

**NEW YORK STATE  
INSURANCE DEPARTMENT**

**FIFTH AMENDMENT TO REGULATION NO. 30**

**(11 NYCRR 105)  
OPERATING EXPENSE CLASSIFICATIONS FOR  
ANNUAL STATEMENT PURPOSES  
&  
(11 NYCRR 106)  
ALLOCATION OF JOINT EXPENSES TO COMPANIES  
&  
(11 NYCRR 107)  
COMPOSITION OF, AND ALLOCATION TO, EXPENSE GROUPS  
&  
(11 NYCRR 108)  
ALLOCATION TO LINES OF BUSINESS  
&  
(11 NYCRR 109)  
ALLOCATION OF SALARIES AND OTHER EXPENSES**

I, Gregory V. Serio, Superintendent of Insurance of the State of New York, pursuant to the authority granted by Sections 201, 301, 2325 and Article 23 of the Insurance Law, do hereby promulgate the following Fifth Amendment to Parts 105, 106, 107, 108 and 109 of Title 11 of the Official Compilation of Codes, Rules and Regulations of the State of New York (Regulation No. 30), to take effect upon publication in the State Register, to read as follows:

(Matter in brackets is deleted; new matter is underlined)

The table of section headings of Part 105 is amended to read as follows:

<b>Sec.</b>	
<b>105.1</b>	<b>Introductory</b>
<b>105.2</b>	<b>Claim adjustment services</b>
<b>105.3</b>	<b>Commissions and brokerage</b>
<b>105.4</b>	<b>Allowances to managers and agents</b>
<b>105.5</b>	<b>Advertising</b>
<b>105.6</b>	<b>Boards, bureaus and associations</b>
<b>105.7</b>	<b>Surveys and underwriting reports</b>
<b>105.8</b>	<b>Audit of assureds' records</b>
<b>105.9</b>	<b>Salaries <u>and related items</u></b>
<b>105.10</b>	<b>Employee relations and welfare</b>
<b>105.11</b>	<b>Insurance</b>
<b>105.12</b>	<b>Directors' fees</b>
<b>105.13</b>	<b>Travel and travel items</b>
<b>105.14</b>	<b>Rent and rent items</b>

<b>105.15</b>	<b>Equipment</b>
<b>105.16</b>	<b>Cost of depreciation of EDP equipment and software</b>
[105.16]	<b>105.17</b> Printing and stationery
[105.17]	<b>105.18</b> Postage, telephone and telegraph, exchange and express
[105.18]	<b>105.19</b> Legal and auditing
[105.19]	<b>105.20</b> Taxes, licenses and fees
[105.20]	<b>105.21</b> Real estate expenses
[105.21]	<b>105.22</b> Real estate taxes
<b>105.23</b>	<b>Reimbursements by uninsured accident and health plans</b>
[105.23]	<b>105.24</b> Miscellaneous
[105.24]	<b>105.25</b> General instructions in connection with operating expense classifications

Paragraphs (2), (3), and (4) of subdivision (d) of section 105.3 are amended to read as follows:

(2) Company A cedes 10 percent of all its business to Company B under an agreement whereby Company B pays 10 percent of all actual expenses, on such business, incurred by Company A. Assume the expenses of Company A on the business reinsured as follows:

	Paid on written business
Commission and brokerage-direct .....	\$ 100,000
Salaries <u>and related items</u> .....	30,000
Rent and rent items .....	7,000
Printing and stationery .....	7,000
Postage, etc. ....	5,000
Surveys and underwriting reports .....	<u>8,000</u>
Total .....	\$ 157,000

Note: These are not intended to show the complete list of expenses involved but are given only for illustrative purposes.

(3) On the statement filed by Company A the commission and allowances by Company B shall be credited as follows:

	Paid on written business
Commission and brokerage-reinsurance ceded .....	\$ 10,000
Salaries <u>and related items</u> .....	3,000
Rent and rent items.....	700
Printing and stationery .....	700
Postage, etc. ....	500
Surveys and underwriting reports .....	<u>800</u>
Total.....	\$ 15,700

(4) On the statement filed by Company B the commission and allowances made to Company A shall be debited as follows:

	Paid on written business
Commission and brokerage-reinsurance assumed .....	\$10,000
Salaries <u>and related items</u> .....	3,000
Rent and rent items .....	700
Printing and stationery .....	700
Postage, etc. ....	500
Surveys and underwriting reports .....	<u>800</u>
Total .....	<u>\$15,700</u>

Subdivision (e) of Section 105.3 is amended to read as follows:

(e) [*Contingent-net*] *Contingent-direct*. *Include:*

Contingent or profit commission paid.

