



State of Missouri

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Department of Economic Development

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Bulletin No. 89-09

TO: All Insurance Companies Writing Workers' Compensation in  
the State of Missouri and All Workers' Compensation Self-Insureds

PLEASE REFER THIS TO ALL COMPANY AGENTS AND  
UNDERWRITERS RESPONSIBLE FOR THE WRITING OF WORKERS'  
COMPENSATION POLICIES

FROM: Lewis E. Melahn, Director of Insurance *LEM*

RE: Second Injury Fund Surcharge

DATE: July 28, 1989

**RESCINDED AND INOPERATIVE**

The Missouri Division of Insurance has recently received numerous telephone calls from insurance agents and underwriters concerning the workers' compensation second injury fund surcharge. The purpose of this bulletin is to explain that the second injury fund surcharge of 3% is still applicable to all workers' compensation premiums charged in the state of Missouri.

House Bill 1244, effective April 26, 1988, gave the Director of the Division of Workers' Compensation the responsibility of establishing a second injury fund surcharge not to exceed 3% of the standard modified premium applicable to all workers' compensation policies written January 1, 1989 or thereafter. The Director of the Division of Workers' Compensation has established the surcharge for 1989 to be 3% of all workers' compensation premiums.

Perhaps confusion has been generated by the issuance of an order to the National Council on Compensation Insurance which instructs its membership to return the excess funds collected attributable to the second injury fund tax. Prior to the enactment of House Bill 1244, revenues for the second injury fund were obtained through a tax which was included in the rates which were charged to all workers' compensation policyholders. Most recently, the tax rate included in the rates was 2.8%, therefore, each workers' compensation policyholder was contributing to the second injury fund to this extent.

Effective July 1, 1989 the Missouri Division of Insurance approved an overall average increase in workers' compensation rates of 7.6%. Included in this rate change was an adjustment of 2.8% downward, to remove from the rates that

portion which had been attributable as the second injury fund tax. However, for all workers' compensation insurance policies which became effective between January 1, 1989 and June 30, 1989, these policyholders have been charged a 3% surcharge as well as the 2.8% which was included in the rates. Our order to the National Council on Compensation Insurance simply instructs its membership to return the 2.8% of final premiums charged between January 1 through June 30, 1989 to those policyholders since they have appropriately been charged the 3% surcharge since January 1, 1989, pursuant to House Bill 1244.

If you have any questions regarding this bulletin, please direct them to Mark Rehagen, Supervisor of the Property and Casualty Section, or Barbara Duncan, Compliance Technician, at 314/751-3365.

mds

**RESCINDED AND INOPERATIVE**