

BULLETIN

February 2, 2010

Contact: Ms. Annmarie Visciano
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R.C. 2226

To: The Members of the Board

RE: New York Workers Compensation & Employers Liability Manual
Workplace Safety & Loss Prevention Incentive Program
Manual Amendments

The Underwriting Committee of the New York Compensation Insurance Rating Board has authorized, and the New York State Insurance Department has approved, amendments to the New York Workers Compensation & Employers Liability Manual (NY WC & EL Manual) regarding the recently authorized Workplace Safety & Loss Prevention Incentive Program.

Updates to the NY WC & EL Manual were required following the adoption of additional new Statistical Codes for the legislated Workplace Safety Loss Prevention Incentive Program (WSLPIP). Refer to related RC Bulletins 2219 and 2220 regarding the newly established codes for the recording of premium credits under the WSLPIP. As a reminder these codes are as follows:

- Code 9753 - Premium Credit for Drug & Alcohol Prevention Program
- Code 9748 - Premium Credit for Safety Incentive Program
- Code 9743 - Premium Credit for Return-To-Work Program

The NY WC & EL Manual contains information about Loss Prevention Programs on pages R-43 and R-44. As a result of the introduction of the WSLPIP, the manual has been updated as follows:

- Amended language on page R-43 reflecting updated section title of 'New York State Loss Prevention Programs – Surcharge and Credits,' and clarifying reference to the Compulsory Workplace Safety and Loss Consultation Program.
- New language on page R-44 which explains the WSLPIP and its program components.
- Revised and updated 'Premium Algorithm' Manual pages AC-2, AC-3 and AC-6 reflecting the new premium calculation steps for the use of the available credits. The instructions provide information regarding the premium base for these programs and consideration for the NYS Assessment.

Attached are the amended manual pages with an effective date of November 23, 2009 which coincides with implementation of the program.

Very truly yours,

Monte Almer

President

WVT:tg
Encl.

Example B:

Class Rate		\$12.50	
Total (Unlimited) Payroll		\$1,625,000	
Payroll from Residential Construction		\$500,000	
Limited Payroll from Commercial Construction			
Territory 1		\$715,000	
Territory 2		\$300,000	
Payroll Basis for Premium		\$5,000 (500,000/100 (per \$100 payroll))	
		\$7,150 (715,000/100 (per \$100 payroll))	
		\$3,000 (300,000/100 (per \$100 payroll))	
Manual Base Premium		\$189,375	(5000+7150+3000)x12.50
Territory 1 Differential		.085	
Territory 2 Differential		.068	
Territory 1 Differential Premium		\$7,597	(7150x12.50x.085) –Code 9126
Territory 2 Differential Premium		\$2,550	(3000x12.50x.068) –Code 9127
Total Premium Subject to Experience Rating		\$199,522	(189,375+7,597+2,550)

Refer to Section I.N. of the Digest of Rulings and Interpretations for additional examples.

J. FEDERAL AND MARITIME INSURANCE

Refer to Rules XII and XIII for information on procedures for insurance for employers subject to the U.S. Longshore and Harbor Workers' Act, the Federal Employers' Liability Act and Admiralty Law.

★ **K. NEW YORK STATE LOSS PREVENTION PROGRAMS — SURCHARGE AND CREDITS**

1. Definition of Modified Premium

Modified premium means, for purposes of this rule, premium determined on the basis of carrier rates authorized by the New York State Insurance Department, and any experience rating modification or merit rating factor.

2. Compulsory Workplace Safety and Loss Consultation Program (Code Rule 59)

The premium surcharge applicable to risks subject to Sections 134 and 135 of the Workers' Compensation Law shall be determined as follows:

The premium surcharge imposed on an employer for failure to initiate a safety program or implement the recommendations of a certified loss consultant shall be a 5% charge applied to modified premium as defined in 1. above. The premium surcharge is not subject to experience rating and is to be reported to the Rating Board under Statistical Code 9747.