Contingent or profit commission received.

Contingent commission to employees when the activities for which the contingent commission is paid are not a part of their duties as employees.

Subdivision (f) of Section 105.3 is relettered to be subdivision (h), and new subdivisions (f) and (g) are added to read as follows:

(f) *Contingent reinsurance assumed*.

(g) *Contingent reinsurance ceded*.

Sections 105.4, 105.5, 105.6, 105.7, 105.8, 105.9, 105.10, 105.14, and 105.15 are amended to read as follows:

**§ 105.4 Allowances to managers and agents.**

*Include:*

Net allowances, reimbursements and payments for expenses of every nature, not computed as a percentage of premiums, to managers, agents, brokers, solicitors, and other producers.

*Exclude:*

Compensation to employees (see salaries and related items).

Expenses of salaried employees (see travel and travel items).

Expenses of management where one insurance company has been appointed manager for another (see joint expenses; commission and brokerage-reinsurance assumed and ceded; and expenses for account of another).

Contingent commission (see commission and brokerage-contingent).

Policy and membership fees (see commission and brokerage-policy and membership fees).

Expenses in connection with owned real estate (see real estate expenses).

Amounts representing exact reimbursements for losses, taxes, licenses and fees, boards, bureaus and associations, and advertising, where only the minimum space required by law is taken.

Amounts representing exact reimbursements for claim adjustment services, surveys and underwriting reports and audit of assureds' records when these services are performed by others than employees of managers, agents, brokers, solicitors or other producers.

### **§ 105.5 Advertising.**

#### *Include:*

Cost of the following:

Services of advertising agents.

Public relations counsel.

Space in newspapers, periodicals, billboards, programs, and other publications.

Circulars, pamphlets, calendars and literature issued for advertising or promotional purposes.

Drawings, plates, etchings, etc., in connection with advertising.

All charges for printing, paper, etc., in bills covering advertising.

[Radio] Media broadcasts (i.e., radio, television, etc.).

Prospect and mailing lists.

Signs, frames, medals, etc., for agents.

Souvenirs for general distribution.

Directory listings.

House organs and similar publications distributed to others than employees.

Advertising required by law when more than the minimum space required to comply with the law is taken.

#### *Exclude:*

Compensation to employees (see salaries and related items).

Items includible in travel and travel items, claim adjustment services, and boards, bureaus and associations.

Cost of literature, booklets, placards, signs, etc., issued solely for accident and loss prevention (see surveys and underwriting reports).

Advertising and business development expenses allowed, reimbursed or paid to managers, agents, brokers, solicitors, and other producers (see allowances to managers and agents).

Cost of help wanted advertising (see employee relations and welfare).

Cost of advertising in connection with owned real estate (see real estate expenses).

Cost of house organs and similar publications for the use of employees (see printing and stationery).

Donations to organized charities (see miscellaneous).

Cost of souvenirs not generally distributed (see travel and travel items).

## **§ 105.6 Boards, bureaus and associations.**

### *Include:*

Dues, assessments, fees and charges of:

Underwriters' boards, rating organizations, statistical agencies, inspection and audit bureaus.

Underwriters' advisory and service organizations [including such organizations as Insurance Executives Association, and Association of Casualty and Surety Companies].

Accident and loss prevention organizations.

Claim organizations.

[Underwriting syndicates, pools and associations such as Factory Insurance Association, Oil Insurance Association, assigned risk plans (except commission and brokerage, claim adjustment services, and taxes, licenses and fees).]

Specific payments to boards, bureaus and associations for rate manuals, revisions, fillers, rating plans and experience data.

### *Exclude:*

Cost of inspection, engineering or accident and loss prevention billed specifically to individual companies (see surveys and underwriting reports).

Loss adjustment expenses billed specifically to individual companies (see claim adjustment services).

Allowances under reinsurance contracts for board and bureau expenses (see commission and brokerage-reinsurance assumed and ceded).

Payments to State industrial commissions (see taxes, licenses and fees).

Payments into State security funds (see taxes, licenses and fees).

Commission and brokerage, claim adjustment services, and taxes, licenses and fees of underwriting syndicates, pools, and associations [such as factory insurance association and oil insurance association].

