To: The Members of the Board

RE: NYCIRB October 1, 2013 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 +16.9%. 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, 2013.

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

- Continued rise in medical claim costs.
- The average time from accident to classification has been increasing steadily, resulting in longer temporary benefits and higher overall indemnity costs.
- Transfer of costs to carriers due to the closing of the Reopened Case Fund
- Increase in minimum and maximum weekly benefits

In addition to the above, the Board has proposed a change to outstanding policies of +4.5%, effective on October 1, 2013, which will be applied on a pro-rata basis to policies expiring between October 2, 2013 and September 30, 2014.

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

MA: jg