



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

George E. Pataki
Governor

Gregory V. Serio
Superintendent

**Circular Letter No. 5 (2004)
August 18, 2004**

TO: ALL PROPERTY/CASUALTY INSURANCE COMPANIES; CO-OPERATIVE PROPERTY/CASUALTY INSURANCE COMPANIES; RECIPROCAL INSURERS; FINANCIAL GUARANTY INSURANCE CORPORATIONS; AND NEW YORK MEDICAL MALPRACTICE INSURANCE PLAN

RE: PROPERTY/CASUALTY INSURANCE SECURITY FUND

STATUTORY REFERENCE: INSURANCE LAW SECTIONS 7603 AND 7606

Calculations made in accordance with the requirements of Sections 7603 and 7606 of the New York Insurance Law indicate that the net value of the Property/Casualty Insurance Security Fund as of December 31, 2003 was greater than \$150 million. In accordance with Section 7603(c)(1), additional contributions are due after the determination that the net value is greater than \$150 million.

The first and second payments will be due on or before September 24, 2004; the third and fourth payments will be due on November 15, 2004 and February 15, 2005 respectively. The required report forms, additional information and instructions will follow both in hard copy and on the Department's website.

In view of the issue date of this Circular Letter, the late payment provisions of Section 7614 will not be imposed on an insurer unable to meet the September 24, 2004 due date. However, returns for the first and second quarters received after October 8, 2004 will be subject to the foregoing penalty provisions. Such insurer must submit a reasonable explanation for the delay.

During the fund year ending December 31, 2003, payments were made from the Property/Casualty Insurance Security Fund for various kinds of insurance as defined in Insurance Law Section 1113. Accordingly, contributions to the Property/Casualty Insurance Security Fund shall be continued on the basis of "net direct written premiums" on policies insuring property or risks located or resident in this state for each of the following Lines of Business as listed on Page 26 (New York Business) of the Annual Statement. "Net direct written premiums" equals column 1 minus column 3 on Page 26. The premiums and dividends in column 1 and 3 respectively shall be adjusted to account for premiums subject to contributions to the Public Motor Vehicle Liability Security Fund. The contributions shall be made on a quarterly basis by multiplying the factor listed by the 2004 quarterly net direct written premium to which it applies.

	<u>Annual Statement Line</u>	<u>Applicable Factor</u>
1.	Fire	.0003
2.1	Allied lines	.0003
2.2	Multiple peril crop	.0000
2.3	Federal flood	.0003
3.	Farmowners multiple peril	.0011
4.	Homeowners multiple peril	.0015

5.1 Commercial multiple peril (non liability portion)	.0003
5.2 Commercial multiple peril (liability portion)	.0067
6. Mortgage Guaranty	.0000
8. Ocean marine	.0000
9. Inland marine	.0002
10. Financial guaranty	.0000
11. Medical malpractice	.0067
12. Earthquake	.0003
13. Accident & Health	.0000
16. Workers' Compensation	xxxx
17. Other liability	.0067
18. Product liability	.0067
19.1 Private passenger auto no-fault (PIP)	.0067
19.2 Other private passenger auto liability	.0067
19.3 Commercial auto no-fault (PIP)	.0067
19.4 Other commercial auto liability	.0067
21.1 Private passenger auto physical damage	.0002
21.2 Commercial auto physical damage	.0002
22. Aircraft (all perils)	.0041
23. Fidelity	.0056
24. Surety	.0056
26. Burglary and theft	.0003
27. Boiler and machinery	.0000
28. Credit	.0000

Pursuant to regulations of the Federal Crop Insurance Corporation (7 CFR Part 400, subpart L), Multiple Peril Crop Insurance premiums on policies reinsured by the Federal Crop Insurance Corporation under its Standard Reinsurance Agreement continue to be exempt from contribution.

Please acknowledge receipt of this letter and refer any questions to:

Ms. Janice L. Semanek
 Director of Taxes and Accounts
 New York State Insurance Department
 One Commerce Plaza
 Albany, NY 12257

Very truly yours,

Gregory V. Serio
 Superintendent of Insurance