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**BULLETIN 05-14**

To: Presidents, Insurers Domiciled in Massachusetts that Write Workers' Compensation Business in Maryland

Re: Deposits for Workers' Compensation Liabilities in Maryland

Date: December 8, 2005

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On April 7, 2004, the Administration issued Bulletin, 04-6, *Deposits for Workers' Compensation Liabilities in Maryland*. Bulletin 04-6 describes how the insurance statutes of California and Massachusetts require insurers writing workers' compensation business in those states, including foreign insurers, to deposit funds with those states to secure the insurers workers' compensation obligations in those states. The Bulletin explained that Section 6-303 of the Insurance Article of the Annotated Code of Maryland requires the Administration to impose the same deposit requirement on insurers domiciled in California and Massachusetts that are authorized to write workers' compensation business in Maryland.

Bulletin 04-6 included as an attachment a *Maryland Retaliatory Deposit Schedule* to be filed with the Administration annually by insurers domiciled in California and Massachusetts and authorized to write workers' compensation business in Maryland. The purpose of the *Maryland Retaliatory Deposit Schedule* is to compute the amount of the deposit each insurer is required to provide to the Administration pursuant to Section 6-303. The *Maryland Retaliatory Deposit Schedule* is designed to compute the amount in the same manner that California and Massachusetts compute deposit amounts for insurers writing workers' compensation business in those states.

Effective January 1, 2005, the Commonwealth of Massachusetts Division of Insurance changed its deposit requirements for insurers writing workers' compensation business in Massachusetts. Specifically, the Division determined that insurers rated "A-" or higher by A.M. Best Company will no longer be required to maintain a workers' compensation deposit in accordance with the calculation required by the Massachusetts C-1 form (the equivalent of the *Maryland Retaliatory Deposit Schedule*). Instead, those insurers will be required to maintain a

deposit of \$50,000. Insurers rated “B++” or lower by A.M. Best Company are required to continue to file the Massachusetts C-1 form and maintain a workers’ compensation deposit in accordance with the calculation required by the Massachusetts C-1 form.

In accordance with the provisions of Section 6-303 of the Insurance Article, the Administration will no longer require insurers domiciled in Massachusetts, that are authorized to write worker’s compensation business in Maryland and are rated “A-” or higher by A.M. Best Company, to maintain a workers’ compensation deposit in accordance with the calculation required by the *Maryland Retaliatory Deposit Schedule*. Instead, those insurers will be required to maintain with the Administration a deposit of cash or securities with a current market value at least equal to \$50,000. Massachusetts insurers rated “B++” or lower by A.M. Best Company will continue to be subject to the deposit requirements detailed in Bulletin 04-6.

As was noted in Bulletin 04-6, Section 5-701 of the Insurance Article provides that deposits made to satisfy the requirement of Section 6-303 of the Insurance Article shall be in any combination of cash or government securities described in Section 5-510(b) or Section 5-607(b)(1)(i), (ii) or (iii) of the Insurance Article. Permitted government securities include: (1) bonds or other evidences of indebtedness of the United States or an agency of the United States if the obligation is guaranteed as to principal and interest by the United States; (2) bonds or other evidences of indebtedness that are the direct obligations of the State or of a county, district, or municipal corporation of the State; or (3) bonds or other evidences of indebtedness that are direct obligations of another state.

Massachusetts insurers subject to this Bulletin may request a release of the deposit held in excess of \$50,000. The forms necessary to obtain approval to release the excess deposits may be obtained from the State Treasurer’s Office, Room 109, Goldstein Building, 80 Calvert Street, Annapolis, Maryland 21401, telephone (410) 260-7164.

If you have any questions regarding this matter, please contact Neil Miller, Chief Financial Analyst, at (410) 468-2122.

Signature on file with original document

Lester C. Schott

Associate Commissioner