Note: An additional 5% charge shall be made in each successive year of non-compliance (e.g., first year, 5%; second year, 10%; third year, 15%; etc.)

★ 3. **Workplace Safety and Loss Prevention Incentive Program (Code Rule 60)**

The Workplace Safety and Loss Prevention Incentive Program (WSLPIP) is a program administered by the New York State Department of Labor that grants premium credits, as set forth by the New York State Insurance Department, to eligible employers who implement one or more of the following programs:

- a. **Safety Incentive Program** - The premium credit to qualified employers for the implementation of an approved safety Incentive program shall be applied to the modified premium as defined in 1. above. The premium credit is not subject to experience rating and is to be reported to the Rating Board under Statistical Code 9748.

Note: An employer subject to the Compulsory Workplace Safety and Loss Consultation Program is not eligible for this credit unless the employer completely fulfills the requirements of the compulsory program, meets the WSLPIP eligibility criteria and obtains approval of a safety incentive program.

- b. **Drug and Alcohol Prevention Program** - The premium credit as a result of a qualified employer implementing an approved drug and alcohol prevention program is applied to modified premium as defined in 1. above. The premium credit is not subject to experience rating and is to be reported to the Rating Board under Statistical Code 9753.
- c. **Return to Work Program** - The premium credit as a result of a qualified employer implementing an approved return to work program is applied to modified premium as defined in 1. above. The premium credit is not subject to experience rating and is to be reported to the Rating Board under Statistical Code 9743.

PREMIUM ALGORITHM (Continued)

Sequence of Presentation & / or Calculation *	Statistical Codes	Premium Element Name	Calculation Procedure
17	9841	Drug-Free Workplace Credit	As per carrier filing (subject to experience rating)
18	9606	Repatriation Expense Premium	Flat charge as per Rule VIIIcD.4. of the NYWC&EL Manual
	None	TOTAL SUBJECT PREMIUM	Sum of Manual Premium for all classifications + lines 7 thru 18
19	None	Experience Modification	As per Experience Rating Plan; Promulgated by NYCIRB for intra-state risks; by NCCI for inter-state risks
		TOTAL MODIFIED PREMIUM	Total Subject Premium x Experience Modification
20	9885,9886, 9896	Merit Rating Adjustment	Total Subject Premium x Merit Rating Factor; Factor calculated by NYCIRB
21	9046	New York Construction Classification Premium Adjustment Program (NYCCPAP)	Total Modified Premium x NYCCPAP Factor; Factor calculated by NYCIRB
22	9846	Drug-Free Workplace Credit	As per carrier filing (not subject to experience rating)
23	9874	Managed Care/PPO Premium Credit	As per carrier filing
★ 24	9747	Compulsory Workplace Safety Program Surcharge	Total Modified Premium per Rule VI K. of the WC&EL Manual x Workplace Safety Surcharge Factor.
25	Various	Non-ratable elements	Payroll x Applicable Rate / 100
26	9985	Radiation Exposure NOC	Supplemental rate x Payroll for operations subject to radiation exposure / 100.
27	9108	Aircraft Operation - Passenger Seat Surcharge	\$100 per passenger seat, subject to a maximum of \$1,000 per aircraft.
28	9663	Deductible Premium Credit (After Experience Modification)	As per carrier filing with the Insurance Department.
29	0931	Short Rate Cancellation Penalty	As per Rule X-D of the NY WC&EL Manual.
30	0990	Minimum Premium Balance Amount	Amount required to balance to risk minimum premium
31	9849	Employers Liability Increased Limits Premium - Admiralty or FELA Coverage	Minimum Premium less Increased Limits Premium if applicable

