

December 19, 1972

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 6 (1972)

TO ALL COMPANIES AUTHORIZED TO WRITE DISABILITY BENEFITS LAW INSURANCE:

Re: Reserves To Be Held By Insurance Companies Against Future Assessments For The Sick Unemployed (Workmen's Compensation Law, Section 214)

The basis for the above reserve to be reported in the annual statement of each carrier has remained unchanged since the Department's Circular Letter of November 5, 1964 was issued. In the light of the recent amendment to Section 214(2) of the Workmen's Compensation Law (Chapter 329, Laws of 1972), which amendment changes the definition of the term "payrolls" from "the first three thousand dollars of earnings of each employee during any calendar year" to "the first forty-two hundred dollars of earnings of each employee during any calendar year", a change in the reserve requirements is warranted in order that reserves continue at their current levels. Accordingly, this will advise that the required reserve to be reported in the annual statement as of December 31, 1972, and, unless changed as of December 31st for subsequent years, shall be as follows:

Annual Statement as of December 31, 1972

The sum of .05 of 1% of covered payrolls for each of the years 1970 and 1971 plus .035 of 1% of covered payrolls for the year 1972, less the sum of two-thirds of the assessment for the sick unemployed levied in 1972 and one-third of such assessment levied in 1971.

Annual Statement as of December 31, 1973

The sum of .05 of 1% of the covered payrolls for the year 1971 and .035 of 1% of the covered payrolls for each of the years 1972 and 1973, less the sum of two-thirds of the assessment for the sick unemployed levied in 1973 and one-third of such assessment levied in 1972.

Annual Statement as of December 31, 1974, and as of December 31 of Subsequent Years

.035 of 1% of the sum of the covered payrolls for the year of report and the two immediately preceding years, less the sum of two-thirds of the assessment levied for the sick unemployed in the year of report and one-third of such assessment levied in the year immediately preceding.

It is estimated that these new factors and the new wage base will produce about the same level of reserves that were produced by the previous factors and the previous wage base.

Very truly yours,

[SIGNATURE]

Robert J. Bertrand

Deputy Superintendent