



**THE WORKERS' COMPENSATION
RATING AND INSPECTION BUREAU OF MASSACHUSETTS**

101 ARCH STREET - 5TH FLOOR, BOSTON, MA 02110
(617) 439-9030 FAX 439-6055

January 7, 1993

Notice to All Servicing Carriers

Re: Revision of Qualified Loss Management Program, Effective January 1, 1993

The Division of Insurance has approved a revision of the Qualified Loss Management Program as set forth in the enclosed Filing Memorandum.

Specifically, this revision -

- Provides for continuation of the credit when a subscriber moves to the voluntary market.
- Recognizes the existence of the Massachusetts Assigned Risk Rating Plan.
- Increases the maximum credit to 15%. New entrant credit remains at 5%.

Also enclosed for your convenience is a copy of the complete program which contains the changes indicated above.

This revision applies to new and renewal business written in the Massachusetts Assigned Risk Pool on and after 12:01 A.M., January 1, 1993.

PAUL F. MEAGHER
Legal Counsel

LORENZO A. RAIMONDI
Associate Legal Counsel

LAR/pw/3089
Enclosures

FILING MEMORANDUM
QUALIFIED LOSS MANAGEMENT PROGRAM
REVISED 1/93

Effective Date

Add:

Policyholders whose policies are effective on and after 12:01 A.M., January 1, 1993, who, while in the Pool, become credit eligible and subsequently move to the voluntary market, shall remain subject to the rules of this Program and shall continue to receive whatever premium credit such policyholders would have received had they remained in the Pool.

All new and renewal policies effective on and after 12:01 A.M., January 1, 1993, shall be subject to a maximum credit of 15% pursuant to Section 3.b.

PROCEDURES FOR IMPLEMENTATION OF QUALIFIED LOSS MANAGEMENT PROGRAM

B. Instructions For Loss Management Firm

1. Completion of Request for Qualified Loss Management Program Assigned Risk Credit. EXHIBIT A (2 sides)

Amend General Term 5 on side 2 to read:

5. Premium adjustments resulting from the application of any policy credit will be made at time of policy audit except for policies subject to the Massachusetts Assigned Risk Rating Plan, for which the credit will be applied at policy inception. If the policy is subject to this Plan, the credit shall reduce the required deposit premium, but shall not reduce the final premium determined under that Plan. If a policyholder who has received a credit on his deposit premium under this paragraph leaves the Qualified Loss Management Program prior to 6 months of participation, the deposit premium may be adjusted to reflect the loss of credit.

QUALIFIED LOSS MANAGEMENT PROGRAM

Amend 3.b. to read:

b. The qualification for a schedule rating credit is as follows:

Ratio of Experience Modification for Subsequent Years to that for Prior Years	First and Second Year Credit	Third Year Credit
0.807 or less	15%	7.5%
More than 0.807 but at most 0.820	14%	7.0%
More than 0.820 but at most 0.833	13%	6.5%
More than 0.833 but at most 0.847	12%	6.0%
More than 0.847 but at most 0.860	11%	5.5%
More than 0.860 but at most 0.873	10%	5.0%
More than 0.873 but at most 0.887	9%	4.5%
More than 0.887 but at most 0.900	8%	4.0%
More than 0.900 but at most 0.913	7%	3.5%
More than 0.913 but at most 0.927	6%	3.0%
More than 0.927 but at most 0.940	5%	2.5%
More than 0.940 but at most 0.953	4%	2.0%
More than 0.953 but at most 0.967	3%	1.5%
More than 0.967 but at most 0.980	2%	1.0%
More than 0.980 but at most 0.993	1%	0.5%
More than 0.993	none	none

FILING MEMORANDUM
QUALIFIED LOSS MANAGEMENT PROGRAM
REVISED 1/93

EFFECTIVE DATE:

This Program applies to new and renewal business written under the Massachusetts Workers' Compensation Assigned Risk Pool on and after 12:01 A.M., November 1, 1990.

Policyholders whose policies are effective on and after 12:01 A.M., January 1, 1993, who, while in the Pool, become credit eligible and subsequently move to the voluntary market, shall remain subject to the rules of this Program and shall continue to receive whatever premium credit such policyholders would have received had they remained in the Pool.

All new and renewal policies effective on and after 12:01 A.M., January 1, 1993, shall be subject to a maximum credit of 15% pursuant to Section 3.b.

