To the Members of the Board

Re: New York Workers Compensation

(a) 2006 General Rate Revision

On July 14, 2006, an Opinion and Decision was issued by the New York State Insurance Department disapproving the +7.5% manual rate change filed with the Department on May 12, 2006 for an effective date of October 1, 2006. For information with respect to this disapproval, you may access the Department website at http://www.ins.state.ny.us/opindec/od_wcria_072006.pdf.

The Rating Board has prepared and submitted a response to the Opinion and Decision, which can be viewed on the Board’s website at www.nycirb.org, that addresses the issues raised by the Department. At this time, however, the Board does not believe that further examination of these issues will result in any revision of rates in 2006.

Consequently, the October 1, 2006 rates and rating values will remain in effect.

(b) New York State Assessment

The New York State Assessment is not affected by the status of the rate revision. Consequently, effective October 1, 2006, the New York State Assessment shown on Page 6 of the New York Rate Pages will change from 17.5% to 18.6% of standard premium.

A revised manual page is attached which contains the new assessment percentages.

The manual page will be distributed as soon as it becomes available.

Very truly yours,

Monte Almer

President
MISCELLANEOUS VALUES (continued)

New York State Assessment Charges (Effective October 1, 2006)

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>3.9%</td>
<td>3.5%</td>
<td>3.0%</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>11.3%</td>
</tr>
<tr>
<td>Interdepartmental Expenses</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Special Funds Conservation Committee</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Total</td>
<td>7.3%</td>
<td>6.9%</td>
<td>18.6%</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), the charge for foreign terrorism and the additional charge for domestic terrorism catastrophes and natural disasters. 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 and Catastrophe Charges

Foreign Terrorism
Applicable only in conjunction with Rule IX-N.1 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%

Domestic Terrorism, Natural Disasters and Industrial Accidents
Applicable only in conjunction with Rule IX-N.2 of the Manual
Catastrophe charge per $100 of total policy payroll $0.01
For non-payroll based classes, charge is % of non-payroll class manual premium 0.5%

Workers Compensation Security Fund Surcharge
Applicable only in accordance with Rule IX - M of the Manual
Charge is % of total policy premium, including the New York State Assessment 2.0%

United States Longshore and Harbor Workers’ Compensation Coverage Percentage
Applicable only in connection with Rule XII-D of the Manual 111.2%
(Multiply a Non-F classification rate by a factor of 2.112 to adjust for differences in state and federal benefits and assessments)