

EXCESS COVERAGE (PER ACCIDENT BASIS) FOR  
SELF - INSURERS: WORKMEN'S COMPENSATION—  
NEW YORK

BY

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In 1927, Mr. Paul Dorweiler presented a paper entitled "Observations on Making Rates for Excess Compensation Insurance" which is contained in Volume XIII of the Proceedings. Mr. Dorweiler commented upon various forms of partial coverage and outlined certain ratemaking studies which had been made to that date. Included in this survey was excess insurance per accident, which affords coverage for losses in excess of a fixed limit per accident. The assured retains his obligations up to a fixed amount for each accident and insures the portion of losses in excess of this fixed amount.

Since that time, the subject of excess insurance per accident has been given further consideration in a number of states and various ratemaking formulas have been employed in different jurisdictions. The purpose of this paper is to outline the developments which have taken place in New York with regard to this form of coverage since the preparation of Mr. Dorweiler's paper.

In 1930, the Superintendent of Insurance issued the following decision which has been regarded as a landmark ever since as respects the various forms of excess compensation coverage in New York:

DECISION IN THE MATTER OF EXCESS COMPENSATION  
COVERAGE FOR SELF-INSURERS

Employers who qualify as self-insurers frequently purchase insurance to protect themselves against excessive losses resulting from the occurrence of a catastrophe. This form of coverage is legitimate, and reasonable provision should be made for furnishing it. The principal interest of the Insurance Department at this time is that the form of coverage made available should be catastrophe coverage and not a form to be used for competing unfairly with full coverage.

I therefore rule that all forms of excess coverage, deductible average, stop loss or aggregate excess coverage, etc., other than full coverage or ex-medical coverage, applicable to risks within this State, whether issued by a reinsurance or a direct writing company, shall be submitted to me for approval before they may be used.

(signed) Albert Conway

March 6, 1930

Superintendent

It will be noted that all forms of excess workmen's compensation coverage for self-insurers are construed, in effect, to be direct insurance and not reinsurance, and are therefore subject to regulation by the Insurance Department. Furthermore, such excess coverage must be essentially catastrophe coverage and not of a form to be used in competing unfairly with full coverage.

In accordance with this decision, the Compensation Insurance Rating Board prepared a standard policy form for excess coverage on a per accident basis for self-insurers which was approved by the Insurance Department. Advisory rates for excess coverage above certain specified limits per accident were calculated. In the schedule of rates by classification, the advisory rates were expressed as a percentage of the corresponding full coverage rates shown in the New York Workmen's Compensation Manual.

The standard form of policy providing excess coverage on a per accident basis for self-insurers was published by the Board in circular letter L. C. 134, dated May 13, 1931. A digest of the plan of excess cover and the principal provisions of the standard policy are summarized below:

DIGEST OF THE PRINCIPAL PROVISIONS OF THE STANDARD POLICY  
FORM FOR EXCESS COVERAGE (PER ACCIDENT BASIS)  
FOR SELF-INSURERS

(a) *Plan of Cover:*

The excess cover available to duly authorized self-insurers shall provide indemnification for losses, including medical, in excess of a specified limit (\$10,000, \$15,000, \$20,000 or \$25,000 as may be desired) resulting from a single accident, whether such accident involves one or more persons. Such indemnification shall be payable to the self-insurer only when loss payments in excess of the assured's retention for the accident have actually been made.

(b) *Consideration:*

The maintenance of the employer's qualifications as a self-insurer during the policy period and the payment of the premium constitute the consideration for the agreement.

(c) *Insuring Clause:*

The insuring clause provides cover for compensation benefits under the New York Compensation Law over and above the amount of the retention which the self-insurer is obliged to pay at his own cost. The minimum retention is \$10,000. The cover includes medical, hospital and funeral expenses under the New York Compensation Law and also protects the self-insurer against excess loss on claims and suits for damages under employers' liability laws of the United States and Canada. Medical expenses under employers' liability are excluded. All costs of litigation and defense and all interest charges are to be pro rated. An upper limit to the company's total liability per accident may be stated in the Declarations.

(d) *Definitions:*

The term "accident" is defined as an event involving injuries to one or more persons. Occupational diseases under the New York Compensation Law having a common origin and related to a definite time within the policy term are included. Only accidents occurring within the term of the policy are covered. Other definitions cover the term "employee" and the term "retention."

