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To the Members of the Board

RE: New York Workers Compensation Premium Due Date Endorsement WC 00 04 19

The Rates Committee has adopted, and the New York State Insurance Department has approved, effective January 1, 2001 for new and renewal business, the Premium Due Date Endorsement (WC 00 04 19).

On December 29, 2000, the New York State Insurance Department announced the adoption of Regulation 172 which implements a codification of statutory accounting principles for insurers. This regulation, which became effective January 1, 2001, incorporates, with certain modifications to reflect special provisions required by New York law or policy, the Accounting and Practices Procedures Manual published by the National Association of Insurance Commissioners (NAIC). This manual also has an effective date of January 1, 2001.

The NAIC manual includes Statutory Accounting Principle No. 6 (Uncollected Premium Balances, Bills Receivable for Premiums and Amounts due from Agents and Brokers) and is referred to as SSAP #6. SSAP #6 establishes standard accounting principles and provides that uncollected premium balances fall within the definition of an asset under SSAP #4 and qualify as admitted assets to the extent that they comply with the requirements of SSAP #6. The due date for audits and retrospective premiums under SSAP #6 is governed by policy or contract provisions. If the due date for receivables relating to these policies is not addressed by policy provisions or contract provisions, any uncollected audit or retrospective premium (either accrued or billed) is nonadmitted.

While Regulation 172 modifies certain provisions of SSAP #6, the provision regarding the due date for all audits and retrospective premiums remain intact. Therefore, it appears that any uncollected audit or retrospective premium under any policy that fails to specify a premium due date would be nonadmitted under Regulation 172. Therefore, WC 00 04 19, which is attached to this bulletin, amends Section D of Part Five–Premium of the Workers Compensation and Employers Liability Insurance Policy to add, “The due date for audit and retrospective premiums is the date of the billing.”

Regulation 172 and the NAIC Manual requires carriers to use these new principles in preparation of Quarterly Statements as of March 31, 2001 which are due on May 15, 2001. A copy of Regulation 172 can be obtained from the New York State Insurance Department website at www.ins.state.ny.us.

Very truly yours,

Monte Almer

President

CD:tg
Encl.
PREMIUM DUE DATE ENDORSEMENT

Section D of Part Five of the policy is replaced by this provision.

PART FIVE
PREMIUM

D. **Premium** is amended to read:
   You will pay all premium when due. You will pay the premium even if part or all of a workers compensation law is not valid. The due date for audit and retrospective premiums is the date of the billing.