BULLETIN

May 17, 2012

Contact: Ziv Kimmel, Director of Actuarial Research Ext., 119, zkimmel@nycirb.org

R.C. 2302

To: The Members of the Board

RE: NYCIRB October 1, 2012 Loss Cost Filing

This is to inform you that the New York Compensation Insurance Rating Board (NYCIRB) has submitted a loss cost filing to the Department of Financial Services (DFS) for an overall average loss cost change of +11.5%. The change in loss cost represents the anticipated cost of losses and loss adjustment expenses to be incurred on policies incepting on or after October 1, 2012.

The proposed change is the result of continued adverse experience of the New York Workers Compensation carriers and is attributable to the following factors:

• While the 2007 reform has been fully implemented with respect to the increase in maximum weekly benefits, sections of the reform which were expected to result in significant savings have been implemented at a slower pace.

• Claim frequency is no longer exhibiting a significant downward trend which, in the past, served as an offset to increasing claim costs.

• Continued rise in both indemnity and medical claim costs.

• Increasing Loss Adjustment Expense primarily due to additional resources necessary for compliance with recent legislative and regulatory changes.

In addition to the above, based upon information received from the Workers’ Compensation Board (WCB) and the current loss cost proposal, it is currently estimated that the New York State Assessment will decrease 2.7% resulting in an average net increase in cost to policyholders of 8.5%.

In compliance with 2008 legislation, the DFS is required to hold a public hearing on the loss cost filing whenever the filed amount exceeds 7.0%. Once the date, time and location of the hearing are set, the NYCIRB will issue a bulletin with the necessary information.

Very truly yours,

Monte Almer

President