B U L L E T I N

September 12, 2014

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R.C. 2372

To: The Members of the Board

Construction Classification Premium Adjustment Program – Update
Issue Date: October 1, 2014

In accordance with the authorization of the Underwriting Committee, and approval by the New York State Department of Financial Services, an amendment to the Manual regarding clarifications to the rules associated with the New York Construction Classification Premium Adjustment Program (NYCCPAP), has been implemented with an issue date of October 1, 2014.

This amendment provides an update to the language under Manual Rule IX I. 1., which clarifies the requirements for obtaining a credit under the NYCCPAP. The new language specifies that an insured must be experience rated and satisfy the hourly wage requirement to qualify for the program.

Additionally, an update was made to Rule IX. 3. B., under the ‘NOTE,’ illustrating more current policy dates and the corresponding third quarter payrolls to be used when completing an application for credit.

As a result of the above, updates to the Rules Section of the Manual, Pages R-64 and R-65, are being made regarding the Construction Classification Premium Adjustment Program. The revised page is attached and also reflected in an updated version of the New York Workers Compensation & Employers Liability Manual which is available via the Digital Library on the Board’s website at: www.nycirb.org.

Very truly yours,

Monte Almer

President

WVT:tg
Encl.
The policyholder is liable to the insurer for the deductible amount in regard to benefits paid for compensable claims, and failure by a policyholder to reimburse any deductible amounts to the insurer shall be treated in the same manner as nonpayment of premiums. One of the following deductible amounts, per occurrence, shall be offered to a policyholder: $100, $200, $300, $400, $500, $1,000, $1,500, $2,000, $2,500 or $5,000.

This program may also be offered by the carrier to any insured with an estimated annual premium at inception of less than $12,000.

2. Premium

The election of a deductible by a policyholder results in a premium credit being applied against the policy premium. The credit reflects both the chosen deductible amount, and the hazard group of the classification with the highest estimated amount of premium developed for any classification on the policy. The appropriateness of this credit, as it relates to the proper hazard group, is subject to verification upon audit.

The deductibles paid by the injured employer during any one-year period of the policy of insurance shall not exceed the estimated annual premium at inception for such policy of insurance.

A table of deductible credit values appears in Part Three—Loss Costs under the "Miscellaneous Values" section. The premium reduction for the deductible is determined before application of any experience modification, premium discount or policy charge.

3. Form of Endorsement

A policy written under this deductible program shall attach the New York Benefits Deductible Endorsement (WC 31 03 15A) and shall state the appropriate deductible amount.

4. Exclusion

Policies written to provide Ex-Medical coverage, under Rule IX.E., are not eligible for inclusion under this deductible program.

I. CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

1. Explanation

The New York Construction Classification Premium Adjustment Program provides for a premium credit, for up to one year, for a policy which is experienced rated, satisfies the hourly wage requirement and contains one or more construction classifications.

2. Application

The application must be received by the Rating Board three (3) months prior to the policy renewal effective date. The Rating Board will accept and process an application if it is received between the policy effective and expiration date, however, it must be accompanied by a letter stating the reason for the delay. The submission of a revised application must be received no later than one (1) year after the expiration date of the policy to which the credit applies.
Under no circumstances will an original application be accepted for any policy if it is received after the expiration date of the policy, nor will a revised application be accepted if it is received later than one (1) year from the expiration date of the policy to which the credit applies. For short-term policies, the application must be received prior to the expiration date of the short-term policy.

A credit will not be calculated if any application is received beyond the required dates of receipt.

3. **Credit Determination**

   a. The insured shall submit the required payroll and hours worked information to the Rating Board for calculation of any applicable credit.

   b. The basis for determining the credit is the limited payroll of each employee for the number of hours worked (excluding overtime premium pay) for each construction classification (other than employees engaged in the construction of one or two-family residential housing) for the third quarter, as reported to taxing authorities, for the year preceding the policy date. Total payroll is to continue to be reported for employees engaged in the construction of one or two-family residential housing.

   **NOTE:** Limited Payroll for commercial work means the weekly maximum (see Rule V) for work on structures other than one or two family dwellings in accordance with the Payroll Limitation Law. If you perform commercial work under any eligible code(s) enter each employee for the weekly maximum only and their total hours worked (ex. 13 weeks @ $825 per week = $10,725 total wages).

<table>
<thead>
<tr>
<th>POLICY EFFECTIVE DATE</th>
<th>THIRD QUARTER PAYROLL</th>
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<tbody>
<tr>
<td>4/1/12 thru 3/31/13</td>
<td>2011</td>
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<tr>
<td>4/1/13 thru 3/31/14</td>
<td>2012</td>
</tr>
<tr>
<td>4/1/14 thru 3/31/15</td>
<td>2013</td>
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<tr>
<td>4/1/15 thru 3/31/16</td>
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<tr>
<td>4/1/16 thru 3/31/17</td>
<td>2015</td>
</tr>
<tr>
<td>4/1/17 thru 3/31/18</td>
<td>2016</td>
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</tbody>
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   If the insured did not engage in operations for the complete quarter, then the last complete quarter prior to policy year inception shall be used or, if there was no complete quarter of operations prior to the policy inception, then the first complete quarter after policy inception shall be used.

   c. A credit may be determined for each construction classification by dividing the total payroll (excluding overtime premium pay) by the number of hours worked to arrive at the average hourly wage for the classification.

   d. In the absence of specific records for salaried employees, it will be assumed each such individual worked forty (40) hours per week.