PURPOSE:

This Program applies a prospective credit to the premium of an assigned risk insured who subscribes to a qualified loss management program. The prospective credit is given for a period of up to three (3) policy years, provided the insured remains in the Program for a corresponding period of time.

BACKGROUND:

A number of loss management firms have demonstrated an ability to significantly reduce workers' compensation losses for their client companies by implementing a loss control management program. Through the application of the experience rating plan, companies with improved experience are able to realize sizeable reductions in premium. However, because the experience rating plan requires three (3) years of experience and the evaluation of data six (6) months after expiration of the third policy year, such improved experience is not reflected in the premium charges for a considerable length of time. Utilization of this Program can impact a subscribing employer's premium charges as early as the inception date of the first of three annual policy periods during which the subscribing employer completes a minimum of six (6) months participation in the Program. The appropriate credits are applied to the premiums for these three (3) annual policy periods, at the conclusion of which, the credits then end and the subscribing employer enters into an experience rating period with anticipated improved experience.

Approval Of Loss Management Program And Available Credit

A loss management program and the amount of allowable credit that can be offered by a sponsoring loss management firm to subscribing employers shall be subject to the approval of The Workers' Compensation Rating and Inspection Bureau of Massachusetts. The credit shall be primarily determined by the loss reduction success experienced by all of the subscribing employers of the sponsoring loss management firm for the past seven (7) years. The approved credit is applied uniformly to the premiums of all subscribing employers.

Application Of Credit To Subscriber's Policy

A credit is applied to the premium developed for a subscribing employer for up to three (3) policy years. The amount of the credit applied to the first policy year is based on the credit factor assigned to the loss management firm on the date the employer subscribes to the Program. The first year credit is applied retroactively to the policy inception date on condition the employer participates in the Program a minimum of six (6) months.

The amount of the credit applied to the second and third policy years shall be based on the credit factor assigned to the qualifying loss management firm and in effect on each policy effective date, except that the applicable credit is halved in the third policy year.

The subscribing employer may terminate participation in the Program upon three (3) years of continuous participation in the Program, without penalty.

Change of Firm or Termination of Enrollment in Program

If an employer's enrollment in an approved program terminates, for any reason, before such employer becomes credit eligible and such employer subsequently becomes enrolled in another approved program, the employer's prior participation shall not be combined with the subsequent enrollment in order to comply with the required six months of participation to become credit eligible. In such case, the prior participation shall be disregarded and a new start-up date shall be applied. To the extent that the new start-up date does not permit the employer to become credit eligible during the then current policy, the credit will be applied retroactively to the effective date of the renewal policy upon completion of the required six months of participation in the program of the new firm.

If an employer's enrollment in an approved program terminates, for any reason, after the employer becomes credit eligible, a pro-rata credit will be applied. To the extent that the employer subsequently enrolls in another approved program within thirty days of such termination and such enrollment occurs within the same policy period during which the employer became credit eligible, a full credit will be applied to the policy year. The start-up date of the employer's enrollment in the prior program shall be used to determine credit eligibility for the renewal policy, subject to any adjustment that may be required because of a difference in the level of the credit of the two involved firms.

In all other cases, the general rules to determine credit eligibility and calculation of credit shall apply.

ILLUSTRATIVE CALCULATIONS

In all examples, the loss management firm is assigned a credit factor (CF) of .10 effective January 1, 1991. Following re-evaluation, the firm is assigned a credit factor (CF) of .08 effective January 1, 1992 and subsequent years. Estimated Annual Premium (EAP) is \$5,000. Policy is effective April 1, 1991. Three (3) years of continuous participation in the loss management program is assumed.

Example #1 - Subscription Date: 7/1/91 (eligibility within policy term)

1st Year Credit Applied and Effective 4/1/91
(EAP) (CF) = Credit or (5,000) x (.10) = 500

2nd Year Credit Applied and Effective 4/1/92
(EAP) (CF) = Credit or (5,000) x (.08) = 400

3rd Year Credit Applied and Effective 4/1/93
(EAP) (CF) = Credit or (5,000) x (.04) = 200

Example #2 - Subscription Date: 10/5/91 (eligibility outside policy term)

1st Year Credit Applied and Effective 4/1/92
(EAP) (CF) = Credit or (5,000) x (.10) = 500 *

2nd Year Credit Applied and Effective 4/1/93
(EAP) (CF) = Credit or (5,000) x (.08) = 400

3rd Year Credit Applied and Effective 4/1/94
(EAP) (CF) = Credit or (5,000) x (.04) = 200 **

* Credit factor of .10 is "locked in" on subscription date.

