

New York Compensation Insurance Rating Board



B U L L E T I N

March 2, 2007

R.C. 2132

To The Members of the Board

**Re: New York State Workers Compensation Reform
Regarding Status of NYCIRB**

The following is with regard to the recent press release issued by the Governor of New York State indicating that reform of the system will include the sunset of the Rating Board in February of 2008. Please note that since the Rating Board is a non-profit, unincorporated association of insurance carriers, the continuation of services performed by the Rating Board is determined by its membership. Although the legislature may prescribe that the Rating Board's role in developing and recommending rates and/or rating values may change in the future, this is but one aspect of the Rating Board's responsibilities and needs to be viewed in this context. For example, in addition to its capacity as a ratemaking and data collection organization, the Rating Board also administers a variety of programs designed to provide a safer workplace for all employees and ensure that employers pay only their fair share of premiums. Through the Rating Board's administration of the Experience Rating Plan and the Merit Rating Plan employers are rewarded for better than average experience, thereby encouraging employers to become active in reducing the number and severity of employee accidents in the workplace. The Rating Board also administers the workers compensation classification system, which assigns employers to the proper rate category. With over 600 job classifications of work, the classification system ensures that each employer is properly classified; otherwise, premium charges could be either excessive or inadequate.

There are presently several other independent bureaus which perform a myriad of similar functions for their members, other than development of rates, including collection and review of policy information, classification determination, inspection and auditing of individual risks, and calculation of experience modification factors, which, similar to the Rating Board, represents a significant percentage of the work performed by the organization and required to be maintained regardless of the rating environment.

The Governing Committee of the Rating Board has reviewed this matter and has acknowledged the need for the Rating Board to continue in its current capacity in performing the multitude of functions required by all stakeholders in the system to properly administer the insurance programs associated with this line of business.

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Your assistance and support of the Rating Board during this time is greatly appreciated and we look forward to continuing to provide the services needed by the industry and other system participants to function both efficiently and effectively in the insurance marketplace.

Yours very truly,

Monte Almer

President

MA/jg