R.C. 2057

To the Members of the Board

Re: New York Workers Compensation Security Fund Recoupment Procedure

In R.C. Bulletin 2055, you were informed that a new procedure for the recoupment of assessments levied by the New York Workers Compensation Security Fund is being implemented effective October 1, 2004. The new method of recoupment will ensure the adequate collection of assessment dollars, as well as strict compliance with Section 108 of the Workers’ Compensation Law.

Please also be advised that Section 108 requires that a description of, and purpose for, the New York Workers’ Compensation Security Fund be included with the amount of any policy surcharge. This information can be provided on a policyholder notice or on the policy itself. The following wording, as set forth in Section 108, should be used to fulfill this requirement:

“Companies writing workers compensation insurance business in New York are required to participate in the New York Workers’ Compensation Security Fund. If a company becomes insolvent, the security fund settles unpaid claims and assesses each insurance company for its fair share.

New York law requires all companies to surcharge policies to recover these assessments. If your policy is surcharged “NY surcharge”, an amount will be displayed on your premium notice.”

The “NY surcharge” stated in Section 108 refers only to the WC Security Fund Surcharge and not to other surcharges that may appear on a policy.

Please note that the policyholder notice, or other manner of communicating this information to the policyholder, is not required to be filed with the Rating Board or the New York State Insurance Department.

In addition, please also note that, per Section 108, the recoupment amounts collected from policyholders are not to be considered premium for tax purposes.

Very truly yours,

Monte Almer

President

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