Cost of survey, credit, moral hazard, character and commercial reports obtained for underwriting purposes (see surveys and underwriting reports).

Cost of commercial reporting services (see surveys and underwriting reports).

Dues and subscriptions to social or civic clubs or affairs (see travel and travel items).

Dues and subscriptions to accounting, legal, actuarial or similar societies and associations (see travel and travel items).

### **§ 105.7 Surveys and underwriting reports.**

*Include:*

Cost of the following:

Survey, credit, moral hazard, character and commercial reports obtained for underwriting purposes.

Commercial reporting services.

Appraisals for underwriting purposes.

Fire records.

Inspection, engineering, and accident and loss prevention billed specifically.

Literature, booklets, placards, signs, etc., issued solely for accident and loss prevention.

Maps and corrections.

Services of medical examiners for underwriting purposes.

*Exclude:*

Compensation to employees (see salaries and related items).

Expenses of salaried employees (see travel and travel items).

Items includible in boards, bureaus and associations, claim adjustment services, and allowances to managers and agents.

Cost of character or credit reports on employees or applicants for employment (see employee relations and welfare).

Fees for physical examination of employees or applicants for employment (see employee relations and welfare).

Income from inspections, which shall be classified in accordance with the instruction "income from special services".

### **§ 105.8 Audit of assureds' records.**

*Include:*

Auditing fees and expenses of independent auditors for auditing payrolls and other premium bases.

*Exclude:*

Compensation to employees (see salaries and related items).

Expenses of salaried employees (see travel and travel items).

Items includible in claim adjustment services.

Items includible in allowances to managers and agents.

## **§ 105.9 Salaries and related items.**

### **(a) Salaries:**

#### *Include*

Salaries, bonus, overtime, contingent compensation, pay while on leave, dismissal allowance, pay while training and other compensation of employees.

Commission and brokerage to employees when the activities for which the commission is paid are a part of their duties as employees.

#### *Exclude:*

Salaries or wages of janitors, caretakers, maintenance [men] persons and agents paid in connection with owned real estate (see real estate expenses).

### **(b) Payroll taxes.**

#### *Include:*

Old age benefit taxes.

Unemployment insurance taxes.

#### *Exclude:*

Payroll taxes includible in real estate taxes.

## **§ 105.10 Employee relations and welfare.**

### **(a) *Pensions and insurance benefits for employees.***

#### *Include:*

Cost of retirement insurance.

Payments or appropriations to funds irrevocably devoted to the payment of pensions or other employees' benefits.

Pensions or other retirement allowances.

Accident, health and hospitalization insurance for employees.

Group life insurance for employees.

[Workmen's] Workers' compensation insurance.

Payments to or on behalf of employees under self-insurance.

Any other insurance for the benefit of employees.

The net periodic post-retirement benefit cost.

Earned amounts related to ESOP Plans.

Payments by company under a program for stock options, purchase and award plans (including change in quoted market value).

*Exclude:*

Cost of insurance on lives of employees when the company is the beneficiary[,](such cost shall not appear among expenses, but shall be charged to surplus).

Payments or appropriations to pension funds not irrevocably devoted to the payment of pensions or other employees' benefits (such payments or appropriations shall not appear among expenses).

Items includible in real estate expenses.

All other types of insurance premiums.

(b) *All other. Include:*

Cost of:

Advertising--help wanted.

Training and welfare of employees.

Physical examinations of employees or applicants for employment.

Character or credit reports on employees or applicants for employment.

Gatherings, outings and entertainment for employees.

Visiting nurse service for or on behalf of employees.

Medical and hospital bills for employees (not covered by § 105.10(a)).

Direct payments, other than salaries, to employees for injury and sickness (not covered by § 105.10(a)).

Supper money.

Donations to or on behalf of employees.

Food and catering for employees.

*Exclude:*

Salaries, bonus, overtime, contingent, pay while on leave, dismissal allowances, pay while training and other compensation of employees (see salaries and related items).

Items includible in real estate expenses.

Cost of house organs and similar publications (see advertising, and printing and stationery).

**§ 105.14 Rent and rent items.**

*Include:*

Rent of home office and branch offices.

Rent for space occupied in buildings owned.

Light, heat, power and water charges in leased premises.

Interest, taxes, etc., paid in lieu of rent for leased premises.

Cost of alterations and repairs of leased premises.

Public liability insurance premiums.

