April 22, 1998

CIRCULAR LETTER NO. 1798

To All Members and Subscribers of the Bureau:

NOTICE TO COMPANIES -
DOWNWARD DEVIATIONS FOR RETROSPECTIVE RATING PLANS

With reference to Circular Letter No. 1797 dated April 17, 1998 on the subject of Retrospective Rating Plan Changes Effective February 14, 1998, at the request of the Commissioner of Insurance, we are attaching the above Notice To Companies.

NORMAN R. FONTAINE
Vice President of Industry Affairs

NRF/dc
Enclosure
Notice to Companies -- Downward Deviations for Retrospective Rating Plans

Companies may apply for downward premium deviations attributable to the modification of one or more retrospective rating plan parameters (e.g., loss conversion factor, profit provision, other expense provisions, etc.). Applications should include a demonstration that the requested deviation is reasonable, will not increase premiums for any policyholder, and will not threaten the filer’s solvency. Deviations must not be unfairly discriminatory and must be uniformly applied to all retrospectively rated policies offered by the company. Company groups must include the objective underwriting criteria used for each particular company or group. Any deviations approved with respect to retrospective rating plan parameters must be applied in conjunction with any other approved deviations.

Prior written approval is required before implementation of any deviation. Applications should be sent to the attention of Catherine Kuchinski, State Rating Bureau, Division of Insurance, 470 Atlantic Avenue, Boston, Massachusetts 02210-2223. The filer should specify the requested effective date for the deviation. Any application seeking an effective date of February 14, 1998, should be received by the Division no later than June 30, 1998.