(e) *Provisions of Section 167 of New York Insurance Law:*

The provisions of Section 167 of the New York Insurance Law (as recodified in 1939) are incorporated in the contract. The company is made liable, in the event of the insolvency or bankruptcy of the self-insurer, to the claimants to the same extent as would apply if the self-insurer had remained solvent. The liability of the company is extended to cover any failure or default on the part of the self-insurer to comply with any obligations to the claimant, but only for such portion of the judgment as exceeds the retention of the self-insurer. The statutory provision respecting notice is also made part of the policy.

(f) *Determination of Premium:*

The remuneration of employees furnishes the basis for the premium and its determination is in accord with the usual provisions found in the full cover compensation contract.

(g) *Cancellation:*

The policy may be canceled upon ten days notice given by either party to the other party and to the Industrial Commissioner. Cancellation is on a short rate basis if made at the self-insurer's request. If cancellation is at the company's request, or because the self-insurer is retiring from the business described, the premium is computed on a pro rata basis.

(h) *Inspection and Audit:*

The company is permitted to inspect the self-insurer's establishment during the policy period. It has the right to audit payroll accounts during the policy period and within one year after its expiration. The company is privileged to examine the books relating to loss payments within one year after the final settlement of all claims.

(i) *Notice and Settlement of Claims:*

The self-insurer is required to give notice of all accidents which may involve an excess loss. The self-insurer is made responsible for the investigation and settlement of such claims. The company has the right to participate in the negotiations for settlement or in the defense of any suit. No voluntary settlement is to be made without the consent of the company.

(j) *Assignment and Subrogation:*

The interest of the self-insurer may not be assigned. If there is additional insurance for excess cover, the liability of the company is in proportion to the total amount of excess insurance. The company is given the right of subrogation where either the self-insurer or the claimant has the right of recovery against third parties.

(k) *Liquidation of Long-Term Claims:*

The policy contains no special provision for the liquidation of long-term claims by a deposit in the Aggregate Trust Fund as permitted by Section 27 of the New York Compensation Law, but if an arrangement to that effect is agreed upon by the parties, the contract may be modified by an appropriate endorsement.

(l) *Declarations:*

The Declarations give the name of the self-insurer, Post Office address, describe the operations conducted by him and the locations to be covered; also show the estimated payroll,

the premium rates, the estimated premium, the minimum premium, the amount of retention (not less than \$10,000), and the upper limit of the company's liability per accident. The concluding item gives the signature of the self-insurer which is to be accepted as authorized on his behalf.

In 1940, the Actuarial Committee of the Compensation Insurance Rating Board completed a thorough study of this form of coverage which had been made preparatory to the filing of a proposed rate schedule to supersede the advisory rates established by the Board in 1930. The methods employed in this study and the conclusions reached will be outlined. In addition, a comparison of this proposal with the basis of the present advisory rates will be given for the important elements.

#### ACTUAL EXPERIENCE DURING POLICY YEARS 1928-1937

Preliminary to outlining the ratemaking method developed in 1940, it may be of interest to review the actual past experience for this form of coverage in New York. Exhibits 1 and 2 present certain information on the actual experience incurred during policy years 1928 to 1937 under excess cover for a single accident.

A loss ratio of 70.8% was incurred on a total premium volume of \$670,097. This was a very adverse loss ratio for this type of coverage for which the permissible loss ratio would average less than 50%, taking into account the necessary expense provision. For the experience of Board members, the corresponding loss ratio was 35.7%; and for reinsurance carriers, not members of the Board, it was 91.5%. It may be stated that excess coverage on a per accident basis has generally been written at rates lower than the advisory rates calculated by the Board in 1930.

#### EXPERIENCE BASIS OF PROPOSED RATES

It would not be practicable to determine the proposed rate structure on the basis of the experience of risks written on an excess coverage basis in the past, even though the total actual losses of \$474,609 for such risks may seem to represent a sizeable volume. Since the occurrence of losses costing more than \$10,000 or some higher limit per accident is infrequent, it is obvious that we must have a broad spread of experience in order to determine

reliable indications. Furthermore, the actual volume of experience has been built up by a repetition of coverage for a comparatively small number of risks and therefore does not encompass a broad cross-section of the business in the state.