Rent of storage, safekeeping and warehouse space.

Rent of safe deposit boxes.

Rent of post office boxes.

Time clock service charges.

Cost of cleaning, towels, ice, water, electric lamp replacements and other expenses incidental to office maintenance.

Amortization expense for leasehold improvements as lessee.

*Exclude:*

Compensation to employees (see salaries and related items).

Rent of furniture, equipment, and office machines (see equipment).

Rent of automobiles (see travel and travel items).

Rent allowed, reimbursed, or paid to managers, agents, brokers, solicitors and other producers (see allowances to managers and agents).

Items includible in real estate expenses. Rent income from owned real estate.

## **§ 105.15 Equipment.**

*Include:*

Rent and repairs of furniture, equipment and office machines including printers' equipment, postage machines and [punched card] data processing equipment.

Depreciation on furniture, equipment and office machines.

[Premiums for insurance on office contents.]

*Exclude:*

Compensation to employees (see salaries and related items).

Rent, repairs and depreciation of automobiles (see travel and travel items).

Cost of insurance on automobiles (see travel and travel items).

Cost of alterations and repairs of leased premises (see rent and rent items).

Equipment expenses allowed, reimbursed or paid to managers, agents, brokers, solicitors and other producers (see allowances to managers and agents).

Items includible in real estate expenses.

Sections 105.16 through 105.21 are renumbered to be Sections 105.17 through 105.22, respectively, and Sections 105.22 and 105.23 are renumbered to be Sections 105.24 and 105.25, respectively.

Part 105 is amended by adding a new section 105.16 to read as follows:

**§ 105.16 Cost of depreciation of EDP equipment and software.**

*Include:*

Depreciation and amortization expense for electronic data processing equipment, operating and non-operating systems software.

Sections 105.17, 105.18, 105.19, and 105.20 are amended to read as follows:

**§ 105.17 Printing and stationery.**

*Include:*

Cost of the following:

Printing, stationery and office supplies such as: letterheads, envelopes, paper stock, printed forms or manuals, adding machine tape, carbon paper, binders and posts, photostatic copies, pencils, pens, leads, ink, glue, stamps and stamp pads, staplers, staples, clips and pins, desk top equipment (calendars, trays, etc.), waste baskets, analysis pads, ledgers, journals, minute books, etc.

Policies and policy forms.

[Punch cards.]

House organs and similar publications for the use of employees.

Books, newspapers and periodicals including investment, tax and legal publications and services.

*Exclude:*

Compensation to employees (see salaries and related items).

Specific payments to boards, bureaus and associations for rate manuals, revisions, fillers, rating plans and experience data (see boards, bureaus and associations).

Cost of the following:

Literature, booklets, placards, signs, etc., issued solely for accident and loss prevention (see surveys and underwriting reports).

Items includible in claim adjustment services.

Items includible in advertising.

Printers' equipment in company owned printing departments (see equipment).

Printing and stationery allowed, reimbursed or paid to managers, agents, brokers, solicitors and other producers (see allowances to managers and agents).

House organs and similar publications distributed to others than employees (see advertising).

Commercial reporting services (see surveys and underwriting reports).

Items includible in real estate expenses.

**§ 105.18 Postage, telephone and telegraph, exchange and express.**

*Include:*

Express, freight and cartage.

Postage.

Cost of telephone and telegrams, cables, radiograms and teletype.

Bank charges for collection and exchange.

*Exclude:*

Compensation to employees (see salaries and related items).

Rent, repairs and depreciation of postage machines (see equipment).

Postage, telephone, telegraph and express of employees while traveling (see travel and travel items).

Postage, telephone and telegraph, exchange, and express allowed, reimbursed or paid to managers, agents, brokers, solicitors and other producers (see allowances to managers and agents).

Profits or losses resulting from exchange on remittances to home office by a United States branch. Such profits or losses shall not be included in expenses.

Items includible in real estate expenses.

Rent of post office boxes (see rent and rent items).

**§ 105.19 Legal and auditing.**

*Include:*

Legal retainers, fees and other legal expenses (except on losses and salvage).

Auditing fees of independent auditors for examining records of home and branch offices.

Cost of services of tax experts.

Fees of investment counsel.

Registrar fees.

Custodian fees.

Trustees' fees.

Transfer agent fees.

Fees and expenses of others than employees, for collecting balances.

Notary fees.

*Exclude:*

Compensation to employees (see salaries and related items).

