R.C. 2414

To The Members of the Board:

Construction Classification Premium Adjustment Program – Update
Effective Date: October 1, 2016

In accordance with the authorization of the Underwriting Committee, and the approval by the New York State Department of Financial Services, amendments to the Workers Compensation and Employers Liability Manual regarding the required policy periods and quarterly payrolls to be used when submitting applications for credit under the New York Construction Classification Premium Adjustment Program, have been implemented with an effective date of October 1, 2016.

These amendments provide guidance to applicants as to the proper third quarter payrolls to be used in relation to the policy period for which the credit is requested.

As a result of these amendments, updates must be made to (a) the NYCCPAP Explanatory Endorsement, WC 31 03 19H, (b) the Alphabetical Index of Endorsements, (c) the Numeric Index of Endorsements, and (d) Manual pages R-1, R-65 and R-67. These revised pages are attached and will also be reflected in an updated version of the New York Workers Compensation & Employers Liability Manual which is available on the Rating Board’s website at: www.nycirb.org.

Very truly yours,

Jeremy Attie
President

Enclosures
NEW YORK CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM
EXPLANATORY ENDORSEMENT

The New York Construction Classification Premium Adjustment Program (NYCCPAP) allows premium credits for some employers in the construction industry. These credits exist to recognize the difference in wage rates between employers within the same construction industries in New York.

The declarations section of this policy will show a credit of 0.00% if you are not eligible for this credit, or if you are eligible for this credit and have not yet applied for a credit. Credits are earned for average wages in excess of $23.24 per hour for each eligible class. If your policy shows one of the following classification codes, and you are experience rated, you are eligible to apply for an NYCCPAP credit:

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3724  5069  5221  5445  5507  5645  6017  6235  6701  9534
3726  5102  5222  5462  5508  5648  6018  6251  7536  9539
3737  5160  5223  5473  5536  5651  6045  6252  7538  9545
5000  5183  5348  5474  5538  5701  6204  6260  7601  9549
5022  5184  5402  5479  5545  5703  6216  6306  7855  9553
5037  5188  5403  5480  5547  5709  6217  6319  8227
5040  5190  5428

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. For example:

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If you have any eligible classes on your policy, you should have been notified by your insurance carrier or the New York Compensation Insurance Rating Board approximately nine months prior to the inception date of this policy. If you believe you may be eligible for a credit and have not received an application, you should immediately contact your agent, insurance carrier, or the New York Compensation Insurance Rating Board.

Credits are calculated by the New York Compensation Insurance Rating Board. You must submit a completed application to: Attention: Field Services Department, New York Compensation Insurance Rating Board, 733 Third Avenue, New York, New York 10017.

Applications 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. Under no circumstances will an application be accepted for any policy if it is received after the expiration date of the policy. For short-term policies the application must be received prior to the expiration date of the short-term policy. If it is received after the policy expiration, no credit will be calculated.

The New York Workers Compensation and Employers Liability Insurance Manual, and not this endorsement, govern the implementation and use of the NYCCPAP.

For online entry of the information requested on this form refer to: http://cpap.nycirb.org/
http://www.nycirb.org/cpap
NEW YORK WORKERS COMPENSATION AND EMPLOYERS LIABILITY MANUAL
4th-5th Reprint Effective January 1, 2015 October 1, 2016
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NEW YORK WORKERS COMPENSATION AND EMPLOYERS LIABILITY MANUAL
8th-9th Reprint (Effective March 1, 2015) Effective January 1, 2015 October 1, 2016 RULE I

PART ONE—RULES

RULE I - GENERAL

A. WORKERS COMPENSATION

Workers Compensation as used in this manual means workmen's compensation, workers compensation or occupational disease.

B. STANDARD POLICY

Standard Policy means the standard provisions Workers Compensation and Employers Liability Insurance Policy and the Information Page approved by the New York State Department of Financial Services. Every policy affording coverage under the New York Workers' Compensation Law must have the following endorsements attached:

- WC 31 03 08 - New York Limit of Liability Endorsement;
- WC 31 03 19GH - New York Construction Classification Premium Adjustment Program Explanatory Endorsement;
- WC 31 06 18 - New York Policyholder Notice of Right to Appeal
- WC 00 04 14 - Notification of Change in Ownership
- WC 00 04 19 - Premium Due Date Endorsement;
- WC 00 04 21 D - Catastrophe (Other Than Certified Acts of Terrorism) Premium Endorsement
- WC 00 04 22 B - Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement

Exception: The Standard Policy (WC 00 00 00C) shall not be used to provide coverage for employees subject to the New York Volunteer Firefighters' Benefit Law or the New York Volunteer Ambulance Workers' Benefit Law. Such coverage can be afforded only by means of a Volunteer Firefighters' Benefit Law Policy (WC 31 00 00A) or a Volunteer Ambulance Workers' Benefit Law Policy (WC 31 00 02A), respectively.