The proposed rate structure has been based on a study of the New York experience for policy years 1931-1935 combined for risks written on a statutory coverage basis. From these data, it has been possible to determine the proportion of total losses which is in excess of certain selected limits per accident. By using five policy years of statutory coverage experience in this analysis, a sufficient volume of basic data was available to develop reliable indications by hazard group and per accident limit.

#### HAZARD GROUP

Each of the classifications, other than the vessel classifications, has been assigned to one of the following three hazard groups:

*Hazard Group*

A = High

B = Medium

C = Low

In previous studies, classifications were assigned to hazard groups largely on the basis of the relative catastrophe hazard. In connection with this study it was observed, however, that the excess losses on single cases account for a greater proportion of the total excess losses than do catastrophes. In assigning each classification to hazard group, consideration was therefore given to the amount of the serious indemnity pure premium, since this gives an approximate indication of the relative serious frequency, and to the inherent catastrophe hazard of the classification.

The assignment of the classifications to hazard group was made by the Actuarial and Engineering Divisions of the Board in cooperation, thereby reflecting both actuarial and engineering judgment. Exhibit 3 shows this assignment and also, for comparison, the corresponding hazard group assignment which underlies the present advisory rates.

## EXCESS COST

In order to derive the incurred excess cost on a comparable basis with the incurred total cost of a particular claim, the excess cost was computed on an annuity basis for cases involving life payments and on a terminal value basis for all other cases. For death, permanent total and major permanent partial cases where the estimates of incurred indemnity reflect the use of tables to compute the present value of future payments, the excess cost for specified per accident limits was determined on the basis of annuities deferred from the date of valuation until the available retention by the self-insurer is exhausted. In the case of major permanent partial schedule awards for which the estimates of incurred loss were set up on a terminal value basis, the excess cost was determined by deducting the retention of the self-insurer from the estimated total incurred loss.

In the computations based on deferred annuities, the sum of the paid and accrued indemnity and the incurred medical was deducted from the specified per accident retention to determine the remainder of the retention as of the valuation date. This residue was divided by the annual compensation benefit to determine the number of years that the annuity payments by the insurance carrier would be deferred. This method of calculation takes into account the fact that the insurance carrier will become liable when the self-insurer has made gross payments on a particular accident which aggregate to the amount of his retention. It does provide, though, for the use of an interest discount rate of 3.5% for the tabular cases from date of excess payment to the valuation date of the experience employed in this study.

In the case of catastrophes, the residual portion of the retention at the valuation date was determined by subtracting from the retention limit the sum of: (1) the paid and accrued indemnity and the incurred medical for death, permanent total and non-schedule major permanent partial cases, and (2) the total incurred cost for all other cases involved. The number of years that the annuity payments by the insurance carrier would be deferred was obtained by dividing this residue by the total annual compensation payable to all pensioners. The present values of the deferred annuities to pensioners were summed to obtain the total excess cost of the catastrophe. If the total losses paid or accrued ex-

ceeded the retention limit, the difference was added to the present values of the annuities payable commencing with the valuation date in order to obtain the excess cost.

Exhibits 4, 5 and 6 illustrate these calculations in the case of actual death, permanent total and major permanent partial (reduced earnings) claims. Exhibit 4 also illustrates the treatment of catastrophes wherein the multiple claims are combined in the analysis.

It may be well to mention that it was not possible to treat death and certain types of permanent disability cases as though they were payable into the Aggregate Trust Fund because self-insurers are not required to pay the present value of such cases into the Aggregate Trust Fund as are stock and mutual carriers. Under the Workmen's Compensation Law, it is optional with self-insurers as to whether they wish to take advantage of this method of closing out long-term cases.

Exhibits 7, 8 and 9 show the excess loss results determined for separate limits of \$10,000 per accident, \$15,000 per accident and \$25,000 per accident. These exhibits have been designed to determine the ratio of excess to serious indemnity cost by hazard group. As is customary, death, permanent total and major permanent partial claims are the kinds of injury classified as serious.

