CIRCULAR LETTER NO. 1600

To All Members and Subscribers of the Bureau:

BEER OR ALE DEALERS - WHOLESALE & DRIVERS

Section 101C of Chapter 398 of the Acts of 1991, effective December 23, 1991, reads as follows:

Notwithstanding any general or special law to the contrary, for the purpose of classification of risks and premiums pursuant to section fifty-three A of chapter one hundred and fifty-two of the General Laws, those businesses for which the National Council on Compensation Insurance Code "7390- Beer or Ale Dealer - Wholesale - & Drivers" now applies shall be assigned new classifications in common with Liquor and Wine Distributors. Drivers and helpers who were previously classified under code 7390 will now be classified as "7380- Driver, Chauffeurs and Their Helpers NOC" and Warehouse Personnel who were previously classified as Code 7390 will be classified as "8018- Store - Wholesale NOC.

In keeping with this Legislation, the Commissioner of Insurance has approved the transfer of experience from Code 7390 - Beer or Ale Dealer - Wholesale, which is being eliminated, to Codes 7380 Drivers, Chauffeurs and Their Helpers NOC - Commercial and 8018 Store: Wholesale - NOC.

The approved higher rates and rating values for the affected classes, effective retroactively to December 23, 1991 on new and renewal policies only, which result from splitting the payrolls of Code 7390, so that 70% of the payrolls of Code 7390 are added to the payrolls for Code 7380 and 30% of the payrolls of Code 7390 are added to Code 8018, are as follows:

<table>
<thead>
<tr>
<th>Class</th>
<th>New Manual Rate</th>
<th>Minimum Premium</th>
<th>Loss Constant</th>
<th>Expected Loss Rate</th>
<th>D Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>7380</td>
<td>12.78</td>
<td>500</td>
<td>10</td>
<td>5.50</td>
<td>0.23</td>
</tr>
<tr>
<td>8018</td>
<td>9.77</td>
<td>500</td>
<td>10</td>
<td>4.20</td>
<td>0.21</td>
</tr>
</tbody>
</table>
Carriers are advised of the following actions necessitated by this statutory change:

1) All policies effective on or after December 23, 1991, showing classification codes 7380 or 8018 should be endorsed to reflect the revised rates as of the effective date of the policy.

2) All policies effective on or after December 23, 1991 showing classification code 7390 should be endorsed to eliminate that code and apportion estimated payroll to Codes 7380 and 8018, using the newly approved rates as of the effective date of the policy. This apportionment shall be accomplished by transferring 70% of the estimated payroll in Code 7390 to Code 7380, and the remaining 30% of the estimated payroll in Code 7390 to Code 8018.

3) The Bureau is beginning a systematic recalculation of all experience modifications and ARAP factors affected. It should be noted that those experience modifications and ARAP factors previously calculated based on Code 7390, are being recalculated due to a retroactive reclassification of risks and are, therefore, not subject to the time constraints of Rule E (6) Part Three of the Experience Rating Plan Manual. These revised modifications and ARAP factors should be applied as of the effective date of such rating.

Similarly, those experience modifications and ARAP factors previously calculated based on Code 7380 and/or Code 8018 are being recalculated due to the retroactive rate increase for the respective classes. Under Rule E(4) Part Three of the Experience Rating Plan Manual, these revised modifications and ARAP factors should be applied as of the effective date of such rating.

It will not be necessary for carriers to file copies of these endorsements with the Bureau.

RALPH L. BOWDRIDGE
Vice President

RLB/jd