



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

February 14, 2007

CIRCULAR LETTER NO. 2045

To All Members and Subscribers of the Bureau:

Procedures for Issuing Certificates of Insurance for Sole Proprietors and Partnerships

The Division of Insurance recently approved the attached *Procedures for Issuing Certificates of Insurance for Sole Proprietors and Partnerships (Procedures)* for use in both the Voluntary and Residual Markets. **The *Procedures* have a mandatory effective date of May 1, 2007. Carriers may, however, implement the *Procedures* prior to May 1, 2007.**

Policies issued to sole proprietors and partnerships do not provide coverage for the sole proprietor or partner(s) unless they elect coverage for themselves in accordance with G.L. Chapter 152, section 1(4) and 482 CMR 8.07. If a sole proprietor or partner elects coverage for himself, then he and all of his employees will be covered by that policy. If a sole proprietor or partner does not elect coverage for himself, then only his employees, if any, will be covered by that policy.

Sole proprietors and partnerships sometimes purchase a workers' compensation insurance policy for the sole purpose of obtaining a Certificate of Insurance that can be presented to an insured employer for whom they want to perform work. However, unless the sole proprietor or partner has elected coverage for himself, the policy does not cover him. The approved *Procedures* direct carriers to indicate on Certificates of Insurance whether the sole proprietor or partner(s) has elected to be covered by the policy. This will enable the recipient of a Certificate of Insurance to better understand what coverage is provided by the workers' compensation insurance policy identified on the Certificate of Insurance.

Please contact Dan Crowley (617-646-7594 or dcrowley@wcribma.org) or Ellen Keefe (617-646-7553 or ekeefe@wcribma.org) if you have any questions.

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PROCEDURES FOR ISSUING CERTIFICATES OF INSURANCE FOR SOLE PROPRIETORS AND PARTNERSHIPS

Certificates of Insurance issued by carriers on or after May 1, 2007 shall be issued according to the following procedures.

Before issuing a Certificate of Insurance, the carrier shall review their policy to determine the legal status of their insured. If the legal status is that of a sole proprietor or partnership, the carrier must determine whether any coverage elections are reflected on the policy. Based on the carrier's findings, one of the following comments (in bold) shall be shown in the Comments section of the Certificate of Insurance form.

COVERAGE ELECTIONS

LEGAL STATUS	ELECTIONS/EXCLUSIONS REFLECTED ON POLICY	COMMENT FOR CERTIFICATE OF INSURANCE
Sole Proprietor	Sole proprietor has not elected coverage	"The workers' compensation policy does not provide coverage for <NAME>."
	Sole proprietor has elected coverage	"<NAME> is covered by the workers' compensation policy."
Partnership	No partners have elected coverage	"No partners are covered by the workers' compensation policy."
	All partners have elected coverage	"All partners are covered by the workers' compensation policy."
	Some but not all partners have elected coverage	"<NAMES> are covered by the workers' compensation policy." AND "<NAMES> are not covered by the workers' compensation policy."