#### FORMULA FOR CALCULATING PRESENT ADVISORY RATES

The following formula was employed in 1930 in calculating the advisory rates for a \$10,000 per accident limit:

$$\text{Excess Rate} = \frac{\frac{\text{Serious P.P.*} \times \text{Excess Cost**}}{\text{Total P.P.}} \times \frac{\text{Excess Cost**}}{\text{Serious Cost}} \times .600}{.80} + .030 \times \text{Manual Rate}$$

$$= \left( \frac{\text{Serious P.P.*}}{\text{Total P.P.}} \times \frac{\text{Excess Cost**}}{\text{Serious Cost}} \times .9375 + .0375 \right) \times \text{Manual Rate}$$

\* For Class.

\*\* For Hazard Group.

#### *In explanation:*

- (1) The ratio of the serious pure premium to the total pure premium by class is determined from the adopted pure premiums underlying the New York rate for statutory compensation coverage.



- (2) The ratio of excess cost to serious cost is based on the study by hazard group for the \$10,000 per accident limit.
- (3) The permissible loss ratio of .600 underlying statutory coverage rates is introduced in order to convert the excess loss provision from in terms of statutory coverage losses to in terms of statutory coverage premium.
- (4) A flat charge of .030 of the manual rate is provided for fixed company administration and payroll audit expenses.
- (5) The loss portion of the advisory rate is divided by .80 in order to provide for claim adjustment, inspection, and the remainder of company administration and payroll audit expenses.
- (6) Finally, the result produced by the above steps is divided by .80 in order to include a provision of .175 for acquisition and .025 for taxes. These were the respective provisions which were included in the New York rate structure prior to 1935 when both items were changed.

The rates for other retentions were computed as a function of the rates for a \$10,000 per accident limit as follows:

Excess Insurance Above Per Accident Limit of:	Excess Insurance Rate Relativity (As % of Rate for \$10,000 Per Accident Limit Retention by Assured)
\$10,000	100%
15,000	75
20,000	50
25,000	25

PROPOSED FORMULA FOR CALCULATING RATES

The following revised formula for computing rates for a \$10,000 per accident limit is proposed on the basis of the 1940 study:

$$\text{Excess Rate} = \frac{\frac{\text{Ser. P.P.}^*}{\text{Total P.P.}} \times \frac{\text{Excess Cost}^{**}}{\text{Ser. Cost}} \times .598 \times \left( 1.000 + \frac{.080 + .020 + .103}{.598} \right) + .010}{(1.000 - (.150 + .039))} \times \text{Manual Rate}$$

$$= \left( \frac{\text{Ser. P.P.}^*}{\text{Total P.P.}} \times \frac{\text{Excess Cost}^{**}}{\text{Ser. Cost}} \times .9873 + .0123 \right) \times \text{Manual Rate}$$

\* For Class.

\*\* For Hazard Group.

*In explanation:*

- (1) The permissible loss ratio underlying statutory coverage rates is now .598.
- (2) A flat charge of .010 of the manual rate is provided for fixed company administration and payroll audit expenses.
- (3) Claim adjustment, Department of Labor assessment, inspection, and the remainder of company administration and payroll audit expenses are provided for as a loading on the loss provision, in the same proportion as exists in the make-up of the premium dollar for statutory coverage rates.
- (4) The revised rates include a provision of .150 for acquisition and .039 for taxes (including .004 for Social Security Act taxes).

An analysis of the make-up of this expense loading as compared with the corresponding expense loading in the printed manual rates for statutory coverage is given in the following exhibit:

Item	EXPENSE LOADING—NEW YORK			
	In Printed Manual Rates for Statutory Coverage	Excess Coverage (\$10,000 Per Accident Limit)		
		Percent of Printed Manual Rate for Statutory Coverage	Percent of Excess Coverage Loss Provision ÷ .598	Percent of Excess Coverage Rate
(1)	(2)	(3)	(4)	(5)
H. O. Administration.....	7.1%	} 1.0%	} 10.3%	
Payroll Audit.....	1.7			
Inspection .....	2.5			
Claim Adjustment.....	8.0		8.0	
Dept. of Labor Assess....	2.0		2.0	
Social Security Act Taxes	0.4	} 3.9%		0.4
Other Taxes and Fees....	3.5			3.5
Acquisition .....	15.0			15.0
Total.....	40.2	1.0	20.3	18.9
Loss Provision.....	59.8			
Grand Total .....	100.0%			

