

State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Division of Insurance
233 Richmond Street
Providence, RI 02903

INSURANCE REGULATION 56

WORKERS' COMPENSATION RESIDUAL RISK MARKET – PROCEDURE
FOR MARKET SURCHARGE AND DISCOUNT PROGRAMS

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Section 1 — Purpose

~~WHEREAS, the Worker's Compensation Reform Act of 1992 is intended to encourage insurers to participate in the voluntary market in Rhode Island, and~~

~~WHEREAS, the reform provides authorization for a program of surcharges and discounts, on a revenue neutral basis, in the residual market, and~~

~~WHEREAS, the Reform Act authorizes voluntary market rates equivalent to existing residual market rates upon a notice filing with the director, and~~

~~WHEREAS, the Director desires to provide guidelines for insurers in both the voluntary and residual markets seeking to implement a program of surcharges and discounts:~~

Section 2 — Authority

~~Pursuant to the powers conferred on the Director by Title 42, Title 27, and the Workers' Compensation Reform Act of 1992 including R.I. Gen. Laws §§42-14-16, 27-7.1-23 and R.I. 1990 public Law Chapter 30, I hereby establish the following procedure for filing and approval of voluntary and residual market surcharge and discount programs for workers' compensation insurers.~~

Section 3 — Summary Approval

~~The Director will review for summary approval any workers' compensation insurance surcharge and discount program that includes (a) a requirement that the responsible official of the insured company sign an acknowledgement of the surcharge and discount terms including the amounts and percentage increase of a proposed surcharge to which the insured is agreeing, such signed declaration statement by the insurer to be maintained in the underwriter file, (b) a demonstration by the applicant that the proposed surcharge and discount plan will be revenue neutral with respect to the premium anticipated by the insurer and/or result in rates at or below residual market levels approved June 22, 1989, (c) a provision for an annual review and "true up" demonstrating that the program did in fact comply with paragraph 1(b) above and (d) agreement to a mechanism to refund any overage resulting from the program.~~

Section 4 — Conforming Filings

~~Filings conforming to these guidelines may be effective upon filing, subject to review and disapproval by the Director within thirty days of filing, which time period may be extended if necessary.~~

Section 5 — Non-Conforming Filings

~~Filings that do not conform with the above criteria will be reviewed on a case-by-case basis, and will not be permitted to become effective until reviewed and approved by the Director.~~

EFFECTIVE DATE:	January 9, 1993
AMENDED:	None
REFILED:	December 19, 2001
REPEALED:	December 3, 2009