Expenses of salaried employees (see travel and travel items).

Items includible in claim adjustment services.

Items includible in real estate expenses.

Cost of auditing of assureds' records (see audit of assureds' records).

## § 105.20 Taxes, licenses and fees.

*(a) State and local insurance taxes, deducting guaranty association credits to the extent permitted by the state and local tax authority.*

*Include:*

State, county and municipal taxes, licenses and fees based upon premiums.

Fire patrol assessments.

Payments to State industrial (or other) commissions for administration of [workmen's] workers' compensation or other State benefit acts (including assessments for administering financial responsibility laws) regardless of basis of assessment.

Net payments to State security funds, reopened case funds, second injury funds and other State funds, when construed by the company as operating expenses, regardless of basis of assessment.

*Exclude:*

Allowances for taxes under reinsurance contracts (see commission and brokerage reinsurance assumed and ceded).

*(b) Insurance Department licenses and fees. Include:*

Agents' licenses.

Certificates of authority, compliance, deposit, etc.

Filing fees.

Fees and expenses of examination by insurance departments or other governmental agencies.

*Exclude:*

Items includible in claim adjustment services.

*(c) [Payroll taxes. Include:*

Old age benefit taxes.

Unemployment insurance taxes.

*Exclude:*

Payroll taxes includible in real estate taxes.] Gross guaranty association assessments.

*(d) All other (excluding federal income and real estate). Include:*

Qualifying bond premiums.

Statement publication fees.

Advertising required by law.

Personal property taxes.

State income taxes.

Capital stock taxes.

Business or corporation licenses or fees (not includible under (a) or (b)).

Marine profits taxes.

Documentary stamps on reinsurance.

Any other taxes not assignable under (a), (b) and (c) and not otherwise excluded.

*Exclude:*

Cost of advertising required by law where more than minimum space required to comply with the law is taken. Such expense shall be included in advertising.

Real estate taxes, licenses and fees (see real estate taxes).

Items includible in claim adjustment services.

Fees for automobile license plates (see travel and travel items).

Federal income tax.

Sales taxes, etc. included on invoices of vendors. Such taxes are to follow allocation of cost of items purchased.

Part 105 is amended by adding a new Section 105.23, to read as follows:

**§ 105.23 Reimbursements by uninsured accident and health plans.**

Report as a negative amount: administrative fees, direct reimbursement of expenses, or other similar receipts or credits attributable to uninsured accident and health plans and the uninsured portion of partially insured accident and health plans.

The opening sentence of Section 106.2 is amended to read as follows:

Joint expenses, as described in subdivision (a) of section [105.23] 105.25, *supra*, shall be allocated to companies as follows:

Section 107.2 is amended to read as follows:

**§ 107.2 List of expense groups.**

Expenses reported in the operating expense classifications shall be allocated to the following expense groups:

Investment expenses

Loss adjustment expenses

Acquisition, field supervision and collection expenses

Taxes, licenses and fees

General expenses

Subdivision (a) of Section 107.4 is repealed and a new subdivision (a) is added to read as follows:

(a) Expenses shall be allocated to expense groups as follows:

<u>Expenses to be allocated to expense groups</u>	<u>Allocation to expense groups</u>
<u>Claim adjustment services</u>	<u>Loss adjustment expenses</u>
<u>Commission and brokerage</u>	<u>Acquisition, field supervision and collection expenses</u>
<u>Allowances to managers and agents</u>	<u>See commission and allowances (§ 107.3[c][2])</u>
<u>Advertising</u>	<u>Acquisition, field supervision and collection expenses</u>
<u>Boards, bureaus and associations</u>	<u>General expenses</u>
<u>Surveys and underwriting reports</u>	<u>General expenses</u>
<u>Audit of assureds' records</u>	<u>General expenses</u>
<u>Salaries and related items</u>	<u>See special instructions relating to the allocation of salaries and other expenses (Part 109)</u>
<u>Employee relations and welfare</u>	<u>Overhead on salaries</u>
<u>Insurance</u>	<u>Overhead on salaries</u>
<u>Pensions</u>	<u>Overhead on salaries</u>
<u>Directors' fees</u>	<u>Overhead on salaries</u>
<u>Travel and travel items</u>	<u>Special studies</u>
<u>Rent and rent items</u>	<u>Overhead on salaries</u>
<u>Equipment</u>	<u>Overhead on salaries</u>
<u>Printing and stationery</u>	<u>Overhead on salaries</u>
<u>Postage, telephone and telegraph, exchange and express</u>	<u>Overhead on salaries</u>
<u>Legal and auditing</u>	<u>Special studies</u>
<u>Taxes, licenses and fees (except payroll taxes)</u>	<u>Taxes</u>
<u>Real estate expenses</u>	<u>Investment expenses</u>
<u>Income from special services</u>	<u>Special studies</u>
<u>Miscellaneous</u>	<u>Special studies</u>

