To the Members of the Board

Re: New York Workers Compensation Statistical Plan Revision

The Rates Committee has adopted, and the New York State Insurance Department has approved a revision to the New York Workers Compensation Statistical Plan that clarifies the coding instructions for the reporting of both the foreign and domestic terrorism premium charges.

It has recently come to our attention that the current positioning of the reporting instructions for the foreign and domestic premium charges within Part III of the Plan may be causing confusion among some carriers with respect to the proper place for these amounts to be shown on unit statistical reports.

Currently, Part III, Paragraph 10 contains instructions for reporting the various data elements that are not subject to experience rating. While the premium amounts for foreign and domestic terrorism are definitely not subject to experience rating, their appearance in this paragraph suggests that these classes should be reported on Lines D, E or F, despite instructions to report them after the Expense Constant which is Line I.

To eliminate any possible confusion, the premium reporting instructions for terrorism exposures are being removed from Paragraph 10, and a new Paragraph 18 has been created. This new paragraph, Premium To Be Reported Below Line I, will now include the instructions for the reporting of the premium for both foreign and domestic terrorism (which are identical to the instructions previously included in Paragraph 10), as well as the instructions for the New York Security Fund Surcharge. This change will also provide flexibility within Part III of the Plan in the event that new statistical class codes are added below Line I in the future.

Due to the administrative nature of this revision, an October 1, 2006 issue date has been established. Carriers that may have already submitted unit statistical reports with the terrorism charges on the incorrect lines will not have to resubmit these reports. The Rating Board staff will make any necessary adjustments to correct the reports for these carriers.

The revised Statistical Plan pages are attached for your reference.

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

Very truly yours,

Monte Almer

President
10. Premium Not Subject To Experience Modification—Lines D, E and F

Report the classification codes and corresponding exposures and rates (if applicable) and premium amounts for those classifications not subject to experience modification.

a. Aircraft Operation—Passenger Seat Surcharge

Report the premium charged for this exposure under Code 9108.

b. Atomic Energy Radiation Exposure

Refer to Part I, Item 9.

c. Construction Classification Premium Adjustment Program Credit

Report the premium credit amount as a result of this program under Code 9046.

d. Drug-Free Workplace Premium Credits

For policies written in conjunction with a carrier filed Drug-Free Workplace Program, report the premium credit amount under code 9846 when filed not subject to experience rating.

e. Indemnity and/or Medical Deductible Programs

Refer to Item 11 of this Part.

f. Managed Care/Preferred Provider Organization Premium Credit

For policies written in conjunction with a carrier filed and approved Managed Care or Preferred Provider Organization program, report the premium credit amount under code 9874.

g. Merit Rating Credits/Debits

For policies with a merit rating factor of .92, report the premium credit amount under Code 9885. For policies with a merit rating factor of 1.04 or 1.08, report the premium debit amount under Codes 9896 and 9886, respectively. For policies with a merit rating factor of 1.00, report a zero dollar amount under code 9884.

h. Minimum Premium Policies

Refer to Item 13 of this Part.

i. Non-Ratable Element Codes

For classification codes containing non-ratable elements, report the exposure amounts, manual rates and premium amounts under the associated statistical codes listed in Part VIII.

j. Rate Deviations

Refer to Item 12c of this Part.

k. Safety Investment Premium Credit

Report the premium credit as a result of this program under Code 9748.

l. Short Rate Penalty Premium

For policies canceled on a short rate basis, report the additional premium resulting from the application of the Short Rate Cancellation Rule (Rule X.D) in the New York Workers Compensation and Employers Liability Manual under Code 0931.
m. **Workplace Safety and Loss Consultation Premium Credit**
   Report the premium credit amount as a result of this program under Code 9746.

n. **Workplace Safety and Loss Consultation Premium Surcharge**
   Report the premium surcharge amount as a result of this program under Code 9747.

11. **Deductibles**
   Report above Line A the premium credit amount for deductible programs under Code 9664 for credits subject to experience rating, i.e., calculated prior to the application of the experience modification. Report on Lines D, E, or F the premium credit amount for deductible programs under Code 9663 for credits not subject to experience rating, i.e., calculated after the application of the experience modification.