The rates for other retentions are to be computed as a function of the rate for a \$10,000 per accident limit as follows:

Excess Insurance Above Per Accident Limit of :	Excess Insurance Rate Relativity (As % of Rate for \$10,000 Per Accident Limit Retention by Assured)
\$10,000	100%
15,000	65
20,000	45
25,000	30

Although the above method of computing the excess coverage rates for retentions higher than \$10,000 per accident is proposed as a practical method, the results produced will reflect, on the average, the same type of expense loading formula as was outlined above for the \$10,000 per accident limit. This is shown by a comparison of columns (5) and (6) of Exhibit 10. The percentages for excess insurance rate relativity by per accident limit were selected so as to reproduce approximately the results which would be achieved if the expense loading formula were exactly applied in the case of each per accident limit.

SCHEDULE OF PROPOSED RATES FOR \$10,000 PER ACCIDENT LIMIT

The schedule of proposed rates by classification is computed for the base limit of \$10,000 per accident. These rates are quoted as a percentage of the printed manual rate for statutory coverage. The calculations are based on the pure premium data underlying the July 1, 1940 general rate revision for statutory coverage and the following formulas were employed in making these calculations:

Hazard Group	Excess Cover Rate (\$10,000 per accident limit) as % of Printed Manual Rate =
A	$\frac{\text{Ser. P.P.}^*}{\text{Total P.P.}} \times 22.9\% \times .9873 + 1.23\%$
B	$\frac{\text{Ser. P.P.}^*}{\text{Total P.P.}} \times 19.8\% \times .9873 + 1.23\%$
C	$\frac{\text{Ser. P.P.}^*}{\text{Total P.P.}} \times 15.8\% \times .9873 + 1.23\%$

\* For Class.

The excess coverage rate in the case of an individual classification is to be computed to three decimal places as the product of the specified percentage for the per accident limit and the printed manual rate.

## MINIMUM PREMIUM

A minimum premium of \$100 is proposed for excess coverage policies.

## UPPER LIMIT PER ACCIDENT AS RESPECTS THE CARRIER'S LIABILITY

Since an upper limit per accident to the carrier's liability may be stated in the Declarations, the following extended table is proposed to permit the determination by interpolation of the appropriate rates for policies providing for an upper limit per accident as respects the carrier's liability:

Excess Insurance Above Per Accident Limit of:	Excess Insurance Rate Relativity (As % of Rate for \$10,000 Per Accident Limit Retention by Assured)
\$10,000	100%
15,000	65
20,000	45
25,000	30
50,000	15*
75,000	10*
100,000	7.5*

The values marked with an asterisk would not be published but would be employed by the Board only when necessary upon application by the carrier. By plotting these values, a chart is obtained to be employed in determining the appropriate rates for a specified limit per accident of coverage for the carrier above the primary retention of the self-insurer. For example, the rate for \$75,000 per accident coverage *above* the assured's primary retention of \$10,000 per accident would be 91% ( $100\% - 9\% = 91\%$ ) of the corresponding rate for an assured's retention of \$10,000 per accident with no upper limit on the carrier's liability.

COMPARISON OF AVERAGE RATES BY HAZARD GROUP—  
PRESENT ADVISORY VS. PROPOSED

Exhibit 10 presents a comparison of the average rates, computed as ratio of manual, between the present advisory and the proposed. This study is based on the broad averages of the data for each hazard group. Column (7) demonstrates, however, that the proposed rate schedule represents a substantial reduction in

general from the present advisory rates. Only in the case of the \$25,000 per accident limit for Hazard Group A is it indicated that the proposed rate basis is higher than the present advisory basis and here the indicated increase is only 3%.