Section 108.2 is repealed and a new Section 108.2 is added to read as follows:

**§ 108.2 Line of business.**

The lines of business for allocation of expenses shall be the following:

1. Fire
- 2.1 Allied lines
- 2.2 Multiple peril crop
- 2.3 Federal flood
3. Farmowners multiple peril
4. Homeowners multiple peril
- 5.1 Commercial multiple peril (Non-liability portion)
- 5.2 Commercial multiple peril (Liability portion)
6. Mortgage guaranty
8. Ocean marine
9. Inland marine
10. Financial guaranty
11. Medical malpractice
12. Earthquake
13. Group A&H
14. Credit A&H
15. Other A&H
16. Workers' compensation
17. Other liability
18. Products liability
- 19.1 Private passenger no-fault (personal injury protection)
- 19.2 Other private passenger auto liability
- 19.3 Commercial no-fault (personal injury protection)
- 19.4 Other commercial auto liability
- 21.1 Private passenger auto physical damage
- 21.2 Commercial auto physical damage
22. Aircraft (all perils)
23. Fidelity
24. Surety
26. Burglary and theft
27. Boiler and machinery
28. Credit
29. International
30. Reinsurance-nonproportional assumed –property
31. Reinsurance-nonproportional assumed –liability
32. Reinsurance-nonproportional assumed –financial lines
33. Aggregate write-ins for other lines of business

**The “Allocation of Salaries” form set forth directly preceding Section 109.4(e) is repealed and a new form is added in its place, to read as follows:**



**ALLOCATION OF SALARIES**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)		(10)	
Title of Similarly Employed Units (Each unit may comprise one or more individuals)	Gross Salaries	Allocation of Gross Salaries in Column 2 to Companies including the Employing Company			Method of Allocation To Expense Groups	Investment Expenses	Loss Adjustment Expenses		Allocation Field Supervision and Collection		General Expenses	
		Company	Method of Allocation	Amount			Amount	Line Dist.	Amount	Line Dist.	Amount	Line Dist.
<u>General Accounting Dept.</u>												
<i>Investment Records</i>	\$60,000	A B	#1	\$40,000 20,000	#101	\$40,000 20,000						
<i>Premium Tax Returns</i>	120,000	A B	#2	90,000 30,000	#103						\$90,000 30,000	#503
<i>Internal Auditing</i>	300,000	A B	#3	200,000 100,000	#105	20,000 10,000	\$80,000 43,000	#501	\$20,000 4,000	#502	80,000 43,000	#502
<i>General Bookkeeping</i>	600,000	A B	#4	430,000 170,000	#107	21,200 8,500	129,000 51,000	#501	21,500 8,500	#502	258,000 102,000	#502
<i>Managers and Assistants</i>	300,000	A B	#5	210,000 90,000	#109	23,100 10,800	58,800 26,100	#501	10,500 3,600	#502	117,600 49,500	#502

NOTE: Totals in Col. 5 for each similarly employed unit must equal amount in Col. 2.

Section 109.4(e)(5) is amended to read as follows:

(5) Salaries not specifically reimbursable. When the employees of a company devote time to the affairs of another company, and the reimbursements therefor are handled in accordance with the instructions, expenses for account of another or income from special services (see §[105.23] 105.25(b),(c)), the salaries for each similarly employed unit applicable to work done for such other company shall be shown separately on the allocation of salaries (in columns 3 to 10 incl.).

