To the Members of the Board

RE: New York Workers Compensation
Rural Utilities Service Endorsement (WC 00 03 09B)

The Rates Committee has adopted, and the New York State Insurance Department has approved, effective July 1, 2006, for new and renewal business, the Rural Utilities Service Endorsement (WC 00 03 09B).

The Rural Electrification Administration Endorsement (WC 00 03 09) was created to provide instruction for rural cooperatives required to submit information to the Rural Electrification Administration (REA). The following is a brief history of the Rural Electrification Administration:

The Rural Electrification Administration (REA), former agency of the U.S. Dept. of Agriculture charged with administering loan programs for electrification and telephone service in rural areas. The REA was created (1935) by executive order as an independent federal bureau, authorized by the Congress in 1936, and later (1939) reorganized as a division of the U.S. Dept. of Agriculture. The REA undertook to provide farms with inexpensive electric lighting and power. To implement those goals the administration made long-term, self-liquidating loans to state and local governments, to farmers' cooperatives, and to nonprofit organizations; no loans were made directly to consumers. In 1949 the REA was authorized to make loans for telephone improvements; in 1988, REA was permitted to give interest-free loans for job creation and rural electric systems. By the early 1970s about 98% of all farms in the United States had electric service, a demonstration of REA's success. The administration was abolished in 1994 and its functions assumed by the Rural Utilities Service.

In 1994, when the REA was abolished by Congress, the requirements for cooperative and mutual organizations were also revised and WC 00 03 09A was created. It appears, however, that the Rating Board had not been informed of this change, therefore, WC 00 03 09, without the 1994 changes, remained in effect in New York.
Recently, the NCCI amended the endorsement to reflect the agency name change from the Rural Electrification Administration to the Rural Utilities Service. Attached is the amended Rural Utilities Service Endorsement (WC 00 03 09B) which includes the agency name change and the instructions for cooperative and mutual organizations which were previously not adopted in New York.

Printed manual pages will be distributed as soon as they become available.

Very truly yours,

Monte Almer

President

CD:tg
Encl.
RURAL UTILITIES SERVICE ENDORSEMENT

1. We will submit our policy and endorsement forms to the Rural Utilities Service (RUS) prior to using them.

2. We will mail to the Rural Utilities Service at least ten days advance notice of the termination of the policy.

3. If you are immune from tort liability, we will not use that immunity as a defense unless you so request us. You agree that waiving the defense of immunity will not make us liable for any payment in excess of the limits of liability stated in the policy.

4. If you are a cooperative or a mutual organization, we agree with the Rural Utilities Service that the insurance afforded by this policy is subject to the following provisions:
   
   a. We agree that we will not use, either in the adjustment of claims or in the defense of suits against you, your immunity from tort liability, unless you interpose such defense;
   
   b. You agree that the waiver of the defense of immunity shall not subject the company to liability of any portion of a claim, verdict or judgment in excess of the limits stated in the policy;
   
   c. We agree that if you are relieved of liability because of your immunity, either by interposition of such defense at your request or by voluntary action of a court, the insurance applicable to the injuries on which such suit is based, to the extent it would otherwise have been available to you, shall apply to your officers and employees in their capacity as such; provided that all defenses other than immunity in suits against you or against the company under the policy shall be available to the company with respect to such officers and employees in suits against such officers and employees or against the company under the policy.