



B U L L E T I N

January 26, 2009

*Contact: Ms. Annmarie Visciano
Manager, Underwriting Services
Ext. 161, avisciano@nycirb.org*

R.C. 2196

To: The Members of the Board

**RE: New York Workers Compensation & Employers Liability Manual
Multi-State Expense Constant**

The Underwriting Committee of the New York Compensation Insurance Rating Board has authorized, and the New York State Insurance Department has approved a clarification of a rule contained in the New York Workers Compensation & Employers Liability Manual regarding the application of expense constants on multi-state policies. Since this a clarification to an existing rule, the manual will show an issue date of January 1, 2009.

This change provides additional explanation for Rule VI, Part D (Expense Constant), Item #2 (Amount of Expense Constant). The clarification adopts the language which is currently contained in the New York Workers Compensation Statistical Plan Manual. The update is reflected on Manual page R-38 which is attached.

This amendment is also included in an updated version of the New York Workers Compensation & Employers Liability Manual which is available via our website at: www.nycirb.org.

Very truly yours,

Monte Almer

President

WVT:tg
Encl.

B. PREMIUM DETERMINATION

Premium for each classification shown in the policy is determined by multiplying the basis of premium by the carrier approved rate.

Example:	Payroll	=	\$90,000	
	Carrier Rate	=	x 1.50	$\frac{\$90,000}{100} \times 1.50 = \$1,350$
	Premium	=	\$ 1,350	

C. WHOLE DOLLARS—PREMIUMS

All premiums may be shown to the nearest dollar. A remainder of \$.50 or more shall be rounded to the next higher dollar.

D. EXPENSE CONSTANT**1. Explanation**

The Expense Constant is a premium charge which applies to every policy. It covers expenses such as those for issuing, recording and auditing, which are common to all workers compensation policies regardless of premium size.

2. Amount of Expense Constant

The Expense Constant is the carrier approved expense constant as shown on the Information Page. *Refer to Rule X for the Expense Constant charge on a canceled policy and Rule XI for the Expense Constant on a long-term policy and to Rule XIV.F. for a policy that insures only domestic workers.*

★ For multi-state policies, allocate the expense constant to the state with the highest applicable expense constant. If two or more states have the same highest expense constant, allocate it to the state developing the highest standard premium.

3. Premium Discount, Experience Rating, Retrospective Rating, Merit Rating, and Terrorism Charge

The Expense Constant is not subject to premium discount, experience rating modification, retrospective rating adjustment, merit rating factor, or the additional charge for the Terrorism Risk Insurance Program Reauthorization Act of 2007.

4. Minimum Premium

The Expense Constant is included in the carrier's minimum premium for each classification and shall not be added if the carrier's minimum premium becomes the final premium for the policy.

5. Information Page

The Expense Constant shall be shown on the Information Page.