** Credit factor in effect on policy effective date applies; credit is halved in 3rd year.

Reduction In Available Credit Due To Participation Prior To Program Effective Date

An employer who has subscribed to an existing program of a qualified loss management firm prior to November 1, 1990, shall be subject to a reduction in credit in accordance with the following table:

<u>Subscription Date</u>	<u>Extent of Credit</u>
05/01/90 or later	Full credit
11/01/89 to 04/30/90	2 Years
11/01/88 to 10/31/89	1 Year
Prior to 11/01/88	No credit

The Massachusetts Qualified Loss Management Program Endorsement WC 20 04 02 must be attached to each Assigned Risk Policy for which a credit is given under this Program.

QUALIFIED LOSS MANAGEMENT PROGRAM

1. Qualifications For Loss Management Firms

Any loss management firm, which has demonstrated an ability to reduce losses for its client employers, may submit a Loss Management Program to The Workers' Compensation Rating and Inspection Bureau of Massachusetts for approval, subject to its having met the following minimum qualifications.

a. Personnel

A loss management firm must evidence its ability to perform its services based upon the qualifications of its key operating personnel. Information must be submitted on the job-related training and experience of these personnel. There also should be credentialed specialists on the staff. These could include: certified safety professionals, board-certified rehabilitation specialists, licensed insurance advisors and medical doctors specializing in occupational health.

b. Safety

A loss management firm must have a structured approach in place which focuses top level management of the employer, as well as other personnel, on the issue of safety. There must be a means of measuring and insuring management commitment to implementing safe work practices in the client employer's workplace.

c. Post Injury Response

A Loss Management Program must contain plans of action and specific techniques which are designed to assist an injured worker in obtaining necessary medical care. It must also contain specified means of maintaining contact with the injured worker and continuing claims control throughout the recuperation period. A close relationship with medical providers should be included in this process.

d. Early Return to Work Provisions

A Loss Management Program must encourage an injured worker to return to work at the earliest possible time, even if it is in a modified capacity.

2. Submission Of Loss Management Program For Approval

In order to offer a credit to its client employers, a loss management firm must submit to and receive approval of a Loss Management Program from The Workers' Compensation Rating and Inspection Bureau of Massachusetts following the procedures outlined below and containing the key elements indicated.

- a. A Loss Management Program containing essential information shall be submitted to The Workers' Compensation Rating and Inspection Bureau of Massachusetts with sufficient lead time for proper evaluation and determination of a credit prior to implementation.
- b. After evaluation of the Loss Management Program, The Workers' Compensation Rating and Inspection Bureau of Massachusetts shall make a determination as to its acceptability. If acceptable, The Workers' Compensation Rating and Inspection Bureau of Massachusetts will calculate the credit applicable to the program for a period of one (1) year and advise the loss management firm submitting the program, and the Massachusetts Division of Insurance, of its approval.

The loss management firm shall then advise all of its Assigned Risk client employers of the availability of the program.

- c. Key elements that must be included in a Loss Management Program.
 - (1) The approved loss management firm must offer its qualified loss management program to every assigned risk client subscriber to its program wishing to avail itself of the credit assigned to the firm by The Workers' Compensation Rating and Inspection Bureau of Massachusetts.
 - (2) The program must contain a provision stating that the credit applicable to the first year policy is subject to change on the second and third year policies.
 - (3) The program must contain a provision stating that a credit will not apply after the client employer has received a credit for three (3) years.
 - (4) The program must contain a provision stating that a client employer must be involved in the program for six (6) months before eligibility for the credit is established. If the client becomes credit eligible during the policy term, the credit is applied retroactive to the policy effective date; otherwise, the credit is applied on the effective date of the first policy renewal during which the client completes six (6) months of participation in the program. The credit is pro-rated only when participation in the program terminates during the policy term, unless such termination occurs in the third annual policy period during which the client completes three (3) years of participation in the program.
 - (5) The program must contain a provision stating that in the event of termination of the program by either the loss management firm, the client employer or The Workers' Compensation Rating and Inspection Bureau of Massachusetts, the credit shall be pro-rated.

