

WORKER'S COMPENSATION

October 28, 1982

There has been a proliferation of insurance companies marketing workmen's compensation policies utilizing so-called "Dividends," "Safety Group" or "Participating" plans. Many companies offering such plans have been submitting policy endorsements and premium calculation tables to the Department of Insurance for our review. We have not accepted these filings since under the laws of this State, the Department of Insurance does not regulate dividends.

If an insurer is offering its policyholders a dividend then the company does not have to file with the Department. A dividend is payable on a participating policy based upon the experience of all like policies and when declared annually by the company's board of directors.

It is the Department's position that any guarantee or advance payments or credits of dividends against premium is in violation of the Indiana Rating law. Past dividend performance is no guarantee of the company's ability to pay dividends in the future. Dividends are due and payable on expired policies only pursuant to actual declaration by that company's board of directors and under specific conditions prescribed by the board at the time of declaration.

Insurers are expected to adhere to the rates filed by the Indiana Compensation Rating Bureau and approved by this Department. If a company desires to deviate from the approved rate on a individual risk, it may file with the Department of Insurance for the Indiana Workmen's Compensation Deviation in accordance with I.C. 27-7-2-13 using the procedures as provided in the Indiana Workmen's Compensation Deviation manual. I.C. 27-7-2-16 prohibits insurers from using unapproved rates and to this end, the Department orders all companies, upon receipt of this bulletin, cease from using workmen's compensation rates that have not been approved.

Don H. Miller
INSURANCE COMMISSIONER