September 1, 1993

CIRCULAR LETTER NO. 1649

To All Members and Subscribers of the Bureau:

THE APPLICATION OF QUALIFIED LOSS MANAGEMENT CREDITS TO EMPLOYERS ON LARGE DEDUCTIBLE PROGRAMS

Attached for your information is a letter from the Commonwealth of Massachusetts Division of Insurance dated July 27, 1993 which is self-explanatory.

Any questions should be directed to Paul Meagher, Legal Counsel, Larry Raimondi, Associate Legal Counsel, or to me.

NORMAN R. FONTAINE
Vice President of Industry Affairs

NRF/bc/4Q9-1649
Attachment
July 27, 1993

Norman R. Fontaine  
Vice President of Industry Affairs 
Workers' Compensation Rating and Inspection 
Bureau of Massachusetts 
101 Arch Street, 5th Floor 
Boston, MA 02110

Re: The Application of Qualified Loss Management Credits to Employers on Large Deductible Programs

Dear Mr. Fontaine:

I am writing to confirm that employers taken out of the Pool on the Large Deductible Program, like those removed on the Large Risk Rating Option or other voluntary market retrospective rating plans, are not eligible for credits under the Qualified Loss Management Program. The application of such credits are restricted to the following three types of policies:

1. Guaranteed cost policies (including those with a small deductible endorsement) in the Pool

2. Guaranteed cost polices (including those with a small deductible endorsement) in the voluntary market

3. Policies written under MARRP (where the credits may be used only to reduce deposit premium)

I hope this is helpful.

Sincerely,

[Signature]

Walter Horn 
State Rating Bureau