To the Members of the Board

Re: New York Workers Compensation Policy Code For New York State Assessment

The Rates Committee of the Board has adopted, and the New York State Insurance Department has approved, an amendment to the New York Workers Compensation and Employers Liability Manual which establishes a statistical code for the reporting of the New York State Assessment on workers compensation insurance policies.

The New York State Assessment went into effect on April 1, 1994 when, by statute, assessments were removed from the rates and were replaced by a policy charge. At that time, the Rating Board and its members determined that, since the Board was not designated in the law as an agency responsible for the collection or reporting of the assessment amounts, a code was not necessary for the identification of the charge on the policy.

Over the years, the Board has been made aware of inconsistencies regarding the application by some carriers of the assessment charge and it has been difficult to respond to inquiries in a timely manner since the assessment charge cannot always be readily identified on each policy. Furthermore, with a scheduled implementation of a new internal system at the Board, it will be almost impossible to monitor or critique the assessment on submitted policies without a code which can be used to identify the assessment charge.

The Board has, therefore, established code 0932 for Policy Submission Use Only for the identification of the New York State Assessment. This code is NOT to be included in unit statistical plan reporting. The code and instructions for its use are provided in Rule IX.L.2 of the New York Workers Compensation and Employers Liability Manual which is attached.

Code 0932, with the appropriate New York State Assessment policy charge, is required on all new and renewal policies beginning with those effective July 1, 2003.

The printed manual page will be distributed as soon as it is available.

Very truly yours,

Monte Almer

President
L. NEW YORK STATE ASSESSMENT

1. Explanation

The New York State Assessment is a separate identifiable charge to policyholders for the funding of the Special Disability Fund, Reopened Case Fund, Workers’ Compensation Board expenses, Special Funds Conservation Committee expenses and interdepartmental expenses associated with the administration of OSHA requirements.

2. General Information

The New York State Assessment amount must be displayed as a separate identifiable charge on the policy information page. Code 0932 must be used in conjunction with this charge for policy submission use only.

The New York State Assessment amount is subject to change at audit and at all subsequent retrospective rating adjustments.

The New York State Assessment amount is charged in conjunction with the effective date of the rates used on each policy. Therefore, where the Anniversary Rate Date Endorsement (WC 00 04 02) applies, e.g., when two sets of rates are used, two assessment percentages will apply.

For all policies effective on or after January 1, 2001, in accordance with applicable New York statutes (Chapter 188, Laws of 1999 and Chapter 510, Laws of 2000) premium must be used as the basis for calculating the policy charge.

3. Premium Base for Calculating the New York State Assessment

For purpose of this rule, premium is defined as premium determined on the basis of Rating Board or authorized (deviated) rates (or percentage premium deviation) plus any applicable territory differential premium, including any experience modification, merit rating factor, minimum premium, Construction Classification Premium Adjustment Program policy credit factor, surcharges and credits from Workplace Safety Programs and credits from independently filed carrier specialty programs (for example, alternative dispute resolution, drug-free workplace, managed care or preferred provider organization programs). The expense constant, including the expense constant in the minimum premium, the premium discount, as defined in Rule VII, and premium credits for participation in any deductible program are excluded from the premium base for the determination of the assessment charge.

For retrospectively rated policies, premium is defined as the retrospective premium, as determined by the applicable parameters of the Retrospective Rating Plan, plus the implied premium discount determined on the basis of standard premium.

For policies written under all independently filed programs, e.g., large deductible programs, the use of a premium base, other than as described in this rule, must be approved by the New York State Insurance Department prior to use.

4. Assessment Charge

The assessment percentages to be applied to each policy can be found in the Miscellaneous Values page of the rates section of this manual.

Note: Legislation requires that the assessment amounts collected from policyholders be considered as premium for tax purposes. Assessment charges contemplate premium tax, but not commission.