3. Requirements To Apply For And Determination Of A Credit

The following requirements apply to a loss management firm submitting a Loss Management Program.

The method for determining the credit is as follows:

- a. The loss management firm must submit data, in a format prescribed by The Workers' Compensation Rating and Inspection Bureau of Massachusetts, on all its client employers who have Massachusetts workers' compensation insurance premium and commenced the program within the last seven (7) years. The Workers' Compensation Rating and Inspection Bureau of Massachusetts shall have the right to inspect the books and business records of the loss management firm in order to verify that it is a complete list and accurately represents the experience of such client employers.

The data shall consist of copies of the experience rating modification calculations for the client employers. The object is to compare the experience for the year prior to the inception of the program to experience for the year subsequent to the inception of the program.

Example 1

Client starts Loss Management Program 7/1/85
 Policy renews 7/1/85
 Prior year's experience is for 7/1/84 to 6/30/85
 Subsequent year's experience is for 7/1/85 to 6/30/86

Example 2

Client starts Loss Management Program 2/1/85
 Policy renews 7/1/85
 Prior year's experience is for 7/1/83 to 6/30/84
 Subsequent year's experience is for 7/1/85 to 6/30/86

The required data is for the first report of the prior year and for the first report of the subsequent year. The Expected Losses, the Expected Primary Losses, the Actual Losses and the Actual Primary Losses for each of these two (2) policy periods will be taken for each client employer. (The Massachusetts portion is used for interstate risks.) This information will be aggregated over all the client employers of the Loss Management Program.

This data covering the most recently available five-year period will be aggregated and then used to compute two experience modifications, one for the prior years and one for the subsequent years.

- b. The qualification for a schedule rating credit is as follows:

Ratio of Experience Modification For Subsequent Years to that for Prior Years	First and Second Year Credit	Third Year Credit
0.807 or less	15%	7.5%
More than 0.807 but at most 0.820	14%	7.0%
More than 0.820 but at most 0.833	13%	6.5%
More than 0.833 but at most 0.847	12%	6.0%
More than 0.847 but at most 0.860	11%	5.5%
More than 0.860 but at most 0.873	10%	5.0%
More than 0.873 but at most 0.887	9%	4.5%
More than 0.887 but at most 0.900	8%	4.0%
More than 0.900 but at most 0.913	7%	3.5%
More than 0.913 but at most 0.927	6%	3.0%
More than 0.927 but at most 0.940	5%	2.5%
More than 0.940 but at most 0.953	4%	2.0%
More than 0.953 but at most 0.967	3%	1.5%
More than 0.967 but at most 0.980	2%	1.0%
More than 0.980 but at most 0.993	1%	0.5%
More than 0.993	none	none

Each Loss Management Program must requalify for a credit annually.

c. Basis For Applying The Credit

If the Loss Management Program submitted by a loss management firm contains data on client employers with at least three (3) governing classes, the credit will be applicable to all client employers in the program. Otherwise, the calculated credit shall apply only to those client employers whose governing class is in the submitted data. For employers with other governing classes, the credit for newly established loss management firms shall apply unless the credit developed by submitted data is less than the credit for newly established firms whereupon such credit developed from the data shall apply.

- d. The credit will apply to the Massachusetts portion of the workers' compensation premium (excluding expense constant) of the client employers in the program. See EXHIBIT I.
- e. The credit shall not apply to client employers insured under a retrospective rating plan or a loss sensitive dividend plan.
- f. A credit, as determined by The Workers' Compensation Rating and Inspection Bureau of Massachusetts, shall apply for three (3) successive annual policy years to a client employer in good standing in the program starting with the first policy year of credit eligibility, subject to revision after the first and second years. The applicable credit is halved in the third policy year.

4. New Loss Management Firms

A newly established loss management firm may submit a Loss Management Program to The Workers' Compensation Inspection and Rating Bureau of Massachusetts for approval of a credit to apply to its subscriber client employers if:

- a. The firm complies with the qualifications for loss management firms contained in Section 1.
- b. The firm submits a Loss Management Program containing the key elements contained in Section 2.
- c. The firm begins to submit the data required under Section 3 as soon as such data becomes available.

The credit for new loss management firms will be limited to 5% for risks in their first and second years and 2.5% for risks in their third year.

Three years after a new loss management firm has qualified, the credit for such a firm will begin to be based on its own data.