Sequence of Presentation & / or Calculation *	Statistical Codes	Premium Element Name	Calculation Procedure
32	9034, 9036	Rate Deviation - Method 3 (After Experience Modification)	(Modified Premium plus statistical codes not subject to experience rating) x deviation factor; not applicable as of 10/1/08
	None	TOTAL STANDARD PREMIUM	Total Modified Premium + all premium from classifications and statistical codes not subject to experience rating (items 18 thru 32).
★ 33	9753	WSLPIP Drug & Alcohol Prevention Program Credit	Total modified premium per Rule VI K. of the WC&EL Manual x Drug & Alcohol Prevention Credit Factor
★ 34	9743	WSLPIP Return-To-Work Program Premium Credit	Total modified premium per VI K. of the WC&EL Manual x Return-To-Work Credit Factor
★ 35	9748	WSLPIP Safety Incentive Program Premium Credit	Total modified premium per VI K. of the WC&EL Manual x Safety Incentive Credit Factor
36	0063, 0064	Premium Discount	Tabular or formula value as specified by the carrier; not applicable in conjunction with retrospective rating
37	0900	Expense Constant	A fixed dollar amount per policy as specified by the carrier
38	9740	Terrorism	Rate per \$100 of total policy payroll; % of class premium for non-payroll classes.
39	9741	Natural Disasters and Catastrophic Industrial Accidents	Rate per \$100 of total policy payroll; % of class premium for non-payroll classes.
40	None	TOTAL ESTIMATED ANNUAL PREMIUM	Premium combining all applicable elements above
★ 41	0932	New York State Assessment	A percentage of Standard Premium as defined in Rule IX L.3 of the NY WC&EL Manual.
42	None	Total Estimated Premium and Assessment	Total Estimated Annual Premium + NY State Assessment Charge.
43	9749	New York Workers Compensation Security Fund	A percentage of the Total Estimated Annual Premium and Assessments
44	None	TOTAL ESTIMATED POLICY COST	Total Estimated Annual Premium + NY State Assessment Charge + NY WC Security Fund Charge.

* See Pages AD-4 through AD-6 for Premium Element Definitions

PREMIUM ALGORITHM (Continued)
PREMIUM ELEMENT DEFINITIONS

Sequence of Presentation & / or Calculation	Premium Element Name	Premium Element Definition
28	Deductible Premium Credit (After Experience Modification)	Premium credit for employer election to reimburse carrier for losses below specified limit.
29	Short Rate Cancellation Penalty	Penalty charged employer for canceling policy before expiration date
30	Minimum Premium Balance Amount	Additional premium to balance to minimum
31	Employers Liability Increased Limits Minimum Premium - Admiralty or FELA Coverage	Additional premium to balance to minimum charge for Part Two increased limits
32	Rate Deviation - Method 3 (After Experience Modification)	Specified percentage premium adjustment per carrier filing with Insurance Department; not applicable as of 10/1/08.
TOTAL STANDARD PREMIUM		
★	33 WSLPIP Drug & Alcohol Prevention Program Premium Credit	Eligible employers who implement an approved WSLPIP drug and alcohol prevention program can receive authorized premium credits
★	34 WSLPIP Return-To-Work Program Premium Credit	Eligible employers who implement an approved WSLPIP return-to-work program can receive authorized premium credits.
★	35 WSLPIP Safety Incentive Program Premium Credit	Eligible employers who implement an approved WSLPIP safety incentive program can receive authorized premium credits.
36	Premium Discount	Premium adjustment to expense provisions based on size of standard premium
37	Expense Constant	Premium charge which covers expense such as policy issuing, recording and auditing.
38	Terrorism	Premium for losses due to certified acts of terrorism.
39	Natural Disasters and Catastrophic Industrial Accidents	Premium for losses due to natural disasters and catastrophic accidents
40	TOTAL ESTIMATED ANNUAL PREMIUM	Information Page Value
41	New York State Assessment	A charge to fund the administration of the Workers' Compensation Board and Special Funds.
42	Total Estimated Premium and Assessment	Total Estimated Annual Premium + NY State Assessment Charge.
43	New York Workers Compensation Security Fund	When applicable a charge to fund deficiencies in the New York Workers Compensation Security Fund
44	TOTAL ESTIMATED POLICY COST	Information Page Value