

**Commonwealth of Massachusetts
Division of Insurance**

**APPLICATION FOR MEMBERSHIP IN A WORKERS COMPENSATION
SELF-INSURANCE GROUP**

Name of Group _____

Name of Applicant _____

Address _____

Telephone Number _____ Facsimile Number _____

Number of Employees _____

Federal Employer I.D. Number _____

Nature of Business _____

Type of Business

Corporation () Partnership () Individual () Other (Specify) _____

If the applicant is an affiliate of another company, provide the name and address of the parent:

The following documents must be included with this application:

1. An ACORD Workers Compensation Application or similar form providing underwriting and rating information
2. The current financial statement of a member, which is either audited, reviewed or compiled by an independent Certified Public Accountant, including, at a minimum, a balance sheet, a profit and loss statement, a statement of change in fund position and a statement of the member's net worth and including all notes of the Certified Public Accountant that are an integral part of the financial statement. Reviewed financial statements must be accompanied by a Federal Income Tax return for the most recent calendar of fiscal year.
3. A written agreement to pay the group not less than twenty-five percent of the member's estimated annual net premium not later than the initial day of coverage afforded by the group.
4. Any member with an experience modification of greater than 1.25 must include a written explanation describing the causes of its high experience modification and outlining remedial measures it has taken and will be taking in the future to lower its modification.

[illegible]

**Disclosure of Joint and Several Liability
and Warranties of Members
of a Workers Compensation Self-Insurance Group**

Name of Group _____

Name of Applicant _____

Address _____

If the applicant is a single proprietorship, this disclosure form must be signed by the owner. If it is a partnership, it must be signed by each general partner. If the applicant is a corporation, this disclosure form must be approved by its board of directors, and signed by its secretary, clerk or other authorized officer.

1. The applicant understands that this is not an application for insurance coverage, it is an application to join a workers compensation self insurance group.
2. **This Section Does Not Apply to Groups of Public Employers**
 - a. ***Assumption of Joint and Several Liability Without Time Limit:*** the applicant agrees that it is assuming unlimited joint and several liability for all the losses of the group arising during the applicant's period of its membership of the group. This means that even though the losses may be reported and paid many years later, the applicant is still liable, even if it leaves the group. This also means that if in future years, the assets of the group are not sufficient to pay the losses for the years in which the applicant is a member, the applicant will be assessed to pay those losses. The applicant remains liable to assessment for losses as long as the applicant is in existence.
 - b. ***Liability of the Applicant in the Event of Insolvency of Another Member:*** the applicant is assuming joint and several liability for all losses of the group. This means that if any other member becomes insolvent and is unable to pay its share of the losses, the applicant will be required to pay a proportionate share of the insolvent member's losses.
 - c. ***Liability of Unincorporated Applicants:*** if the applicant is a single proprietorship, or a partnership the owner or individual general partner may be held personally liable for the applicant's share of any assessment without limit or diminution. This may mean that if a group becomes insolvent, owners of corporations may well have their liability limited to their investment in their corporations. The liability of unincorporated members will not be limited to their investment in their companies, but may extend to their personal assets as well.
3. **PREMIUMS:** during the first three years a group is in operation, it is required to use the Workers Compensation Rating and Inspection Bureau (WCRB) workers compensation rates. During its third year, it can apply to the Division of Insurance to use its own rates starting with the fourth year, but there can never be any guarantee that the Division will permit a rate decrease.
4. **RATING PLANS:** all groups are required to use the rating plans and classifications filed by the WCRB. All experience modifications will be calculated in accordance with the rules promulgated by the WCRB.
5. **DIVIDENDS AND OTHER DISTRIBUTIONS** may be declared before the end of the policy year, but no payment can be made until at least two years after the end of the policy year and then the group can pay up to 25% of the dividend each year for the following four years. Every year, before dividends are paid, the group shall review its losses and adjust the dividend upward or downward to reflect maturing loss experience.
6. **AUTOMATIC ASSESSMENTS:** if, at any time, the claims against the group for a particular policy year exceed the assets the group is holding to pay those claims, it will automatically assess all members. Non-payment of the assessment will be grounds for termination of the applicant's coverage by the group. Since it is unlikely that any other insurer or self-insured group will provide coverage until the assessment is paid, the applicant may find itself subject to penalty by the Department of Industrial Accidents. These penalties may range from fines to stop work orders.

7. WARRANTIES. The undersigned employer warrants that:

- a. It is not in debt to any insurance company for any unpaid premium for workers compensation coverage other than additional premiums resulting from audits of current policies or retrospective additional premiums which have not yet been billed.
- b. It has reviewed the Payment Plan attached hereto and agrees to pay the group not less than twenty-five percent of its estimated annual premium not later than the initial day of coverage afforded by the group, and the balance shall be paid in full within the first eight months.
- c. It has reviewed the group's automatic assessment plan attached hereto and agrees to pay any assessments promptly.

Certification by Individual Proprietor or Partnership(Each General Partner must sign this form - Attach additional sheets if necessary)

Name of Applicant: _____

I/We have read and understood the above disclosure of joint and several liability, and the warranties

By: _____
Proprietor or General Partner

Date: _____

By: _____
General Partner

Date: _____

By: _____
General Partner

Date: _____

By: _____
General Partner

Date: _____

By: _____
General Partner

Date: _____

By: _____
General Partner

Date: _____

Certification by a Corporation

Name of Applicant: _____

The disclosure form and warranties were read and accepted by the Board of Directors of the applicant and recorded in the minutes of their meeting on _____.

By: _____
Secretary/Clerk or Other Authorized Officer

Date: _____