



**STATE OF NEW YORK
INSURANCE DEPARTMENT**
25 BEAVER STREET
NEW YORK, NY 10004-2319

**Circular Letter No. 13 (2002)
May 24, 2002**

TO: All Licensed Property/Casualty Insurers and Rate Service Organizations

RE: Charges and Experience Reporting for Mandatory Workers' Compensation Coverage under Comprehensive Personal Liability and Homeowners Policies

STATUTORY REFERENCES: Sections 2304 and 3420(j) of the Insurance Law

Pursuant to Section 3420(j) of the Insurance Law, every homeowners policy and every comprehensive personal liability policy insuring a one to four family owner-occupied dwelling must provide workers' compensation coverage to employees who work in and about the residences of the policyholder in this state less than 40 hours per week. However, the statute does not provide voluntary or elective coverage for those employees who are presently exempt under the Workers' Compensation Law and to those employees who are already covered by a workers' compensation policy by their employers.

Circular Letter No. 2 (1985) provided that, based on a New York Compensation Insurance Rating Board study, the initial rate for this coverage should not exceed \$3 pending the development of credible experience. At that time the Insurance Department designated the New York Compensation Insurance Rating Board as its statistical agent in the collection of data for this coverage.

A review of the data collected since 1985 indicates that the historical loss experience does not support the continuation of the premium charged for this coverage. Based on that review, the Insurance Department has determined that the \$3.00 charge for this coverage is not justified pursuant to Section 2304 of the Insurance Law.

The purpose of this Circular Letter is to advise that separate charges for the mandatory workers' compensation coverage required pursuant to Section 3420(j) of the Insurance Law should be removed from all homeowners and comprehensive personal liability coverages. Accordingly, all insurers and rate service organizations must make a rule revision filing to remove the separate charge for this coverage within 90 days of the date of this Circular Letter. In making this filing we draw your attention to the Speed To Market process and encourage you to make use of this option. The loss experience for this coverage need not be segregated and should be incorporated with the loss experience for other homeowners or comprehensive personal liability coverages and should be reflected in future rate revisions for those lines of business.

In addition, since the experience for this coverage will be incorporated in each company's homeowners or comprehensive personal liability experience, the New York Compensation Rating Board will no longer collect the data for this coverage.

Please address any comments or inquiries regarding this matter and acknowledge receipt of this Circular Letter to:

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Very truly yours,

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