#### TEST OF EFFECT OF PROPOSED RATES BASED ON EXCESS COVERAGE RISKS IN POLICY YEAR 1937

Exhibit 11 shows a test of the effect of the proposed rates based on actual excess coverage risks in policy year 1937 to obtain a comparison of the indicated premium charges with those actually applied and also with the premiums which would have been determined by the present advisory rates. In this test, the July 1, 1940 printed manual rates have been employed in calculating the excess coverage rates on both the proposed and present advisory bases. It will be noted that the proposed rates would produce a substantially higher premium in the aggregate than was actually charged in the open market for this business since it has generally been the practice to disregard the advisory rates in writing these policies. The actual premiums do not serve as a good basis for comparison, however, because over a period of years the actual premium charges have been grossly inadequate and a very unfavorable loss ratio for this type of coverage has resulted.

#### CONCLUSION

This paper has outlined in considerable detail the study recently made by the Actuarial Committee of the New York Board for excess insurance per accident. The proposed ratemaking method has no official status as yet because the material has not been filed with the Insurance Department. The filing has been delayed because further consideration is being given to certain legal aspects in connection with this form of coverage, in view of the provisions of Section 54, Subdivision 4, of the New York Workmen's Compensation Law. Nevertheless, the indications of this study and the ratemaking method evolved may be of interest to the members of the Society since this form of coverage has application elsewhere.

In view of the fact that there is a good possibility that an extensive ratemaking study such as this may result in the approval by the Insurance Department of the application of excess coverage rates on a mandatory instead of on an advisory basis, the Actuarial Committee recommended that when a specific filing is made the Department afford the reinsurance carriers, which are not members of the Board, an opportunity to review the proposed ratemaking method to determine whether they are in accord with it.

EXHIBIT 1  
WORKMEN'S COMPENSATION—NEW YORK  
EXCESS COVERAGE—PER ACCIDENT BASIS

Policy Year	Report	Board Members				Non-Member Reinsurance Carriers				All Carriers			
		No. of Risks (3)	Earned Premium (4)	Incurred Losses (5)	Loss Ratio (6)	No. of Risks (7)	Earned Premium (8)	Incurred Losses (9)	Loss Ratio (10)	No. of Risks (11)	Earned Premium (12)	Incurred Losses (13)	Loss Ratio (14)
1928	4th	22	\$44,197	\$38,073	86.1%	20	\$55,899	\$ 45	0.1%	42	\$100,096	\$38,118	38.1%
1929	4th	25	50,532	1,355	2.7	21	74,811	42,063	56.2	46	125,343	43,418	34.6
1930	4th	19	33,767	18,073	53.5	20	84,935	189,030 (a)	222.6	39	118,702	207,103(a)	174.5
1931	4th	14	23,508	11,603	49.4	21	70,530	81,204(b)	115.1	35	94,038	92,807(b)	98.7
1932	4th	11	14,781	—	—	17	26,904	112	0.4	28	41,685	112	0.3
1933	4th	10	14,047	4,594	32.7	14	20,902	13,343	63.8	24	34,949	17,937	51.3
1934	4th	9	14,148	2,250	15.9	15	26,755	6,006	22.4	24	40,903	8,256	20.2
1935	3rd	9	17,106	11,110	64.9	15	17,934	49,434(c)	275.6	24	35,040	60,544(c)	172.8
1936	2nd	8	18,099	—	—	17	18,546	—	—	25	36,645	—	—
1937	1st	8	18,448	1,781	9.7	17	24,248	4,533	18.7	25	42,696	6,314	14.8
Total		135	248,633	88,839	35.7	177	421,464	385,770	91.5	312	670,097	474,609	70.8

Notes: (a) \$181,297 was incurred under one policy.  
(b) \$ 46,479 was incurred under one policy.  
(c) \$ 49,434 was incurred under one policy.

EXHIBIT 2  
 WORKMEN'S COMPENSATION—NEW YORK  
 EXCESS COVERAGE—PER ACCIDENT BASIS  
 SUMMARY OF EXPERIENCE FOR POLICY YEARS 1928-1937 INCLUSIVE

