



New York Compensation Insurance Rating Board (NYCIRB)

New York WC Loss Cost Implementation – 2008

Outline of Key Information

Loss Cost – General Explanation

- Loss Costs represent only the loss & loss adjustment expense portion of a premium or a manual rate
- NYCIRB will file and obtain Insurance Department's approval for an aggregate loss cost level
- NYCIRB will publish its approved filing and loss costs by employment classification, as well as related rating information
- *Each individual carrier must develop and file its own expense and profit loading so that class rates can be created for its use*; this loading is referred to as a Loss Cost Multiplier, or LCM
- LCMs are subject to Insurance Department approval; See Department Circular Letter No. 6 (Revised May 5, 2008)
- NYCIRB's loss costs and the carriers' LCMs will all be effective on the same date, 10/1 of each year
- The Insurance Department is charged by statute to publish the approved LCMs for each carrier; this will give insureds the opportunity to compare pricing levels among carriers

Basic Manual Components to be Calculated and Published by NYCIRB

- Loss cost amounts for each employment class will be developed and published in the New York Workers Compensation & Employers Liability Manual; these will look like manual rate pages, but instead of 'rate' they will be labeled as 'loss costs'
- Terrorism & Catastrophic Industrial Accident charges will be developed and published as loss costs, not premium charges
- Minimum Premiums will **not** be developed or published
- Expense Constants will **not** be developed or published
- Premium Discount Tables will **no longer** be published
- Construction Territory Differentials will be developed and published

- Small Deductible 'loss elimination ratios' will be published, in lieu of premium credits
- Maximum & Minimum Remuneration amounts will be developed and published
- The NY State Assessment will continue to be published as a percent of standard premium
- Passenger Seat Surcharge will continue to be published
- Security Fund Surcharge will **no longer** be published since the NY State Insurance Department administers this charge
- USL&HW % will be developed and published
- Manual rules and verbiage that are affected by the change to loss costs will be amended and published

New York Retrospective Rating Plan Manual

- Excess Loss Pure Premium Factors will be developed and published; carriers will develop their own Excess Loss Factors based on these values
- State Hazard Group Relativities will continue to be developed and published
- Development Factors will be developed and published on a loss cost basis
- Expense Tables will **no longer** be developed and published
- Tax Multipliers will **not** be published
- Loss Conversion Factors will continue to be developed and published
- Table of Expected Loss Group Ranges will continue to be developed and published
- Table M continues to be used

Other

- Experience Rating formulas will not change
- NYCIRB will continue to develop and publish ELRs, D Ratios, W & B Values
- Experience Modifications and Merit Rating Factors will continue to be promulgated

- Premium Eligibility criteria for experience rating will continue as defined in the current rules
- Unit Statistical Plan reporting will continue in accordance with the current rules, with carrier rates and other factors taking the place of many previously used NYCIRB values (see above Basic Manual effects)
- Aggregate Financial Data Calls will continue to include premiums and Statutory Page 14 and IEE data; a new premium category, 'Premium at DSR (Designated Statistical Report) Level', will replace the category, 'Premium at Board Rates' beginning in 2009

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