R.C. 2329

To: The Members of the Board

Letters of Authority – Clarification of Procedure
Issue Date - April 1, 2013

In accordance with the authorization of the NYCIRB Underwriting Committee, and approval by the New York State Department of Financial Services, we hereby introduce an amendment to the New York Workers Compensation and Employers Liability Manual pertaining to updated procedural language regarding Letters of Authority. An issue date of April 1, 2013 is approved for this change.

Separate and distinct commentary was developed regarding when ‘Letters of Authority’ are required from nonauthorized representatives of the insured. This subject was previously addressed under the section titled ‘B. Inquiries,’ shown on D-2 of the Manual where, for added clarity, a new item has been inserted titled ‘C. Letters of Authority.’ The statement on requirements for Letters of Authority are now reflected in Section C of the attached Page D-2 from the Digest Section of the Manual.

The changes are also included in an updated version of the New York Workers Compensation & Employers Liability Manual which is available via the Board’s website at: www.nycirb.org.

Very truly yours,

Monte Almer

President

WVT:tg
Encl.
f. Non-Experience Rated Risks

A policy for a non-experience rated risk may be written in accordance with classification procedures contained in this manual, as supplemented by rulings and interpretations published in the Digest or in bulletins issued by the Rating Board. For these risks, prior Rating Board approval to use a specific classification is not required unless the classification(s) is an a-rated classification, the classification requires specific Rating Board approval or the classification(s) has been authorized for the risk.

2. Experience Rated and Merit Rated Risks

If the Rating Board has promulgated either an experience rating or merit rating factor, a carrier is required to issue a policy with the applicable factor. Refer to the New York Experience Rating Plan Manual for rules and procedures applicable to the Experience Rating Plan and the Merit Rating Plan.

B. INQUIRIES

1. WRITTEN

The Rating Board will respond to written inquiries received from the authorized representatives. Authorized representatives include: insured, insuring carrier and agent or broker of record for a particular insured. It is necessary that the request relates to a valid policy term in question (evidence of coverage), and that such inquiry is received within twelve months of the expiration date of the policy term in question.

Note: The Rating Board will not consider a change in classification(s) for an insured that may have been improperly classified when the inquiry is received at the Rating Board later than twelve months after the expiration date of the policy term in question.

2. TELEPHONE

The Rating Board will discuss, over the telephone, matters such as classification assignments, manual rule interpretations, ownership rules, experience modifications and merit rating factors relating to an individual insured only with the insuring carrier, the agent or broker of record or the insured.

General inquiries, not regarding a particular risk, are answered by a Rating Board employee who is knowledgeable in the specific nature of the call.

Comments or views expressed by the Rating Board relating to an individual risk are not binding and must be regarded as advisory suggestions.

C. LETTERS OF AUTHORITY

The Rating Board may, at its discretion at any time, exercise its right to request a Letter of Authority regarding inquiries from those who are non-authorized representatives of the insured. To obtain recognition as an authorized representative, it is necessary to furnish the Rating Board with a letter of authority from the insured, written on the insured’s stationery, authorizing such individual as its representative and signed by an officer, partner or principal of the business. Only hard copy original documents, received via regular mail, will be accepted (photo copies are not acceptable).

D. NOTICE OF CLASSIFICATIONS CHANGED BY THE RATING BOARD

When a change in classification is warranted following a routine, random, or requested inspection or by internal Rating Board review of a risk, the change in classification is effective for the term of insurance in effect at the time the inspection was conducted as well as for the current term of insurance, if not the same. The Rating Board is also permitted to make a change in classification for the twelve-month period preceding the actual date of inspection if the change is warranted for such term of insurance.

Notification of the change will be given to the insurance carrier(s) that insured the risk for the term(s) of insurance that are affected by the change. If the carrier(s) disagree with the Rating Board’s determination, the carrier(s) may request, in writing, a reevaluation of the classification assignment stating the reason(s) for their disagreement.