Hazard Group	Item	Limit per Accident										Total (3)+(4)+ +(11)	
		\$500 (3)	\$5,000 (4)	\$7,500 (5)	\$10,000 (6)	\$15,000 (7)	\$20,000 (8)	\$25,000 (9)	\$50,000 (10)	Limits Not Known (11)			
A	Payrolls	—	185,203	—	40,461,978	3,346,114	338,401	5,101,343	—	—	—	—	49,333,039
	Premiums	—	1,852	—	231,568	18,458	225	18,610	—	—	—	—	267,733
	Losses	—	14,963	—	388,730	—	—	—	—	—	—	—	373,693
B	Payrolls	35,219	1,311,311	20,336,426	37,416,919	5,436,201	9,706,504	334,969	64,837,384	2,000,000	—	—	141,414,933
	Premiums	43	6,383	49,543	89,106	5,148	6,887	809	32,103	1,500	—	—	190,522
	Losses	—	3,013	18,074	32,384	7	—	—	7,759	—	—	—	61,237
C	Payrolls	722,597	5,201,101	37,718,104	78,772,754	6,847,324	—	4,510,273	—	7,529,254	—	—	141,301,407
	Premiums	867	10,446	48,913	79,083	6,847	—	2,211	2,200	3,569	—	—	154,146
	Losses	962	5,614	12,071	14,486	—	—	—	—	—	—	—	33,133
Not Known	Payrolls	—	—	—	241,759	—	—	214,046	—	—	—	—	27,878,659
	Premiums	—	—	—	1,467	—	—	225	—	—	—	—	57,896
	Losses	—	—	—	—	—	—	—	—	—	—	—	6,546
Total	Payrolls	757,816	6,697,615	58,054,530	156,893,410	15,629,629	10,044,905	10,160,631	64,837,384	36,952,108	—	—	360,028,038
	Premiums	910	13,681	98,496	401,254	27,433	6,112	21,855	34,303	61,073	—	—	670,097
	Losses	962	23,960	30,143	405,600	7	—	—	7,759	6,546	—	—	474,609



EXHIBIT 3

REVISION OF RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)

Classifications Assigned to Hazard Group A

Code No.	Hazard Group for Present Advisory Rates	Code No.	Hazard Group for Present Advisory Rates
<b>Basic Classifications</b>		<b>Per Capita Classifications</b>	
1164	A	9170	Not Assigned A
1330	A	7711	
4439	Not Assigned	<b>(a) Rated Classifications</b>	Not Previously Assigned (a) Rated
4440			
4452	A	4761	} Not Previously Assigned (a) Rated
		4765	
4743	A	4766	
5000	A	4773	
5040	B	4774	} Not Assigned (a) Rated
5057	B	4779	
5059	B	4799	} (a) Rated B
		5041	
5469	B	5708	A
5703	A		
6209	B	5709	} Not Assigned (a) Rated
6251	A	6254	
6252	A	6259	
		6260	
6257	A		
6258	A	6841	} Not Assigned (a) Rated
7402	C	8604	
7405	C	9529	
7408	C		
		<b>Chemical Classifications</b>	
7414	} Not Assigned	4800-60	} Not Assigned
7415		4801-61	
7416		4802-62	
7417		4803-63	
		4804-64	} Not Assigned
8304	A	4805-65	
9530	A	4806-66	
		4807-67	
<b>New York Special Classifications</b>		4808-68	} Not Assigned
5039	B	4809-69	
5068	B	4810-70	
5699	A	4811-71	
5703	A		
7710	A		

EXHIBIT 3

REVISION OF RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)

*Classifications Assigned to Hazard Group B*

Code No.	Hazard Group for Present Advisory Rates	Code No.	Hazard Group for Present Advisory Rates
Basic Classifications		Basic Classifications(cont'd)	
0106	C	4923	B
0251	C	5022	B
1165	B	5160	C
1321	B	5203	B
1421	B	5403	B
1430	C	5462	C
1438	C	5466	B
1624	B	5474	B
1639	B	5506	C (5500D)
1640	B	5507	B (6042D)
1654	B	5508	B (1605)
1710	C	5954	A
1741	B	6003	A
1747	B	6005	A
2014	A	6045	B
2016	A	6202	A
2021	B	6204	B
2216	C	6206	A
2702	B	6217	B
2710	C	6306	B
2960	C	6319	B
3620	C	6701	B
3636	B	6801	B
3642	A	6843	B
3647	B	6864	B
3726	C	6872	B
4034	C	6873	C
4360	B	6874	C
4362	B	7101	B
4400	B	7201	C
4492	B	7309	B
4511	B	7313	B
4536	C	7317	B
4561	B	7403	C
4635	B	7500	B
4670	C	7502	B
4683	C	7538	C
4703	A	7539	C
4730	C	7540	C
4740	B	7570	C

