R.C. 2065

To the Members of the Board

Re: New York Workers Compensation
   a. 2004 General Rate Revision
   b. New York State Assessment
   c. Workers Compensation Security Fund Surcharge

(a) 2004 General Rate Revision

   On July 15, 2004, the Rating Board received an Opinion and Decision from the New York State Insurance Department disapproving the +29.3% manual rate change filed with the Department on May 14, 2004 for an effective date of October 1, 2004. For information with respect to this disapproval, you may access the Department website at http://www.ins.state.ny.us/p0407151.htm

   The Rating Board has responded to the concerns addressed by the Department in the Opinion and Decision and has met and discussed with the Department the possibility of a revision in rates sometime during the upcoming rate period. Subsequent to these discussions, and with the approval of the Board’s Rates Committee, a filing has been made with the Department for an average +9.5% change in manual rates. We have requested an effective date of 75 days from the date of approval to satisfy statutory requirements. Further information concerning the 2004 rate level will be provided to you as it becomes available.

   In the interim, the December 1, 2003 rates and rating values will remain in effect until further notice.

(b) New York State Assessment

   The New York State Assessment is not affected by the status of the rate revision. Consequently, effective October 1, 2004, the New York State Assessment shown on Page 6 of the New York Rate Pages is increased from 14.3% to 15.1% of standard premium.

   A revised manual page is attached which contains the new assessment percentages.
Workers Compensation Security Fund Surcharge

In bulletins RC 2055, dated January 9, 2004, and RC 2057, dated March 25, 2004, you were informed that the recoupment for assessments made by the New York Workers Compensation Security Fund would become a policy surcharge, in lieu of a loading in the manual rates, effective October 1, 2004. The intended 1% surcharge anticipated a corresponding offset to the revised manual rates that was intended to also become effective on October 1, 2004. However, because revised manual rates have not yet been approved by the Insurance Department, the imposition of the surcharge will NOT become effective until the status of the current rate revision has been resolved.

Very truly yours,

Monte Almer
President

MA/ab
Encl.
MISCELLANEOUS VALUES (continued)

*New York State Assessment Charges (Effective October 1, 2004)*

**General Instructions and Information**

Refer to Rule IX-L., Sections 1. and 2.

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Code 7370</th>
<th>Code 7711</th>
<th>All Other Classes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers’ Compensation Board</td>
<td>4.1%</td>
<td>3.3%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Reopened Case Fund</td>
<td>3.4%</td>
<td>3.4%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Special Disability Fund</td>
<td>0.0%</td>
<td>0.0%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Interdepartmental Expenses</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Special Funds Conservation Committee</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Total</td>
<td>7.5%</td>
<td>6.7%</td>
<td>15.1%</td>
</tr>
</tbody>
</table>

**Premium Base**

Refer to Rule IX-L., Section 3.

For all policies not retrospectively rated, premium is defined as premium determined on the basis of 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, credits from independently filed carrier specialty programs (for example, alternative dispute resolution, drug-free workplace, managed care or preferred provider organization programs) and the additional charge for the Terrorism Risk Insurance Act of 2002. 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 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.

**Passenger Seat Surcharge** - Applicable in conjunction with Code 7421 “Aircraft or Helicopter Operation: Transportation of Personnel in Conduct of Employer’s Business - Flying Crew” in accordance with the classification footnote instructions ........................................ $100 per passenger seat $1,000 maximum per aircraft

**Terrorism Risk Insurance Act of 2002 - Losses subject to the Act**
Applicable only in conjunction with Rule VI-E.5 of the manual
Terrorism premium charge per $100 of total policy payroll ........................................ $0.034
For non-payroll based classes, charge is % of non-payroll class manual premium .......................... 2.1%

**United States Longshore and Harbor Workers’ Compensation Coverage Percentage**
Applicable only in connection with Rule XII-D of the Manual ........................................ 91.3%
(Multiply a Non-F classification rate by a factor of 1.913 to adjust for differences in state and federal benefits and assessments)

**Volunteer Ambulance Service Company** - Code 7370
Applicable in accordance with Manual Rule II-G3 .......................... First Ambulance $6,044
Each additional Ambulance $3,022

For a group policy subject to the provisions of Section 32.2 of the Volunteer Ambulance Workers’ Benefit Law, premium is determined based on a charge for the first ambulance plus the additional ambulance charge for each additional ambulance covered by the group policy.

See Manual rule regarding the application of this charge to antique ambulances.