5. Administration Of A Loss Management Program By The Workers' Compensation Rating and Inspection Bureau of Massachusetts

- a. The Workers' Compensation Rating and Inspection Bureau of Massachusetts shall be authorized by the Massachusetts Division of Insurance to evaluate any Loss Management Program submitted by a loss management firm for purposes of offering client employers a credit, and shall issue a prompt notice of approval or disapproval.

The factors that The Workers' Compensation Rating and Inspection Bureau of Massachusetts shall consider in the evaluation of such a program are as follow:

- (1) qualifications of the loss management firm as listed in Section 1.
 - (2) elements that must be included in submission of a Loss Management Program as listed in Section 2.
 - (3) requirements to apply for and determination of a credit as listed in Section 3.
- b. If a Loss Management Program is not approved by The Workers' Compensation Rating and Inspection Bureau of Massachusetts, and the loss management firm making the submission is unsatisfied with the decision of The Workers' Compensation Rating and Inspection Bureau of Massachusetts, the loss management firm may appeal to the Commissioner of Insurance. Upon reviewing such an appeal, the Commissioner may, if he finds sufficient grounds for the appeal, call a public hearing to resolve the dispute.

- c. The Workers' Compensation Rating and Inspection Bureau of Massachusetts shall be authorized to withdraw its approval of any loss management firm previously approved to offer a credit, if it determines, after a meeting with the firm, that the loss management firm is not in compliance with program requirements. In such case, the Bureau shall give the firm at least thirty days written notice that such approval is withdrawn and that its participation in the Qualified Loss Management Program is terminated. A copy of the required notice shall be sent to the Commissioner of Insurance at the same time that it is sent to the firm. Any action taken by the Bureau to withdraw approval may be appealed to the Commissioner of Insurance. Upon reviewing such an appeal, the Commissioner may, upon finding sufficient grounds for the appeal, call a public hearing to resolve the dispute.

If the Commissioner has reason to believe that any loss management firm should be considered for removal from the credit plan, the Commissioner shall so inform The Workers' Compensation Rating and Inspection Bureau of Massachusetts. The Workers' Compensation Rating and Inspection Bureau of Massachusetts shall inform the Commissioner of what action, if any, it takes with respect to this Loss Management Program. If two (2) months from the notification of The Workers' Compensation Rating and Inspection Bureau of Massachusetts, the Loss Management Program still qualifies for the credit plan, the Commissioner may choose to call a public hearing to consider whether this Loss Management Program should be removed from the credit plan.

- d. Each approved Qualified Loss Management Program must be resubmitted to The Workers' Compensation Rating and Inspection Bureau of Massachusetts annually, with up-dated data, for re-evaluation and calculation of a revised credit, if any.

MASSACHUSETTS QUALIFIED LOSS MANAGEMENT PROGRAM ENDORSEMENT

1. The credit factor shown below will be applied to your policy premium because you subscribed to a Qualified Loss Management Program and became credit eligible on the date also shown below. Premium adjustment will be made at time of audit.
2. The appropriate credit will be applied to your policy premiums for three (3) successive annual policy periods starting with the first policy year during which you become credit eligible. The credit is calculated from the effective date of each policy year. The credit applicable to the first policy year is subject to change on the second and third policy years. The applicable credit is halved in the third policy year.
3. In the event your participation in the Program terminates, for any reason, a pro-rata credit will be applied at audit. This provision does not apply after you have continuously participated in the Program for a minimum of three (3) years as determined by your subscription date.
4. This endorsement does not apply if your policy is written under a Retrospective Rating Plan or loss sensitive dividend plan.

SCHEDULE

Name of Qualified Loss Management Program: _____

Subscription Date: _____

Eligibility Date: _____

Credit Factor: _____ %

NOTES:

1. This endorsement must be attached to an Assigned Risk policy showing Massachusetts in Item 3.A. of the Information Page, if the insured is a subscriber to a Qualified Loss Management Program approved by The Workers' Compensation Rating and Inspection Bureau of Massachusetts and becomes credit eligible before policy issuance or during the policy term. This endorsement may not be used for more than three (3) consecutive years for the same insured.
2. This endorsement may not be attached to any policy which:
 - a) Expires before the insured becomes credit eligible.
 - b) Is written under a Retrospective Rating Plan or loss sensitive dividend plan.
3. The company may use its own attachment clause and method of execution.

