

To accompany the petition of William E. Nolen for legislation relative to the payment of benefits to injured employees and their dependents under the workmen's compensation law. Labor and Industries.

**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Forty-Eight.

AN ACT TO FURTHER MAKE CERTAIN THE PAYMENT OF WORKMEN'S COMPENSATION BENEFITS TO INJURED EMPLOYEES AND THEIR DEPENDENTS.

1 *Whereas*, The legislature has substantially increased  
2 workmen's compensation benefits for injured em-  
3 ployees since nineteen hundred and forty-three; and

4 *Whereas*, The financial requirements under the  
5 workmen's compensation law of a self-insurer have  
6 not been adjusted upwards since nineteen hundred  
7 and forty-three to safeguard adequately the payment  
8 of compensation benefits to injured employees and  
9 their dependents; and

10 *Whereas*, Recent disasters have disclosed that hun-  
11 dreds of employees have been killed at their place of  
12 employment as the result of explosions which occurred  
13 in the vicinity of the premises where they were em-  
14 ployed; and

15 *Whereas*, These disasters have conclusively proved  
16 the necessity that every self-insured employer should  
17 be able to pay hundreds of thousands of dollars in

18 workmen's compensation benefits to injured employ-  
19 ees or their dependents; and

20 *Whereas*, The present workmen's compensation  
21 law requires a self-insured employer to have available  
22 for payment for compensation benefits only ten thou-  
23 sand dollars in securities or a bond of equal amount,  
24 which requirement is wholly inadequate to protect  
25 injured employees and their dependents; and

26 *Whereas*, The present compensation law does not  
27 make it mandatory for every self-insured employer to  
28 reinsure against catastrophe or disaster; and

29 *Whereas*, An employee partially disabled may be  
30 entitled to ten thousand dollars under the workmen's  
31 compensation law; and

32 *Whereas*, An employee permanently and totally  
33 disabled is entitled to a pension for life and unlimited  
34 medical expenses which can exceed seventy thousand  
35 dollars, a sum far in excess of the ten thousand dol-  
36 lars in securities, or the bond of equal amount, which  
37 a self-insurer is required by law to deposit for the  
38 payment of compensation benefits to injured employ-  
39 ees and their dependents; and

40 *Whereas*, The present inadequate financial require-  
41 ments under the workmen's compensation law of a  
42 self-insurer exposes thousands of Massachusetts em-  
43 ployees and their families to the grave danger of being  
44 unable to collect the benefits rightly due them in the  
45 event of death or injury; and

46 *Whereas*, The deferred operation of this act would  
47 tend to defeat its purpose, which is to make certain  
48 immediately the full payment of workmen's compensa-  
49 tion benefits to injured employees and their depend-  
50 ents, this act is, therefore, declared to be an emer-  
51 gency law necessary for immediate preservation of

52 the public convenience and to promote the health,  
53 safety and welfare of every employee in the common-  
54 wealth.

*Be it enacted by the Senate and House of Representatives  
in General Court assembled, and by the authority of the  
same, as follows:*

1 SECTION 1. Sub-paragraph 2 (a) of section twenty-  
2 five A of chapter one hundred and fifty-two of the  
3 General Laws, as most recently amended by chapter  
4 four hundred and seventy-two of the acts of nineteen  
5 hundred and forty-six, is hereby further amended by  
6 striking out in the first and third sentences the words  
7 "ten thousand" and inserting in place thereof the  
8 words: — one hundred thousand.

1 SECTION 2. Sub-paragraph 2 (a) of section twenty-  
2 five A is hereby further amended by inserting at the  
3 beginning thereof the following: — by making appli-  
4 cation for such license on a form provided by the  
5 department. This application shall contain (1) a  
6 sworn itemized statement of the assets and liabilities  
7 of the applicant; (2) a payroll report for the preceding  
8 twelve months; (3) a detailed description of the  
9 nature and kind of business carried on; (4) a report of  
10 compensation losses incurred (payments plus reserves)  
11 for preceding twelve months; (5) a sworn statement  
12 by the applicant that in compliance with section  
13 twenty-five D of this chapter he will not employ a  
14 service company to investigate, adjust or settle work-  
15 men's compensation claims; (6) any other information  
16 which the department considers to be material.

1 SECTION 3. Section twenty-five A, sub-paragraph  
2 2 (a), is hereby further amended by striking out in the

3 second sentence the words "from time to time" and  
4 inserting in place thereof the following: — at least  
5 semiannually.

1 SECTION 4. Sub-paragraph 2 (a), section twenty-  
2 five A is hereby further amended by striking out in the  
3 third sentence the words "may at any time" and  
4 inserting in place thereof the following: — shall, —  
5 and by inserting after the word "security" the fol-  
6 lowing: — when the sum of the amount of the self-  
7 insurer's incurred liability and the amount reasonably  
8 required for contingencies exceeds the deposit.

