

BULLETIN

July 1, 2010

Contact: Ms. Annmarie Visciano
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R.C. 2236

To: The Members of the Board

RE: New York Workers Compensation & Employers Liability Manual
Workplace Safety & Loss Prevention Incentive Program (WSLPIP)
Revised Manual Pages – Effective July 1, 2010

The New York State Insurance Department has approved an amendment to the New York Workers Compensation & Employers Liability Manual regarding the implementation and support of the recently introduced Workplace Safety & Loss Prevention Incentive Program (WSLPIP).

Since the introduction and announcement of the WSLPIP credit programs, the Board has received numerous inquiries from insureds and carriers on how to obtain and then apply the various credits to their workers compensation policy, if applicable. As a result, a new Rule IV, page 44 of the NY WC & EL Manual, explains the basis for the WSLPIP and links the reader to the NY-Department of Labor (DOL) document (Part 60). The DOL document enumerates the enrollment rules, timeframes, and the application process for an insured to request certification and participation for the credits under the program.

Attached, as referenced above, are the amended NY WC & EL Manual pages which have an Effective Date of July 1, 2010. Revised Premium Algorithm pages (Appendix C) have also been updated and illustrate the steps involved in the application of the WSLPIP credit when performing a premium calculation.

These amendments are 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.

★ 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. Code Rule 60 eligibility rules and application can be found at [NYDOL Code Rule 60 Regulations](#).

For each policy of workers compensation insurance issued or renewed in the state, an insurer shall provide credit to an insured employer that implements and maintains one or more of the following programs, which meets the requirements of Industrial Code Rule 60:

- a. **Safety Incentive Program** - For those insureds with an approved safety incentive program that meets the requirements of Industrial Code Rule 60, the credit shall be:

- (1) four percent in the first full year in which the insured is entitled to a credit; and
- (2) two percent in each consecutive full year thereafter.

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 (Code Rule 59) is not eligible for this credit unless the employer completely fulfills the requirements of the compulsory program, meets the WSLPIP (Code Rule 60) eligibility criteria and obtains approval of a safety incentive program.

- b. **Drug and Alcohol Prevention Program** - For those insureds with an approved drug and alcohol prevention program that meets the requirements of Industrial Code Rule 60, the credit shall be two percent in every full year for which the insured is entitled to a credit.

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** - For those insureds with an approved return to work program that meets the requirements of Industrial Code Rule 60, the credit shall be:

- (1) four percent in the first full year for which the insured is entitled to a credit; and
- (2) two percent in each consecutive full year thereafter.

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

The following algorithm provides an outline of the sequence and calculation procedures for determining New York workers compensation policy premiums.

Sequence of Presentation & / or Calculation *	Statistical Codes	Premium Element Name	Calculation Procedure
1	Various	Classification	N/A
2	N/A	Exposure	N/A
3	N/A	Classification Rate	From carrier's rate manual
4	None	USL&HW Percentage for Non-F Classes	USL&HW percentage x Non-F class rate
5	None	Deviation Method 1 (Percentage of rate)	Rate x deviation percentage = carrier rate; not applicable as of 10/1/08
6	9126, 9127, 9128	Construction Class Territory Differential Premium	Construction class manual premium for commercial work x territory differential in NY WC&EL Manual
MANUAL PREMIUM			Exposure X Rate / 100 + Line 6
7	0994, 0998	Outstanding Rate Decrease/Increase	Manual Premium for all classifications x Outstanding Rate Change factor
8	9803 thru 9816, 9837	Employers Liability Increased Limits Charge, with Workers Compensation	Manual Premium for Non-Subject Employees x Increased Limits Factor
9	9823 thru 9836	Employers Liability Increased Limits Charge, without Workers Compensation	Manual Premium for the policy x Increased Limits Factor
10	9817 thru 9822, 9840	Employers Liability Increased Limits Charge - Admiralty or FELA Coverage	Manual Premium for employees subject to Admiralty Law/FELA x Increased Limits Factor.
11	9848	Employer Liability Minimum Premium Charge	Minimum Premium less Increased Limits Premium if applicable
12	9850	Extension of Employers Liability Coverage to Additional Interests B Volunteer Firefighters Benefit Law policy	10% of the manual premium of Code 7711 B Volunteer Firefighters.
13	9851	Extension of Employers Liability Coverage to Additional Interests B Volunteer Ambulance Workers Benefit Law policy	10% of the manual premium of Code 7370 B Volunteer Ambulance Workers.
14	0930	Waiver of Subrogation Premium	2% to 10% of the manual premium at each job or location, subject to a minimum charge of \$250.
15	9664	Deductible Premium Credit (Prior to Experience Rating)	Manual Premium for all classifications (including Outstanding Rate Change) x deductible credit factor for the NYCIRB=s small deductible program; as per carrier filing for large deductibles (>= \$100,000)
16	9037, 9039	Deviation Method 2 (Before Experience Modification)	(Manual Premium for all classifications and statistical codes subject to experience rating) x deviation factor; not applicable as of 10/1/08