SAMPLE PREMIUM CALCULATION FOR RISK
SUBJECT TO QUALIFIED LOSS MANAGEMENT PROGRAM CREDIT

LOCATIONS, CLASSIFICATION AND PAYROLL IN MASSACHUSETTS
 Calculation of Estimated Annual Premium:

Describe by location the duties of employees	Class Code	Number of Employees	Total Payroll	Rate	Premium
Office Machines - Installation	5191	12	264,131	2.71	7,158
Clerical Office Employees NOC	8810	2	33,600	0.39	131
Salesperson, Collectors or Messengers - Outside	8742				
Drivers, NOC	7380				
Employers Liability / /					
Total Premium					7,289
Experience Modification (1.11)					802
Standard Premium					8,091
ARAP Adjustment (1.14)					1,133
Less Premium Discount (if applicable)					340
Total					8,884
[1] Less Loss Management Program Credit (.10)					888
Expense Constant					155
Total Estimated Annual Premium					8,151
Mass. D.I.A. Assessment (1.2%) of Standard Premium					97
Total of Estimated Annual Premium and Mass. D.I.A. Assessment					8,248

[1] As promulgated by The Workers' Compensation Rating and Inspection Bureau of Massachusetts.

PROCEDURES FOR IMPLEMENTATION OF QUALIFIED LOSS MANAGEMENT PROGRAM

A. INTRODUCTION

When a loss management firm approved by the Bureau becomes qualified to offer a policy credit to a subscriber, the following procedures apply.

B. INSTRUCTIONS FOR LOSS MANAGEMENT FIRM

1. Completion of Request for Qualified Loss Management Program Assigned Risk Credit. EXHIBIT A (2 sides)

SIDE 1

When an assigned risk insured employer subscribes to the Program of a qualified loss management firm, the firm shall complete Sections I, II and III of Request For Qualified Loss Management Program Assigned Risk Credit form and have the authorized representative of the subscriber employer sign (with title) and enter date in Section IV, in DUPLICATE. The firm shall retain both forms in file with a suspense date six (6) months from date the subscriber employer entered the Program.

Second and Third Year Credit

Credit requests for the second and third policy year may be submitted to the Bureau as soon as the loss management firm has ascertained that the subscriber has been issued a new or renewal policy in the assigned risk pool. The credit request should reflect the firm's currently approved credit which is subject to change on April 1 of each year.

I. SUBSCRIBER EMPLOYER INFORMATION

1. Name of Subscriber Employer: Enter the complete legal name of the employer.
2. Subscriber Employer's Federal Identification Number: This is a Program requirement.
3. Mailing Address: Include a post office box, if any.
4. Principle Location: This is the principle Massachusetts location. A post office box is not acceptable.
5. Other Massachusetts Locations: If the subscriber employer operates at locations in Massachusetts other than the principle location, show each additional location. Use additional sheet if necessary. It is IMPORTANT to note that a policy credit request will be processed only if a qualified

Loss management firm provides its Program services at all Massachusetts locations of a subscriber employer.

6. Date of Entry Into Loss Management Program: This item is IMPORTANT since it determines to which policy the first credit will apply.
7. Has subscriber employer previously enrolled in a Loss Management Program? Year No
If yes, give name of loss management firm.

This item is IMPORTANT since it may determine the period of time of a subscriber employer's credit.

II. INSURANCE POLICY INFORMATION

Enter name of current insurance company, policy number and policy effective date.

III. LOSS MANAGEMENT FIRM INFORMATION

1. Enter entire name of loss management firm approved by the Bureau.
2. Enter date that the firm qualified initially to offer a policy credit to subscriber employers.
3. Enter amount of approved credit applicable on date subscriber employer entered into Program.
4. Enter date credit referred to in 3. above was approved by the Bureau.

IV. SUBSCRIBER EMPLOYER'S ACKNOWLEDGEMENT

The request form must be signed by an authorized representative of the subscriber employer certifying that it has subscribed to the Program offered by the firm shown in III. 1. above and that it fully understands the General Terms of Qualified Management Program shown on the reverse side of the form (Side 2). The Request For Credit form and the duplicate should be signed in original.

If the request form is being submitted for a second or third year credit, the subscriber shall not be required to complete this Section provided the subscriber has not changed firms and has previously completed this Section for a first year credit.

