



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

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February 23, 1993

**CIRCULAR LETTER NO.1627**

To All Members and Subscribers of the Bureau:

**MASSACHUSETTS BENEFITS DEDUCTIBLE PROGRAM  
EFFECTIVE JANUARY 1, 1993**

With reference to Circular Letter No. 1624 on the above subject dated February 3, 1993, the Commissioner of Insurance has approved the statistical codes shown on attached EXHIBIT F for reporting the various premium credit amounts under this Program according to the deductible amounts selected by an insured.

Also attached is replacement EXHIBIT C which should be substituted for the EXHIBIT C contained in Circular Letter No.1624. Paragraph Four has been revised consistent with the approved filing to indicate that the premium reduction for deductible coverage is obtained by applying the appropriate premium reduction percentage to the standard premium, i.e. the credit amount is not subject to experience rating.

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

NF/dc 3333  
Enclosures

## STATISTICAL REPORTING

The Premium Credit under the Massachusetts Benefits Deductible Program shall be reported with the following Statistical Codes:

<u>Medical and Indemnity Deductible Amount</u>	<u>Statistical Code</u>
\$ 500	9784
1,000	9785
2,000	9786
2,500	9787
5,000	9788

The Premium Credit is not subject to Experience Rating and shall be reported on Lines D-G on the Unit Statistical Report.

The Losses shall be reported on a gross basis. The Employer Reimbursement should not reduce the Loss Amounts reported on Unit Statistical Reports.

## SPECIAL RULES

### RULE IX-SPECIAL CONDITIONS OR OPERATIONS AFFECTING COVERAGE AND PREMIUM

Add:

#### MASSACHUSETTS BENEFITS DEDUCTIBLE PROGRAM

This Program is intended for insureds who, while not qualified as self-insureds, nevertheless have the financial ability to handle some losses they incur. This Program will allow these insureds to establish an amount of loss they can absorb and purchase insurance only for losses above that predetermined deductible amount. This Program is not available for insureds with retrospectively rated policies.

Medical and indemnity deductibles of \$500, \$1000, \$2000, and \$2500 shall be made available by the Massachusetts Workers Compensation Assigned Risk Pool and insurers to every insured with a workers compensation policy which provides coverage in Massachusetts. In addition, an insurer or the Pool may offer to any employer providing collateral deemed adequate by such insurer, a medical and indemnity benefits deductible of \$5000. The deductible shall apply separately to each claim for bodily injury by accident or disease. The insurer shall pay all benefits required under the provisions of M.G.L.152 directly to the appropriate party. Subsequent to insurer payment of any amount which falls within the deductible limit on any claim, the insurer may seek reimbursement from the policyholder. Failure of the insured to make complete reimbursement for deductibles within thirty days of receipt of bill from the insurer shall constitute non-payment of premium and be grounds for termination of the policy.

The Medical and Indemnity Deductible Amounts and corresponding Premium Reduction Percentages are shown in the Miscellaneous Values section of the Massachusetts rate pages.

The premium reduction for deductible coverage is obtained by applying the appropriate premium reduction percentage to the standard premium.

The premium credit amount under the Massachusetts Benefits Deductible Program shall be reported under the appropriate statistical codes according to the deductible amount selected by the insured. The credit amount is not subject to experience rating and shall be reported on lines D-G on the Unit Statistical Report.

In order to maintain integrity in Experience Rating and Ratemaking data bases, losses for which the deductible applies shall be reported on a gross basis prior to the application of the deductible amount. This methodology applies for the reporting of data via the Workers' Compensation Statistical Plan, Detailed Claim Information, and the Aggregate Financial Call reporting.

Coverage under this Program is to be effected by the attachment of the Massachusetts Benefits Deductible Endorsement WC 20 06 02 to the Standard Workers' Compensation and Employers Policy.