12. **Deviations**
   If a carrier has received regulatory approval to deviate from Rating Board manual rates, unit statistical reports shall be submitted in accordance with the provisions of this Plan, such that if the approved deviation is applied:
   
a. **Directly to Rating Board Rates**
      Report the authorized (deviated) rates and the resultant premiums in the appropriate columns for each classification.

   b. **As a Flat Percentage to the Total Premium Before the Application of Experience Modification**
      Report the Rating Board manual rates and the resultant premiums in the appropriate columns for each classification.

      Report the premium **credit** adjustment amount resulting from the application of a deviation factor less than 1.00 under Statistical Code 9037. Report the premium **debit** adjustment amount resulting from the application of a deviation factor greater than 1.00 under Statistical Code 9039. Report these statistical codes and corresponding premium amounts above Line A.

   c. **As a Flat Percentage to the Total Premium After the Application of Experience Modification**
      Report the Rating Board manual rates and the resultant premiums in the appropriate columns for each classification.

      Report the premium **credit** adjustment amount resulting from the application of a deviation factor less than 1.00 under Statistical Code 9034. Report the premium **debit** adjustment amount resulting from the application of a deviation factor greater than 1.00 under Statistical Code 9036. Report these statistical codes and corresponding premium amounts on Lines D, E, or F.

   **Note:** A carrier authorized to apply a deviation must use only one of the above described report procedures.

13. **Minimum Premiums**
   
a. **Other than Maritime or FELA**
      When the premium, including the expense constant, is less than the policy minimum premium, as defined in the New York Workers Compensation and Employers Liability Manual, the additional premium necessary to balance to the minimum premium shall be assigned to Statistical Code 0990 and reported on Lines D, E, or F. The amount reported under this statistical code should not include the expense constant.
If the minimum premium applies to a multistate policy, the additional premium required to bring the total risk standard premium up to the minimum premium shall be allocated to the state with the highest minimum premium.

b. **Maritime or FELA**

When manual premium is developed under Maritime or FELA classifications and where such premium together with any Maritime or FELA increased limits charge is less than the stipulated Maritime or FELA minimum premium, as defined in the New York Workers Compensation and Employers Liability Manual, the additional premium required to equal such separate minimum premium shall be assigned to Statistical Code 9849 and reported on Lines D, E, or F.

14. **Total Standard Exposure—Line G**

Report the sum of all payroll exposures above Line A. For multi-page unit reports, report this total on the last page only.

15. **Total Standard Premium—Line G**

Report the sum of all premium dollars, both subject and not subject to modification, which are to be included in standard premium. For multi-page unit reports, report this total on the last page only.

This total must exclude the amounts for premium discount and expense constant referenced in Items 16 and 17.

16. **Premium Discount Amount—Line H**

Report the premium adjustment resulting from the application of the premium discount plan under Class Code 0063 (stock discount) or 0064 (non-stock discount). Do not include the premium discount amount in the total standard premium.

17. **Expense Constant Amount—Line I**

Report the premium adjustment resulting from the application of the expense constant under Class Code 0900. Do not include the expense constant amount in the total standard premium.

For multi-state policies, allocate the expense constant to the state with the highest applicable expense constant. If two or more states have the same highest expense constant, allocate it to the state developing the highest standard premium.

★18. **Premium To Be Reported Below Line I**

★ a. **Catastrophe Provision for Foreign Terrorism**

Report the premium amount charged for foreign terrorism under Code 9740 on the line under the Expense Constant.

★ b. **Catastrophe Provision for Domestic Terrorism, Natural Disasters and Industrial Accidents**

Report the premium amount charged for domestic terrorism, natural disasters and industrial accidents under Code 9741 on the line under the charge for foreign terrorism.

★ c. **New York Workers Compensation Security Fund Surcharge**

Report the surcharge amount under Class Code 9749. Do not include the Security Fund surcharge amount in the total standard premium.