October 24, 2013

Contact: Ziv Kimmel
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R.C. 2348

To the Members of the Board

RE: (1) New York State Assessment Rate
(2) Filings Related to Revised Assessment Process

(1) The New York State Workers’ Compensation Board (WCB) has released Subject Number 046-641 which announces the New York State Assessment Rate effective January 1, 2014, and the promulgation of an emergency regulation associated with the new assessment process.

In the Subject Number, the WCB announced that the assessment rate effective January 1, 2014 will be 13.8% of standard premium.

A Copy of Subject Number 046-461 is attached for your information and reference. It can also be accessed online at http://www.wcb.ny.gov/content/main/SubjectNos/sn046_641.jsp. The emergency regulation can be accessed here: http://www.wcb.ny.gov/content/main/wclaws/Emergency/part500.jsp

(2) The Rating Board has submitted two filings for review and approval by the Department of Financial Services (DFS) related to the revised assessment process:

(i) A filing including proposed revisions to the Manual which are deemed necessary in order to align the instructions in the Manual with the method to be used by the WCB for the determination of the NYS Assessment.

(ii) A filing to adjust loss costs for several classes in the ‘Maritime, Admiralty and Federal’ Industry Group, and a revised United States Longshore Compensation Coverage Percentage in accordance with Part One of the Manual, Rule XII Section D-3. This revision is needed since these values have been historically dependent on the New York State Assessment rate. Effective January 1, 2014, the assessments will no longer be considered a part of premium. Therefore, the NY State Assessment component of these values should be removed from the calculation.

Please note that the filings referenced above have been submitted to the DFS, but have not yet been approved. A separate bulletin will be issued following approval announcing the implementation of these changes.

Very truly yours,

Monte Almer

President
New York Workers' Compensation Board Announces Regulations to Implement Business Relief Act Assessment Changes and 2014 Assessment Rate

Governor's Business Relief Act Lowers Assessments by over 25%, Saving New York State Employers $300 Million

Date: October 23, 2013

Pursuant to WCL §151, the Chair of the Workers' Compensation Board (Board) shall annually establish an assessment rate for all employers by November 1st of each year, to be effective January 1 of the subsequent calendar year. For calendar year 2014, such rate shall be 13.8% of standard premium or premium equivalent for self-insured employers.

The Business Relief Act, part of the enacted 2013/14 budget, mandates that the Board create a single assessment methodology to fund the New York State workers' compensation system for all New York State employers regardless of coverage type. Additionally, the legislation closed the Fund for Re-Opened Cases to all new claims effective January 1, 2014. Usage of the Fund for Re-Opened Cases had become problematic over the last decade as carriers used the fund to shift an increasing level of liability back to policyholders. As a result of these changes, the assessment rate for 2014 is over 25% lower than last year, representing a savings of approximately $300 million to all New York State employers.

The previous assessment system was overly complicated, cumbersome, and expensive. It charged employers differently depending on whether they insured with private coverage, with the State Insurance Fund, or by self-insuring. The changes enacted reduce total assessment costs, streamline the process, and eliminate the antiquated billing process.

In addition to announcing the rate, the Board is promulgating Title 12 NYCRR Part 500 to implement this new assessment process. The regulation is effective immediately and will appear in the November 6, 2013 publication of the state register.

In December, the Board will hold webinars for self-insured employers and municipalities to assist and educate on the new process. Please contact the Workers' Compensation Board by email at BusinessReliefAct@wcb.ny.gov with any questions on the new process.

Robert E. Beloten
Chair