



NYCIRB
New York Compensation
Insurance Rating Board
733 Third Avenue
New York, NY 10017
Tel: (212) 697-3535

May 1, 2019

R.C. 2482

Re: New York Workers' Compensation and Employers' Liability Manual
Premium Threshold for Annual Physical Audits
Effective Date: October 1, 2019

Members of the Rating Board:

I write to inform you that the New York State Department of Financial Services ("DFS") has approved an amendment to the Rating Board's New York Workers' Compensation and Employers' Liability Manual ("Manual"), which is detailed herein and attached hereto, and is effective on October 1, 2019.

Specifically, DFS approved the Rating Board's filing to increase the premium threshold for requiring annual physical audits from \$5,000 to \$10,000. Accordingly, while carriers will still be permitted to conduct physical audits on risks with a premium within the \$5,000 to \$10,000 range, they are no longer required to do so. Increasing the premium threshold enables carriers to focus resources on where they are most meaningfully spent.

The modified and final versions of Manual Page R-40, reflecting this approved change, is attached for your convenience.

As mentioned above, the above-described change is effective on October 1, 2019. If you have any questions or concerns, please do not hesitate to contact Mr. Mark Battistelli, Vice President of Underwriting Services, at (212) 697-3535, ext. 113 or at mbattistelli@nycirb.org.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Jeremy Attie".

Jeremy Attie
President and CEO

Enclosures

7. Multiple State Policies

If a policy provides workers compensation insurance in more than one state, the minimum premium to be charged for the policy shall be the carrier's single highest minimum premium of the individual state's minimum premiums. *Refer to Section I.M. of the New York Digest of Rulings and Interpretations for additional information.*

F. DEPOSIT PREMIUM

A deposit premium may be payable at the inception of the policy. The deposit premium shall not be less than the minimum premium stated in the policy.

G. AUDIT OF PAYROLL AND ADJUSTMENT OF PREMIUM

The rules and classifications in this manual govern the audit of payrolls and adjustments of premiums, subject to the following requirements:

1. The carrier shall make a physical audit of the employer's records for the purpose of determining the premium subject to the following:

- ★ a. Each risk producing an annual premium of \$510,000 or more shall be audited at least once a year.
- ★ b. Except as provided in c. below, each risk producing an annual premium of less than \$510,000 shall be audited the first year a policy is written by a particular carrier, then at least once every three years thereafter. In each year when a physical audit is not conducted, a signed payroll statement shall be obtained from the employer.
- c. In instances where an audit is clearly impracticable, such as for private residences or building operations risks served by one or two employees, an actual audit may be waived and a signed payroll statement from the employer may be accepted.

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If a policy provides workers compensation insurance in more than one state, the minimum premium to be charged for the policy shall be the carrier's single highest minimum premium of the individual state's minimum premiums. *Refer to Section I.M. of the New York Digest of Rulings and Interpretations for additional information.*

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1. The carrier shall make a physical audit of the employer's records for the purpose of determining the premium subject to the following:

- ★ a. Each risk producing an annual premium of \$10,000 or more shall be audited at least once a year.
- ★ b. Except as provided in c. below, each risk producing an annual premium of less than \$10,000 shall be audited the first year a policy is written by a particular carrier, then at least once every three years thereafter. In each year when a physical audit is not conducted, a signed payroll statement shall be obtained from the employer.
- c. In instances where an audit is clearly impracticable, such as for private residences or building operations risks served by one or two employees, an actual audit may be waived and a signed payroll statement from the employer may be accepted.