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 Minimum Premium - Admiralty or FELA Coverage	Minimum Premium less Increased Limits Premium if applicable
★ 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

Sequence of Presentation & / or Calculation *	Statistical Codes	Premium Element Name	Calculation Procedure
★ 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
	None	TOTAL STANDARD PREMIUM	Total Modified Premium + all premium from classifications and statistical codes not subject to experience rating (items 18 thru 35).
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
1	Classification	Employer Business Classification
2	Exposure	Estimated or audited exposures (generally payrolls)
3	Classification Rate	Charge per unit of exposure
4	USL & HW Percentage for Non-F Classes	Charge applicable to Non-F class rate to include USL&HW Act coverage
5	Deviation Method 1 (Percentage of rate)	Specific percentage of the rate as per carrier filing with the Insurance Department; not applicable as of 10/1/08.
6	Construction Class Territory Differential Premium	Adjusts commercial construction manual premium for payroll limitation
MANUAL PREMIUM		
7	Outstanding Rate Decrease/Increase	A flat percentage adjustment to the manual premium earned on or after a specified date to reflect law changes regarding workers compensation benefits.
8	Employers Liability Increased Limits Charge, with Workers Compensation	Part Two coverage premium for selecting higher coverage limits for employees not subject to the New York Workers= Compensation Law.
9	Employers Liability Increased Limits Charge, without Workers Compensation	Premium for selecting higher coverage limits for employers liability policies written without workers compensation.
10	Employers Liability Increased Limits Charge - Admiralty or FELA Coverage	Part Two coverage, premium for selecting higher coverage limits for employees subject to Admiralty Law or the Federal Employers' Liability Act.
11	Employer Liability Minimum Premium Charge	Additional premium to balance to minimum charge for Part Two increased limits.
12	Extension of Employers Liability Coverage to Additional Interests B Volunteer Firefighters Benefit Law policy	Provides Part Two coverage to volunteer fire departments/companies and their fire chiefs, fire commissioners, and board of trustees.
13	Extension of Employers Liability Coverage to Additional Interests B Volunteer Ambulance Workers Benefit Law policy	Provides Part Two coverage to volunteer ambulance companies and their officers and board of trustees.
14	Waiver of Subrogation Premium	Premium for the carrier waiving its right to recover payments from specified entities if they are liable for injuries covered by the policy.
15	Deductible Premium Credit (Prior to Experience Rating)	Apply at carrier/insured option.
16	Deviation Method 2 (Before Experience Modification)	Specified percentage premium adjustment per carrier filing with the Insurance Department; not applicable as of 10/1/08.

**PREMIUM ALGORITHM (Continued)
PREMIUM ELEMENT DEFINITIONS**

Sequence of Presentation & / or Calculation	Premium Element Name	Premium Element Definition
17	Drug-Free Workplace Credit	Premium credit in conjunction with independently filed carrier drug-free workplace programs.
18	Repatriation Expense Premium	Premium charge for repatriation expense in conjunction with the New York Foreign Voluntary Coverage Endorsement WC 31-06-17A
TOTAL SUBJECT PREMIUM		
19	Experience Modification	Increases or decreases premium based on insured's prior loss experience.
TOTAL MODIFIED PREMIUM		
20	Merit Rating Adjustment	Non - rated risk program. Premium adjustment based on number of claims.
21	New York Construction Classification Premium Adjustment Program (NYCCPAP)	A factor that reduces the total modified premium - based on employer's average wages for contracting classifications.
22	Drug-Free Workplace Credit	Premium credit in conjunction with independently filed carrier drug-free workplace programs.
23	Managed Care/PPO Premium Credit	Premium credit in conjunction with independently filed carrier Managed Care or PPO programs
24	Compulsory Workplace Safety and Loss Consultation Program Surcharge	Employers failing to initiate a Compulsory Safety Consultation or implement the recommendations of a certified loss consultant are charged 5% for each year of non-compliance.
25	Non-ratable elements	Certain classifications have a catastrophe load that is not subject to experience rating. This premium is reported under separate statistical codes.
26	Radiation Exposure NOC	Premium for operations involving research, manufacture, handling, transportation, use of or exposure to radioactive materials not performed for or under the direction of the Nuclear Regulatory Commission or any governmental agency.
27	Aircraft Operation - Passenger Seat Surcharge	Premium for additional exposure from the operation of private aircraft.

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.
★ 33	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 WSLPIP	Eligible employers who implement an approved WSLPIP safety incentive program can receive authorized premium credits.
TOTAL STANDARD PREMIUM		
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