C. ENDORSEMENT FORMS

Endorsement forms means authorized endorsements listed in the Alphabetical List of Endorsements in Part Four of this manual. All endorsements must be used in the form prescribed in this manual.

D. POLICY AND ENDORSEMENT FORMS

Refer to the Policy Forms and Authorized Endorsement section of this manual for a complete description of coverages and instructions on use of policy and endorsement forms.

E. APPLICATION OF MANUAL RULES

Rules apply separately to each policy, except as allowed by Rule VII - Premium Discount.

F. EFFECTIVE DATE

1. Manual

This manual applies only from the anniversary rating date which occurs on or after the effective date of this manual.
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).

4. Policy Effective Date

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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.
5. Audit 
   a. The carrier shall, upon audit, verify the information that was submitted by the insured and used in the calculation of the credit. If the carrier discovers an error in the original request for policy credit, the revised information must be submitted to the Rating Board for recalculation.
   b. If the insured does not furnish records to verify the payrolls and hours worked originally submitted and used in the calculation of the credit, there shall be no credit applied to the policy.

6. Information Page
   The credit, authorized by the Rating Board, shall appear on Item 4 of the Information Page.
   If a credit has not been authorized for the insured, the value of ".00" is to be shown on the Information Page.

7. Form of Endorsement
   The New York Construction Classification Premium Adjustment Program Explanatory Endorsement (WC 31 03 19GH) shall be attached to each policy.

8. Notification to Insured
   Carriers are required to use a standardized text letter to notify all their insureds that have one or more construction classifications on their policy that they may be eligible for a premium adjustment credit. A copy of this form must be filed, by each carrier, with the Rating Board prior to the carrier's implementation of the program.

9. Statistical Code

J. LOSS COST TRANSITION PROGRAM
   This program applies to insureds previously written under certain classifications that are scheduled to be discontinued. The carrier will continue to use this code during the transition period. The Board will publish a transitional loss cost on the Loss Cost pages of the Manual for the codes that will be discontinued. The transitional loss costs will be provided over the defined period of time, based upon the target date of the actual discontinuation of the code. When the transition period is complete, the code will no longer be available for use and will be replaced by the code to which it is transitioning to.

   For example, for classifications which are scheduled to be discontinued after five years, the transitional loss cost is calculated as follows: 1) for the first year after the announcement of the elimination of a code, the transition loss cost will be equal to a 4-1 weighting of the loss cost used prior to the announcement and the newly developed loss cost for the code it is being transitioned to; 2) for the second year, a 3-2 weighting is used; 3) in the third year, a 2-3 weighting is used; and 4) for the fourth year a 1-4 weighting is applied. In this case, the transition program does not apply after the fourth year when the code is then considered to be discontinued.
NEW YORK CONSTRUCTION CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM
EXEMPLARY ENDORSEMENT

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<td>New York Ambulance District Liability Exclusion Endorsement for County or Town Policies</td>
</tr>
<tr>
<td>WC 31 06 10</td>
<td>New York Volunteer Ambulance Workers' Benefit Law Group Insurance Endorsement</td>
</tr>
<tr>
<td>WC 31 06 11</td>
<td>New York Exclusion For Designated Officers and Employees of Ambulance Districts Endorsement</td>
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<td>WC 31 06 12</td>
<td>New York Ambulance and Fire District Liability Exclusion Endorsement for County or Town Policies</td>
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<tr>
<td>WC 31 06 16 A</td>
<td>New York Preferred Provider Organization Endorsement</td>
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<tr>
<td>WC 31 06 17 A</td>
<td>New York Foreign Voluntary Compensation and Employers Liability Coverage Endorsement</td>
</tr>
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</table>
RULE I - GENERAL

A. WORKERS COMPENSATION

Workers Compensation as used in this manual means workmen's compensation, workers compensation or occupational disease.