V. VERIFICATION OF ELIGIBILITY BY LOSS MANAGEMENT FIRM

Six (6) months from the date the subscriber employer has entered

the Program, the loss management firm will complete Section V. Verification of Eligibility By Loss Management Firm of the form, in DUPLICATE, as follows:

1. Enter date that the subscriber employer completed six (6) months of participation in the Program.
2. Enter signature and title of authorized representative of loss management firm and date. Both the request form and the duplicate should be signed in original.
3. If the request form is being submitted for a second or third year credit, the loss management firm must nevertheless complete this Section by inserting the words, "Second year [third year] request - no change in firm or interruption of service" and affix the necessary signature, title and date.

2. Processing of Request For Qualified Loss Management Program Assigned Risk Credit Form By Loss Management Firm

When the subscriber employer has participated for six (6) months in the Program and has become credit eligible, the loss management firm sends Request For Credit form, in DUPLICATE, to the Bureau at the address shown at top of form for transmittal to insurance company with request to issue policy credit.

3. Notification of Termination/New Subscriber With Prior Participation

To the extent that the loss management firm has already submitted a credit request for a subscriber who terminates participation in the Qualified Loss Management Program, the firm shall notify the Bureau of such termination. The notice shall include the name of the subscriber, the date of termination and the name of the servicing carrier.

If a loss management firm determines that a new subscriber has already participated in the Program of another firm for six months or more, the firm shall notify the Bureau of that fact at the commencement of services for such subscriber.

C. INSTRUCTIONS FOR BUREAU

1. Upon receipt of completed Request For Credit form from the loss management firm, the Bureau enters all information on the form into its systems.
2. Bureau retains original Request For Credit form for its records.
3. If the dates shown on the Request For Credit form indicate that the subscriber employer entered the Program in the first six (6) months of the current policy term, and completed the six (6) months subscription eligibility requirement within the current policy term, the Bureau will send the duplicate original of the form to the subscriber employer's current insurance company with Form Letter 1, EXHIBIT B requesting the

issuance of Massachusetts Qualified Loss Management Program Endorsement WC 20 04 02 and the processing of a policy credit retroactive to the current policy inception date, to be applied as a premium adjustment at time of audit.

4. If the dates shown on the Request For Credit form indicate that the subscriber employer entered the Program in the last six (6) months of the policy term, and will not comply with the six (6) months subscription eligibility requirement until a date within the renewal policy term, the Bureau will send the duplicate original of the form to the subscriber employer's renewal policy insurance company with Form Letter 1, EXHIBIT B requesting the issuance of Massachusetts Qualified Loss Management Program Endorsement WC 20 04 02 and the processing of a policy credit retroactive to the renewal policy inception date, to be applied as a premium adjustment at time of audit.
5. Upon notice that a subscriber has terminated participation in the Program, the Bureau shall, in turn, notify the insurance company of that fact so that the insurance company which has processed, or will be processing a premium credit, can take steps to adjust, or properly calculate the credit.

D. INSTRUCTIONS FOR INSURANCE COMPANY (SERVICING CARRIER)

1. Upon receipt of Form Letter 1 EXHIBIT B and completed duplicate original Request For Credit form from the Bureau, the insurance company will issue Massachusetts Qualified Loss Management Program Endorsement WC 20 04 02 and process a policy credit retroactive to either a) the current policy inception date or b) the renewal policy inception date (see C.3. or C.4. above), to be applied as a premium adjustment at time of audit.

REQUEST FOR MASSACHUSETTS QUALIFIED LOSS MANAGEMENT PROGRAM ASSIGNED RISK CREDIT

THE WORKERS' COMPENSATION RATING AND INSPECTION BUREAU OF MASSACHUSETTS
101 ARCH STREET - 5TH FLOOR BOSTON MA 02110
(617) 439-9030

Please type or print answers to all questions and mail in DUPLICATE to: WCRIB, P.O. BOX 9005 BOSTON, MA 02205 Attn: Legal

The Undersigned qualified loss management firm hereby requests that their approved credit be applied to the Massachusetts operations of the workers' compensation policy of the subscriber assigned risk insured employer indicated below.

