To the Members of the Board

Re: New York Workers Compensation
   a. 2012 Loss Cost Filing
   b. New York State Assessment

(a) 2012 Loss Cost Level Filing

On July 16, 2012, an Opinion and Decision was issued by the New York State Department of Financial Services (DFS) disapproving the +11.5% loss cost level change filed with the Department on May 15, 2012 for an effective date of October 1, 2012. For information with respect to this disapproval, you may access the Department website at:


Consequently, the October 1, 2011 loss costs and rating values will remain in effect. Carriers, however, have the option to file revised loss cost multipliers with the DFS. The complete filing information is available on the Actuarial section of the Rating Board’s website (www.nycirb.org).

(b) New York State Assessment

Following the decision by the DFS, a revised New York State Assessment has been calculated. Effective October 1, 2012, the New York State Assessment percentage shown on Page 6 of the New York Loss Cost Pages will change from 20.2% to 18.8% of standard premium.

A revised manual page including the revised assessment percentages is attached.

Very truly yours,

Monte Almer

President
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 Ambulance</th>
<th>Volunteer Firefighters</th>
<th>All Other Classes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers’ Compensation Board</td>
<td>2.4%</td>
<td>3.4%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Reopened Case Fund</td>
<td>4.9%</td>
<td>4.9%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Special Disability Fund</td>
<td>0.0%</td>
<td>0.0%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Interdepartmental Expenses</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.9%</td>
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<tr>
<td>Special Funds Conservation Committee</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Total</td>
<td>7.3%</td>
<td>8.3%</td>
<td>18.8%</td>
</tr>
</tbody>
</table>

Premium Base

For policyholder assessment purposes, standard premium is the only premium base to be used in calculating the New York State Assessment policyholder charge.

For purposes of determining standard premium, the insurer’s expense constant, including the expense constant in the minimum premium, the insurer’s premium discount and premium credits for participation in any deductible program shall be excluded from the premium base.

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 (effective January 1, 2011)........... 0.0%

United States Longshore and Harbor Workers’ Compensation Coverage Percentage
Applicable only in connection with Rule XII-D of the Manual................................................................. 48.2%
(Multiply a Non-F classification rate by a factor of 1.482 to adjust for differences in state and federal benefits and assessments)