



NYCIRB

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

June 24, 2021

R.C. 2540

Re: New York Experience Rating Plan and Formula Revisions
Effective Date: October 1, 2022

Members of the Rating Board:

I write to inform you that the New York State Department of Financial Services approved a new edition of the Rating Board's New York Experience Rating Plan Manual ("Plan"), which will be effective for experience mods with a rating effective date on or after October 1, 2022.

By way of brief background, in 2017, the Rating Board began a multi-year evaluation of its experience rating program. The results of the study indicated that the credits and debits issued under the current experience rating program are insufficient to adjust premium to an appropriate level for individual risks and adequately incentivize workplace safety. Risks with better than expected experience do not receive enough credit, and risks with worse than expected experience do not receive enough debit. Accordingly, the Rating Board investigated and tested several alternative methodologies, worked with its Actuarial Committee, and consulted with system stakeholders to develop a plan that achieves an appropriate balance between accuracy, stability, and equity while also incentivizing workplace safety.

The new Plan incorporates several new methods as well as discontinues others currently in use. For example, the new Plan includes variable split points, a simplified rating formula, and a novel claim capping method. In addition, the Rating Board's merit rating plan will be discontinued, and all risks in New York State with exposure during the experience period will be experience rated. Upon the implementation of the new Plan, New York State will withdraw from the NCCI interstate rating plan. All New York risks will be rated based on their New York experience only and receive a New York mod that will apply only to their New York exposure. During the first year of the new program (*i.e.*, for mods with effective dates between October 1, 2022 and September 30, 2023), a transitional modification factor may be applied.

The Rating Board is committed to providing all stakeholders with educational materials related to its new experience rating methodology. To begin that effort, a pamphlet titled, "[Changes to the Experience Rating Program Explained](#)," is available for viewing and download on the Rating Board's experience rating transition resources webpage. The pamphlet includes (i) the rationale for the revisions; (ii) a description of the new Plan's components; (iii) examples of experience rating mod calculations; and (iv) a sample redesigned experience rating



worksheet. An [interactive version of a sample redesigned experience rating worksheet](#) is also available on the Rating Board's experience rating transition resources webpage.

A [Technical Actuarial Support Memorandum](#), which provides detailed information related to the Rating Board's experience rating research and the resulting methodology, has been posted to the Rating Board's experience rating transition resources webpage.

The Rating Board will provide additional educational materials related to its new experience rating methodology in the coming months, including a presentation at the 2021 New York Workers' Compensation Forum, which will be held virtually on September 14, 2021, as well as several stakeholder-focused webinars in the fall of 2021. Registration information for the 2021 Virtual Forum will be available on the Rating Board's website in July of 2021. If you would like to attend a webinar on the changes to the experience rating methodology, please send your contact information and interest to experiencratingtransition@nycirb.org.

Finally, (a) the approved October 1, 2022 edition of the [Experience Rating Plan Manual](#), and (b) the approved modified pages to the Rating Board's [Statistical Plan](#) are available for viewing and download on the Rating Board's experience rating transition resources webpage.

If you have any questions or concerns, please do not hesitate to contact the Rating Board at experiencratingtransition@nycirb.org.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'ja Attie', written in a cursive style.

Jeremy Attie
President and CEO