means that a carrier cannot obtain a take-out credit for a policy with large deductibles unless the insured refuses a guaranteed-price policy that affords no less "kind and amount" of coverage than the assigned risk policy being replaced.

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