



STATE OF NEW YORK
INSURANCE DEPARTMENT
ONE COMMERCE PLAZA
ALBANY, NY 12257

David A. Paterson
Governor

Eric R. Dinallo
Superintendent

**Circular Letter No. 24 (2008)
November 6, 2008**

TO: All Property/Casualty Insurance Companies and Reciprocal Insurers Authorized to Write Workers' Compensation Insurance

RE: Workers' Compensation Insurance Security Fund

STATUTORY REFERENCE: Sections 108 and 109 of the Workers' Compensation Law

Determinations made by the Insurance Department in accordance with the requirements of Section 109 of the Workers' Compensation Law indicate that the net value of the Workers' Compensation Security Fund (Fund) as of September 30, 2008 was less than \$74 million. Section 109 provides that when the net value of the Fund is less than \$74 million, contributions shall be resumed.

Section 108 of Article 6-A of the Workers' Compensation Law provides that for the privilege of carrying on the business of workers' compensation insurance in New York State, every "carrier" (as that term is defined in Section 106) shall pay into the Fund, on a quarterly basis, a sum equal to one percent; provided, however, that the Superintendent of Insurance may require each carrier to pay into the Fund not more than two per centum of its net written premiums, less the amount of dividends paid to policyholders, as shown on the quarterly report return form required to be filed by Section 108.

Section 109.1 also provides that when the Superintendent determines, as of the end of any quarterly period, that the amount of assets in the Workers' Compensation Security Fund equals or exceeds \$74 million, no further payment under Section 108 shall be required to be made after that quarterly period. However, whenever as of any subsequent quarterly period, the amount of such assets is less than \$74 million, payments shall be resumed at the beginning of the next quarter.

Accordingly, carriers are to start collecting the surcharge of one and one half percent from their insureds on policies written or renewed on or after January 1, 2009.

The first quarterly payment reflecting the 1.5% assessment rate will be due on or before May 15, 2009 for the quarter ending March 31, 2009. The required report forms are on the Department's website (www.ins.state.ny.us).

Please refer any questions regarding this circular letter to:

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Sincerely,

Karen E. Cole
Director of Administration and Operations