CIRCULAR LETTER NO. 1548

To All Members and Subscribers of the Bureau:

ELIMINATION OF NON-STOCK AND STOCK PREMIUM DISCOUNTS

THE WORKERS' COMPENSATION INSURANCE PLAN

The Division of Insurance has approved a filing which requires servicing carriers, both stock and non-stock, to issue new and renewal assigned risk policies effective 12:01 A.M., December 1, 1990 and thereafter, written under the Massachusetts Workers’ Compensation Insurance Plan, with no premium discounts.

Policies endorsed with Massachusetts Pending Premium Change Endorsement WC 20 04 01 should now be endorsed to show the new premiums.

Rule VIII of the Massachusetts Administrative Bureau Rules and Procedures (Appendix A to the Basic Manual on Workers' Compensation and Employers' Liability Insurance) will be revised by adding the following wording:

6. All carriers, regardless of the type of discounts that they select for use on their voluntary policies, shall not use stock or non-stock premium discounts for policies issued under The Massachusetts Workers’ Compensation Insurance Plan.

and by inserting a corresponding reference in the Appendix B, State Reference Chart Premium Discount Tables.

This change will provide a disincentive for larger risks to remain in the residual market, and provide an incentive for these risks to actively seek coverage in the voluntary market.

The National Council on Compensation Insurance will distribute manual pages reflecting this change.

NORMAN R. FONTAINE
Vice President

NRF/jd