R.C. 1913

To the Members of the Board

   Re: New York Workers Compensation
       Retrospective Rating Plan - Amendment to Explanatory Rules

The Rates Committee has adopted, and the New York State Insurance Department has approved, effective August 1, 1999, an amendment to the explanatory rules of the New York Retrospective Rating Plan.

Currently, the rules of the New York Retrospective Rating Plan Manual do not address the use of deductible programs in conjunction with the Plan. The Rating Board has addressed this issue and has clarified the loss amounts to be used for purposes of calculating premium under the Retrospective Rating Plan when a deductible also applies.

The amendment stipulates that the rating values developed for purposes of calculating premiums under the Plan do not contemplate deductibles and are designed for use with losses that are gross of any deductible amount. The approved rule also provides that the use of retrospective rating, in conjunction with a deductible program on the same policy, requires the agreement of both the insured and the carrier. This revised rule has also been filed by the National Council on Compensation Insurance for use in its jurisdictions.

The approved rule for inclusion in the New York Retrospective Rating Plan Manual is attached.

The printed manual page will be distributed as soon as it is available.
PART ONE-DESCRIPTION OF THE PLAN

1-INTRODUCTION

The rules contained in this Manual apply only to Workers Compensation and Employers Liability Insurance when written either alone or in combination with other commercial casualty insurance. Refer to the Retrospective Rating Plan issued by the Insurance Services Office for rules that govern the other commercial casualty insurance.

A. GENERAL EXPLANATIONS

13. Deductible Programs

The rating values developed to determine premium under this Plan do not contemplate deductibles and are designed to be used with losses that are gross of the deductible amount. When a deductible program applies the use of such program in conjunction with retrospective rating on an individual risk basis, requires the agreement of both the insured and the carrier.