**The “Recapitulation of Salaries” Part 1, Part 2 and Part 3 forms set forth directly preceding Section 109.4(f) are repealed and new forms are added in their place, to read as follows:**

**RECAPITULATION OF SALARIES**  
**PART 1 - LOSS ADJUSTMENTS EXPENSES**

Company A

ALLOCATION BASES (From "Line Dist." columns on Allocation of Salaries)	Total	1	2.1	2.2	2.3	3	4	5.1	5.2	6	8	9
		Fire	Allied Lines	Multiple Peril Crop	Federal Flood	Farmowners Multiple Peril	Homeowners Multiple Peril	Commercial Multiple Peril		Mortgage Guaranty	Ocean Marine	Inland Marine
								Non-liability Portion	Liability Portion			
#501	\$267,800		\$5,360									

10	11	12	13	14	15	16	17	18	19.1	19.2	19.3	19.4
Financial Guaranty	Medical Malpractice	Earthquake	Group Accident and Health	Credit Accident and Health	Other Accident and Health	Workers' Compensation	Other Liability	Products Liability	Automobile Liability			
									Private Passenger		Commercial	
									No-Fault (Personal Injury Protection)	Other	No-Fault (Personal Injury Protection)	Other
						\$120,520	\$34,820			\$96,400		

21.1	21.2	22	23	24	26	27	28	29	30	31	32	33
Auto physical damage		Aircraft (all perils)	Fidelity	Surety	Burglary and Theft	Boiler and Machinery	Credit	International	Reinsurance - Non-Proportional Assumed			Aggregate write-ins for other lines business
Private Passenger	Commercial								Property	Liability	Financial Lines	
			\$2,680	\$5,340	\$2,680							

## RECAPITULATION OF SALARIES

### PART 2 - ACQUISITION, FIELD, SUPERVISION AND COLLECTION EXPENSES

Company A

ALLOCATION BASES (From "Line Dist." columns on Allocation of Salaries)	Total	1	2.1	2.2	2.3	3	4	5.1	5.2	6	8	9
		Fire	Allied Lines	Multiple Peril Crop	Federal Flood	Farmowners Multiple Peril	Homeowners Multiple Peril	Commercial Multiple Peril		Mortgage Guaranty	Ocean Marine	Inland Marine
								Non-liability Portion	Liability Portion			
#502	\$52,000		\$1,040									

10	11	12	13	14	15	16	17	18	19.1	19.2	19.3	19.4
Financial Guaranty	Medical Malpractice	Earthquake	Group Accident and Health	Credit Accident and Health	Other Accident and Health	Workers' Compensation	Other Liability	Products Liability	Automobile Liability			
									Private Passenger		Commercial	
									No-Fault (Personal Injury Protection)	Other	No-Fault (Personal Injury Protection)	Other
						\$24,960	\$5,720			\$18,200		

21.1	21.2	22	23	24	26	27	28	29	30	31	32	33
Auto physical damage		Aircraft (all perils)	Fidelity	Surety	Burglary and Theft	Boiler and Machinery	Credit	International	Reinsurance - Non-Proportional Assumed			Aggregate write-ins for other lines business
Private Passenger	Commercial								Property	Liability	Financial Lines	
			\$620	\$940	\$520							

**RECAPITULATION OF SALARIES**  
**PART 3 - GENERAL EXPENSES**

Company A

ALLOCATION BASES (From "Line Dist." columns on Allocation of Salaries)	Total	1	2.1	2.2	2.3	3	4	5.1	5.2	6	8	9
		Fire	Allied Lines	Multiple Peril Crop	Federal Flood	Farmowners Multiple Peril	Homeowners Multiple Peril	Commercial Multiple Peril		Mortgage Guaranty	Ocean Marine	Inland Marine
								Non-liability Portion	Liability Portion			
#502 #503	\$455,600 90,000		\$9,120 2,200									

10	11	12	13	14	15	16	17	18	19.1	19.2	19.3	19.4
Financial Guaranty	Medical Malpractice	Earthquake	Group Accident and Health	Credit Accident and Health	Other Accident and Health	Workers' Compensation	Other Liability	Products Liability	Automobile Liability			
									Private Passenger		Commercial	
									No-Fault (Personal Injury Protection)	Other	No-Fault (Personal Injury Protection)	Other
						\$218,680 60,220	\$50,120 6,160			\$159,460 18,080		

21.1	21.2	22	23	24	26	27	28	29	30	31	32	33
Auto physical damage		Aircraft (all perils)	Fidelity	Surety	Burglary and Theft	Boiler and Machinery	Credit	International	Reinsurance - Non-Proportional Assumed			Aggregate write-ins for other lines business
Private Passenger	Commercial								Property	Liability	Financial Lines	
			\$5,460 1,200	\$8,200 1,200	\$4,560 940							

Section 109.4(f)(2) is amended to read as follows:

(2) The forms, recapitulation of salaries, [are shown on the preceding page. Although presented on one page, there] are three separate forms, one for loss adjustment expenses, another for acquisition, field supervision and collection expenses, and another for general expenses. For purposes of illustration, the specimen entries, applicable to Company A, made on the allocation of salaries form have been continued on the recapitulation of salaries form. Note that, for Company A, the figures in the expense group columns on the allocation of salaries form have been combined by “line dist.” codes, entered on the recapitulation of salaries form, and then spread to primary lines of business based on the “line dist.” codes.

