



**THE WORKERS' COMPENSATION  
RATING AND INSPECTION BUREAU OF MASSACHUSETTS**  
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January 7, 1993

**CIRCULAR LETTER NO. 1620**

To: All Members and Subscribers of the Bureau

**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%.

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.

**NORMAN R. FONTAINE**  
Vice President of Industry Affairs

NRF/pw/3091  
Enclosure

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.

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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)

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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.

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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