1 SECTION 5. Section twenty-five A, sub-paragraph  
2 2 (a), is further amended by inserting at the end of the  
3 third sentence the following: — semiannually each  
4 self-insurer shall file reports upon forms provided by  
5 the department which shall include: — (1) An item-  
6 ized sworn up-to-date statement of the self-insurer's  
7 assets and liabilities; (2) a classified payroll report  
8 for the preceding six months; (3) a sworn statement  
9 of the self-insurer's accident experience for the pre-  
10 ceding six months; (4) a sworn statement of all out-  
11 standing death and disability claims; (5) a sworn  
12 statement of compensation paid during the preceding  
13 six months; (6) a sworn statement that he is comply-  
14 ing with section twenty-five D of this chapter in that  
15 neither he nor anyone on his behalf is employing a  
16 service company to investigate, adjust or settle work-  
17 men's compensation claims.

1 SECTION 6. Section twenty-five A, sub-paragraph  
2 2 (a), is further amended by adding at the end thereof  
3 the following new sentence: — the self-insurer shall  
4 at all times permit the department to make an exami-

5 nation of the self-insurer's assets and liabilities and  
6 of his books of account for the purpose of verifying  
7 any financial statement submitted.

1 SECTION 7. Sub-paragraph 2 (b) of section twenty-  
2 five A of chapter one hundred and fifty-two of the  
3 General Laws, as most recently amended by chapter  
4 four hundred and seventy-two of the acts of nineteen  
5 hundred and forty-six is hereby further amended by  
6 striking out in the first and third sentences the words  
7 "ten thousand" and inserting in place thereof the  
8 words: — one hundred thousand.

1 SECTION 8. Sub-paragraph 2 (b) of section twenty-  
2 five A is hereby further amended by inserting at the  
3 beginning thereof the following: — by making appli-  
4 cation for such license on a form provided by the  
5 department. This application shall contain (1) a  
6 sworn itemized statement of the assets and liabilities  
7 of the applicant; (2) a payroll report for the preced-  
8 ing twelve months; (3) a detailed description of the  
9 nature and kind of business carried on; (4) a report of  
10 compensation losses incurred (payments plus reserves)  
11 for preceding twelve months; (5) a sworn statement  
12 by the applicant that in compliance with section  
13 twenty-five D of this chapter he will not employ a  
14 service company to investigate, adjust or settle work-  
15 men's compensation claims; (6) any other informa-  
16 tion which the department considers to be material.

1 SECTION 9. Section twenty-five A, sub-paragraph  
2 2 (b) is hereby further amended by striking out in the  
3 second sentence the words "from time to time" and  
4 inserting in place thereof the following: — at least  
5 semi-annually.

1 SECTION 10. Sub-paragraph 2 (b) section twenty-  
2 five A, is hereby further amended by striking out in  
3 the third sentence the words "may at any time" and  
4 inserting in place thereof the following:— shall, —  
5 and by inserting after the word "bond" the following:  
6 — when the sum of the amount of the self-insurer's  
7 incurred liability and the amount reasonably required  
8 for contingencies exceeds the amount of the bond.

1 SECTION 11. Section twenty-five A, sub-paragraph  
2 2 (b) is further amended by inserting at the end of the  
3 third sentence the following:— semiannually each  
4 self-insurer shall file reports upon forms provided by  
5 the department which shall include:— (1) an itemized  
6 sworn up-to-date statement of the self-insurer's assets  
7 and liabilities; (2) a classified payroll report for the  
8 preceding six months; (3) a sworn statement of the  
9 self-insurer's accident experience for the preceding six  
10 months; (4) a sworn statement of all outstanding  
11 death and disability claims; (5) a sworn statement of  
12 compensation paid during the preceding six months;  
13 (6) a sworn statement that he is complying with section  
14 twenty-five D of this chapter in that neither he nor  
15 anyone on his behalf is employing a service company  
16 to investigate, adjust or settle workmen's compensa-  
17 tion claims.

1 SECTION 12. Section twenty-five A, sub-paragraph  
2 2 (b) is further amended by adding at the end thereof  
3 the following new sentence:— the self-insurer shall  
4 at all times permit the department to make an exami-  
5 nation of the self-insurer's assets and liabilities and  
6 of his books of account for the purpose of verifying  
7 any financial statement submitted.

1 SECTION 13. Section twenty-five A is hereby fur-  
2 ther amended by adding at the end thereof the follow-  
3 ing new paragraph: —

4 (5) Any unreasonable delay or failure by a self-  
5 insurer to comply with section twenty-five A, sub-  
6 paragraph 2 (a) or (b) shall constitute grounds for  
7 revocation of the license of such self-insurer.

