To the Members of the Board

Re: New York Workers Compensation
Workers Compensation Security Fund Surcharge


In its Circular Letter No. 11, dated May 11, 2008 the Insurance Department announced the suspension of the 2% contribution by carriers to the Security Fund and this bulletin provides a corresponding suspension of the surcharge to policyholders. The Insurance Department will issue another circular letter when and if the contributions and surcharge are resumed.

Miscellaneous Values Page 6 of the current New York Workers Compensation and Employers Liability Manual, which contains the 0% surcharge, is attached for your reference. A second Page 6, showing the 0% surcharge is also attached and is the manual page that will be published as of October 1, 2008. A revised manual Rule IX.M is also enclosed, which provides a more detailed description of the Security Fund process.

Questions regarding any administrative aspects of the surcharge, or the Security Fund in general, should be addressed to the New York State Insurance Department.

Very truly yours,

Monte Almer

President

MH/ab
Encl.
MISCELLANEOUS VALUES (continued)

New York State Assessment Charges

General Instructions and Information

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

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Volunteer</th>
<th>Volunteer</th>
<th>All Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers’ Compensation Board</td>
<td>4.2%</td>
<td>3.8%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Reopened Case Fund</td>
<td>2.1%</td>
<td>2.1%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Special Disability Fund</td>
<td>0.0%</td>
<td>0.0%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Interdepartmental Expenses</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Special Funds Conservation Committee</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6.3%</strong></td>
<td><strong>5.9%</strong></td>
<td><strong>15.5%</strong></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), including any experience modification or merit rating factor, plus any applicable territory differential premium, 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 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 Loss Cost Charges**

**Foreign Terrorism**

Applicable only in conjunction with Rule IX-N.1 of the Manual

- Terrorism premium charge per $100 of total policy payroll ................................................................. $.034
- For non-payroll based classes, charge is % of non-payroll class manual premium ........................................ 2.1%

**Domestic Terrorism**

Applicable only in conjunction with Rule IX-N.2 of the Manual

- Catastrophe charge per $100 of total policy payroll ............................................................................... $.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 ........................................ 0.0%

(Effective July 10, 2008)

**United States Longshore and Harbor Workers’ Compensation Coverage Percentage**

Applicable only in connection with Rule XII-D of the Manual ........................................................................ 78.2%

(Multiply a Non-F classification rate by a factor of 1.782 to adjust for differences in state and federal benefits and assessments)
MISCELLANEOUS VALUES (continued)

New York State Assessment Charges

General Instructions and Information

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

<table>
<thead>
<tr>
<th></th>
<th>Volunteer Ambulance</th>
<th>Volunteer Firefighters</th>
<th>All Other Classes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assessment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workers’ Compensation Board</td>
<td>1.8%</td>
<td>2.6%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Reopened Case Fund</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Special Disability Fund</td>
<td>0.0%</td>
<td>0.0%</td>
<td>7.9%</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><strong>Total</strong></td>
<td>3.3%</td>
<td>4.1%</td>
<td>13.4%</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 approved carrier rates, including any experience modification or merit rating factor, plus any applicable territory differential premium, minimum premium, Construction Classification Premium Adjustment Program credits, surcharges and credits from workplace safety programs, credits from return to work programs, credits from drug and alcohol prevention programs, credits from independently filed carrier specialty programs (for example, alternative dispute resolution, managed care or preferred provider organization programs), the charge for the waiver of subrogation, the charge for foreign voluntary coverage, the charge for terrorism and the charge for natural disasters and catastrophic industrial accidents. Any expense constant, including an expense constant in a minimum premium, the premium discount, 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 Loss Cost Charges**

**Terrorism**

Applicable only in conjunction with Rule IX-N.1 of the Manual

Terrorism loss cost (NOT RATE) charge per $100 of total policy payroll ................................................................. $.038

For non-payroll based classes, charge is % of non-payroll class manual premium................................................................. 2.9%

**Natural Disasters and Catastrophic Industrial Accidents**

Applicable only in conjunction with Rule IX-N.2 of the Manual

Catastrophe loss cost (NOT RATE) charge per $100 of total policy payroll ................................................................. $.008

For non-payroll based classes, charge is % of non-payroll class manual premium................................................................. 0.7%

**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................................................................. 0.0%

(Effective July 10, 2008)

**United States Longshore and Harbor Workers’ Compensation Coverage Percentage**

Applicable only in connection with Rule XII-D of the Manual ................................................................. 71.3%

(Multiply a Non-F classification rate by a factor of 1.713 to adjust for differences in state and federal benefits and assessments)
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.

For policies written under all independently filed programs, e.g., large deductible programs, the use of a premium base, other than as described in this rule, must be approved by the New York State Insurance Department prior to use.

4. **Assessment Charge**

The assessment percentages to be applied to each policy can be found in the Miscellaneous Values page of the rates section of this manual.

*Note:* Legislation requires that the assessment amounts collected from policyholders be considered as premium for tax purposes. Assessment charges contemplate premium tax, but not commission.

**M. WORKERS COMPENSATION SECURITY FUND SURCHARGE**

1. **Explanation**

The Workers Compensation Security Fund Surcharge is a separate identifiable charge to policyholders for the funding of the Workers Compensation Security Fund which serves as the guaranty fund for fulfilling the obligations of insolvent private carriers writing workers compensation in the state of New York.

The New York State Insurance Department, as required by statute, determines when this surcharge is necessary and issues circular letters on its website advising carriers when the surcharge is to be applied or suspended.

2. **General Information**

When applicable, the Workers Compensation Security Fund Surcharge amount must be displayed as a separate identifiable charge on the policy information page. Code 9749 must be used in conjunction with this charge.

The Workers Compensation Security Fund Surcharge amount is subject to change at audit and at all subsequent retrospective rating adjustments.

The Workers Compensation Security Fund Surcharge amount is charged in conjunction with the effective date of the rates used on each policy. Therefore, where the Anniversary Rating Date Endorsement (WC 00 04 02) applies, e.g., when two sets of rates are used, two surcharge percentages will apply.

3. **Premium Base for Calculating the Security Fund Surcharge**

Total policy premium, including the New York State Assessment, is the premium base to which the surcharge percentage, shown in the Miscellaneous Values page in the rates section of this manual, is to be applied.