**The four “Detail of Allocation Bases” forms set forth directly following Section 109.4(g)(4) are repealed and new forms are added in their place, to read as follows:**

**DETAIL OF ALLOCATION BASES**

**Company:** Alpha Group

**Basis:** Value of Investment

**Purpose:** Inter-company Allocation

**Number:** 1

**Explanation of Basis**

*Based on statement values of bonds and stocks owned (See memo of Allocation Committee 11/14/99).*

**Application of Basis**

Company	1999	2000	2001	2002	2003
A	66 2/3%				
B	33 1/3%				

**DETAIL OF ALLOCATION BASES**

**Company:** Alpha Group

**Basis:** Direct

**Purpose:** Allocation to Expense Groups

**Number:** 101

**Explanation of Basis**

*Direct to Investment Expenses. This basis is applicable to the positions and units listed on the memo dated 11/14/99 from the Allocation Committee.*

**Application of Basis**

<b>Expenses Groups</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>Company <u>A</u></b> Investment Expenses Loss Adjustment Expenses Acquisition, Field Supervision and Collection Expenses General Expense	100%				
<b>Company <u>B</u></b> Investment Expenses Loss Adjustment Expenses Acquisition, Field Supervision and Collection Expenses General Expense	100%				

## DETAIL OF ALLOCATION BASES

**Company:** Alpha Group

**Basis:** Number of Loss Entries

**Purpose:** Allocation to Line of Business

**Number:** 501

### Explanation of Basis

*The Allocation Committee, in consultation with Mr. Jones, General Adjuster, decided to allocate auditing and bookkeeping work, done in connection with losses, on the basis of number of loss entries modified by certain weightings and discounts. Memo from the Allocation Committee dated 7/18/99, together with worksheet, tabulations, etc are attached hereto.*

### Application of Basis

<b>Company <u>A</u></b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
1 Fire					
2.1 Allied lines	2%				
2.2 Multiple peril crop					
2.3 Federal flood					
3 Farmowners multiple peril					
4 Homeowners multiple peril					
5.1 Commercial multiple peril (Non-liability portion)					
5.2 Commercial multiple peril (Liability portion)					
6 Mortgage guaranty					
8 Ocean marine					
9 Inland marine					
10 Financial guaranty					
11 Medical malpractice					
12 Earthquake					
13 Group Accident and Health					
14 Credit Accident and Health (group and individual)					
15 Other Accident and Health					
16 Workers' compensation	45%				
17 Other Liability	13%				
18 Products liability					
19.1 Private passenger auto no-fault (personal injury protection)					
19.2 Private passenger auto liability	36%				
19.3 Commercial auto no-fault (personal injury protection)					
19.4 Commercial auto liability					
21.1 Private passenger auto physical damage					
21.2 Commercial auto physical damage					
22 Aircraft (all perils)					
23 Fidelity	1%				
24 Surety	2%				
26 Burglary and theft	1%				
27 Boiler and machinery					
28 Credit					
29 International					
30 Reinsurance - non-proportional assumed - Property					
31 Reinsurance - non-proportional assumed - Liability					
32 Reinsurance - non-proportional assumed - Financial lines					
33 Aggregate write-ins for other lines business					
TOTALS	100%				



I, Gregory V. Serio, Superintendent of Insurance of the State of New York, do hereby certify that the foregoing is the Fifth Amendment to Parts 105, 106, 107, 108 and 109 of Title 11 of the Official Compilation of Codes, Rules and Regulations of the State of New York (Regulation No. 30), promulgated by me on October 3, 2002, pursuant to the authority granted by Sections 201, 301, 2325 and Article 23 of the Insurance Law, to take effect upon publication in the State Register.

Pursuant to the provisions of the State Administrative Procedure Act, prior notice of the proposed amendment was published in the State Register on August 7, 2002. No other publication or prior notice is required by statute.

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Gregory V. Serio  
Superintendent of Insurance

October 3, 2002