B. STANDARD POLICY

Standard Policy means the standard provisions Workers Compensation and Employers Liability Insurance Policy and the Information Page approved by the New York State Department of Financial Services. Every policy affording coverage under the New York Workers' Compensation Law must have the following endorsements attached:

- WC 31 03 08 - New York Limit of Liability Endorsement;
- WC 31 03 19H - New York Construction Classification Premium Adjustment Program Explanatory Endorsement;
- WC 31 06 18 - New York Policyholder Notice of Right to Appeal
- WC 00 04 14 - Notification of Change in Ownership
- WC 00 04 19 - Premium Due Date Endorsement;
- WC 00 04 21 D - Catastrophe (Other Than Certified Acts of Terrorism) Premium Endorsement
- WC 00 04 22 B - Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement

Exception: The Standard Policy (WC 00 00 00C) shall not be used to provide coverage for employees subject to the New York Volunteer Firefighters' Benefit Law or the New York Volunteer Ambulance Workers' Benefit Law. Such coverage can be afforded only by means of a Volunteer Firefighters' Benefit Law Policy (WC 31 00 00A) or a Volunteer Ambulance Workers' Benefit Law Policy (WC 31 00 02A), respectively.

C. ENDORSEMENT FORMS

Endorsement forms means authorized endorsements listed in the Alphabetical List of Endorsements in Part Four of this manual. All endorsements must be used in the form prescribed in this manual.

D. POLICY AND ENDORSEMENT FORMS

Refer to the Policy Forms and Authorized Endorsement section of this manual for a complete description of coverages and instructions on use of policy and endorsement forms.

E. APPLICATION OF MANUAL RULES

Rules apply separately to each policy, except as allowed by Rule VII - Premium Discount.

F. EFFECTIVE DATE

1. Manual

This manual applies only from the anniversary rating date which occurs on or after the effective date of this manual.
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).

*POLICY EFFECTIVE DATE* | *THIRD QUARTER PAYROLL*
---|---
4/1/14 thru 3/31/15 | 2013
4/1/15 thru 3/31/16 | 2014
4/1/16 thru 3/31/17 | 2015
4/1/17 thru 3/31/18 | 2016
4/1/18 thru 3/31/19 | 2017
4/1/19 thru 3/31/20 | 2018

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.
5. **Audit**
   
a. The carrier shall, upon audit, verify the information that was submitted by the insured and used in the calculation of the credit. If the carrier discovers an error in the original request for policy credit, the revised information must be submitted to the Rating Board for recalculation.

b. If the insured does not furnish records to verify the payrolls and hours worked originally submitted and used in the calculation of the credit, there shall be no credit applied to the policy.

6. **Information Page**

   The credit, authorized by the Rating Board, shall appear on Item 4 of the Information Page.

   If a credit has not been authorized for the insured, the value of ".00" is to be shown on the Information Page.

7. **Form of Endorsement**

   The New York Construction Classification Premium Adjustment Program Explanatory Endorsement (WC 31 03 19H) shall be attached to each policy.

8. **Notification to Insured**

   Carriers are required to use a standardized text letter to notify all their insureds that have one or more construction classifications on their policy that they may be eligible for a premium adjustment credit. A copy of this form must be filed, by each carrier, with the Rating Board prior to the carrier's implementation of the program.

9. **Statistical Code**


### J. LOSS COST TRANSITION PROGRAM

This program applies to insureds previously written under certain classifications that are scheduled to be discontinued. The carrier will continue to use this code during the transition period. The Board will publish a transitional loss cost on the Loss Cost pages of the Manual for the codes that will be discontinued. The transitional loss costs will be provided over the defined period of time, based upon the target date of the actual discontinuation of the code. When the transition period is complete, the code will no longer be available for use and will be replaced by the code to which it is transitioning to.

For example, for classifications which are scheduled to be discontinued after five years, the transitional loss cost is calculated as follows: 1) for the first year after the announcement of the elimination of a code, the transition loss cost will be equal to a 4-1 weighting of the loss cost used prior to the announcement and the newly developed loss cost for the code it is being transitioned to; 2) for the second year, a 3-2 weighting is used; 3) in the third year, a 2-3 weighting is used; and 4) for the fourth year a 1-4 weighting is applied. In this case, the transition program does not apply after the fourth year when the code is then considered to be discontinued.