I. SUBSCRIBER EMPLOYER INFORMATION

1. Name of Subscriber Employer _____

2. Subscriber Employer's Federal Identification Number _____

3. Mailing Address (No.) (Street) (City) (State) (Zip) (Phone) _____

4. Principle Location (No.) (Street) (City) (State) (Zip) (Phone) _____

5. Other Massachusetts Location (No.) (Street) (City) (State) (Zip) (Phone) _____

Other Massachusetts Location (No.) (Street) (City) (State) (Zip) (Phone) _____

Other Massachusetts Location (No.) (Street) (City) (State) (Zip) (Phone) _____

6. Date of Entry into Loss Management Program _____

7. Has subscriber employer previously enrolled in a loss management program? [] Yes [] No

If yes, give name of loss management firm: _____

* List additional locations, if any, on supplemental page.

II. INSURANCE POLICY INFORMATION:

Insurance Company Current Policy Number Policy Effective Date

III. LOSS MANAGEMENT FIRM INFORMATION

1. Name of Loss Management Firm _____

2. Date Firm Qualified _____

3. Amount of Approved Credit _____

4. Date Credit Approved _____

IV. SUBSCRIBER EMPLOYER'S ACKNOWLEDGMENT

The Undersigned Subscriber Employer acknowledges that it has subscribed to the Qualified Loss Management Program offered by the firm shown above and that it fully understands the terms of the Program as outlined on the reverse side of this form.

Authorized Signature and Title _____ Date _____

V. VERIFICATION OF ELIGIBILITY BY LOSS MANAGEMENT FIRM

1. The Subscriber Employer shown above completed six (6) months of participation in our Program on _____

Date

2. Authorized Signature and Title: _____

Date

GENERAL TERMS OF QUALIFIED LOSS MANAGEMENT PROGRAM

1. The credit on policy premium must be offered to the subscriber for the first three (3) years of participation in the Program.

The credit cannot be offered after the subscriber has received credits based on three (3) years of participation.

2. The credit applicable to the first policy year is subject to change in the second and third policy years.
3. The subscriber must participate in the Program for a minimum of six (6) months to become credit eligible.
4. The credit will start on the inception date of the first policy year during which the subscriber becomes credit eligible.
5. Premium adjustments resulting from the application of any policy credit will be made at time of policy audit except for policies subject to the Massachusetts Assigned Risk Rating Plan, for which the credit will be applied at policy inception. If the policy is subject to this Plan, the credit shall reduce the required deposit premium, but shall not reduce the final premium determined under that Plan. If a policyholder who has received a credit on his deposit premium under this paragraph leaves the Qualified Loss Management Program prior to 6 months of participation, the deposit premium may be adjusted to reflect the loss of credit.
6. In the event the subscriber's participation in the Program terminates by reason of: (a) termination of the Program by either the loss management firm, or The Workers' Compensation Rating and Inspection Bureau of Massachusetts, or (b) withdrawal from the Program by the subscriber, a pro-rata credit will be applied at policy audit of the policy term during which such termination occurs.
7. Approval of a Qualified Loss Management Program by The Workers' Compensation Rating and Inspection Bureau of Massachusetts is based on information and other data available to the Bureau, at the time of approval, and does not constitute a warranty of the quality or effectiveness of services offered by the loss management firm.

**QUALIFIED LOSS MANAGEMENT PROGRAM - ASSIGNED RISKS
REQUEST FOR ENDORSEMENT AND POLICY CREDIT**

COMPANY:

DATE:

BUREAU FILE NO.:

LOSS MANAGEMENT FIRM:

INSURED:

POLICY NO.:

EFFECTIVE DATE:

Due to the above insured's participation in the Program of the above Qualified Loss Management Firm, we are enclosing REQUEST FOR MASSACHUSETTS QUALIFIED LOSS MANAGEMENT PROGRAM ASSIGNED RISK CREDIT.

1. Please endorse Massachusetts Qualified Loss Management Program Endorsement WC 20 04 02 to the above policy effective at inception date, and
2. Process Policy Credit on above policy effective at inception date, subject to premium adjustment at time of audit.
3. The above credit is:
 First Year Credit Second Year Credit Third Year Credit (half year)
4. The insured subscribed to a Loss Management Program prior to November 1, 1990, and therefore the credit is restricted to:
 One Year Two Years

If no entry, insured is credit eligible for three years.

OTHER COMMENTS:

STATISTICAL REPORTING

The earned premium dollar adjustment amount due to the application of the Qualified Loss Management Program Assigned Risk policy credit must be reported on unit statistical reports under Classification Code 9880. This amount must be reported on lines D, E, F or G since it is not subject to experience modification.

The Loss Management Program credit to the premium does not affect Standard Premium. The Standard Premium is not reduced by the credit.