

August 15, 1977

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 10 (1977)

TO: ALL INSURERS LICENSED TO WRITE ACCIDENT AND HEALTH INSURANCE IN NEW YORK STATE

RE: DISABILITY BENEFITS LAW -- COVERAGE FOR MATERNITY

Chapter 675, Laws of 1977 amends Section 201, subdivision 9 and Section 205, subdivision 3 of the Disability Benefits Law. The amendments require the inclusion of maternity benefits in all contracts which provide the benefits mandated by Article 9 of the Workmen's Compensation Law. The required maternity benefits are described in the August 5, 1977 bulletins DBIC 30 and DB 65 issued by the Workmen's Compensation Board. These bulletins were sent to all insurance carriers providing benefits under the Disability Benefits Law.

This legislation, which was effective August 3, 1977, requires additional benefits, therefore, rate adjustments are anticipated. As a guide to insurers, rates based upon the following assumptions will be accepted by the New York Insurance Department:

- 1) An annual frequency of .022 for all working females. (Other frequencies, e.g., age related frequencies, consistent with the above, will also be acceptable);
- 2) An average duration of 8.8 weeks for all maternity benefits (8 week maximum for normal maternity and 26 week maximum for complications);
- 3) An average benefit level of \$ 72 per week per female employee for groups under 50 in size;
- 4) The expense loading for benefits added to existing policies should be limited to no more than one third of net premiums.

Other bases used to compute gross premiums for these benefits will be considered by the Department if the company has carefully documented credible experience as support.

All insurers writing D.B.L. coverage should submit appropriate rider forms (if necessary) and any premium rate adjustments as soon as possible to enable the Department to review all submissions in a reasonable time frame. Where permissible by law, all rate filings will be made effective August 3, 1977.

Please note that the maximum benefit level was not changed by any of the above amendments.

[SIGNATURE]

JOHN F. LENNON

Acting Superintendent of Insurance