EXHIBIT 3

REVISION OF RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)

*Classifications Assigned to Hazard Group B*

Code No.	Hazard Group for Present Advisory Rates	Code No.	Hazard Group for Present Advisory Rates
Basic Classifications(cont'd)		(a) Rated Classifications	
7590	C	2305	} Not Assigned
7601	C	3821	
7720	B	6010	
7855	C	6233	
8204	C		C
		7224	C
8280	C	7225	C
9088	C	7226	C
9180	C		
9552	B (9546D)	Chemical Classifications	
9553	B (9546D)	4812-72	} Not Assigned
		4813-73	
9610	B	4814-74	
9630	C	4815-75	
Special New York Classifications			
1604	B		
1605	B		
2586	B		
4000	B		
4527	B		
5213	B		
5538	B		
5545	B		
5547	B		
5698	A		
7219	C		
8263	C		
8265	C (8262D)		
9539	C		

## EXHIBIT 3

Sheet 4

## REVISION OF RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)

*Classifications Assigned to Hazard Group C*

Code No.	Hazard Group for Present Advisory Rates	Code No.	Hazard Group for Present Advisory Rates
Basic Classifications		Basic Classifications(cont'd)	
0001	C	2111	C
0002	C	2112	C
0003	C	2114	C
0005	C	2121	C
0006	C	2130	C
0008	C	2131	C
0035	C	2143	C
0042	C	2150	C
0050	C	2172	C
0301	C	2173	C
0400	C	2174	C
0401	C	2177	C
1452	C	2211	C
1463	C	2220	C
1470	C	2222	C
1472	C	2260	C
1701	C	2280	C
1703	C	2286	C
1745	C	2288	C
1748	C	2291	C
1852	C	2300	C
1860	C	2302	C
1924	C	2303	C
1925	C	2348	C
2001	C	2351	C
2002	C	2352	C
2003	C	2361	C
2030	C	2362	C
2039	C	2380	C
2041	C	2383	C
2042	B	2384	C
2045	C	2386	C
2065	C	2387	C
2070	C	2388	C
2081	C	2402	C
2089	C	2413	B
2095	C	2416	C
2101	C	2417	C
2105	C	2501	C
2110	C	2503	C

EXHIBIT 3

REVISION OF RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)

*Classifications Assigned to Hazard Group C*

Code No.	Hazard Group for Present Advisory Rates	Code No.	Hazard Group for Present Advisory Rates
<b>Basic Classifications (cont'd)</b>		<b>Basic Classifications (cont'd)</b>	
2531	C	2916	C
2534	C	2920	C
2537	C	2923	C
2538	C	2942	C
2560	C	3002	B
2570	C	3004	C
2571	C	3017	C
2575	C	3018	C
2587	C	3022	C
2600	C	3027	C
2623	C	3028	C
2640	C	3030	C
2651	C	3040	C
2654	C	3041	C
2660	C	3042	C
2670	C	3060	C
2681	C	3064	C
2683	C	3075	C
2686	C	3076	C
2688	C	3081	B
2714	C	3082	C
2731	C	3085	C
2735	C	3089	B
2737	C	3091	C
2741	C	3093	C
2747	C	3110	C
2759	C	3111	C
2763	C	3113	C
2766	C	3114	C
2790	C	3117	C
2791	C	3118	C
2802	C	3119	C
2804	C	3120	C
2835	C	3122	C
2836	C	3126	C
2841	C	3131	C
2881	C	3132	C
2883	C	3145	C
2913	C	3146	C
2915	C	3152	C

EXHIBIT 3

REVISION OF RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)

*Classifications Assigned to Hazard Group C*

Code No.	Hazard Group for Present Advisory Rates	Code No.	Hazard Group for Present Advisory Rates
Basic Classifications(cont'd)		Basic Classifications(cont'd)	
3169	C	3581	C
3175	C	3612	C
3179	C	3632	C
3180	C	3634	C
3188	C	3635	C
3200	C	3638	C
3220	C	3643	C
3223	C	3648	C
3224	C	3681	C
3227	C	3683	C
3240	C	3685	C
3241	C	3686	C
3255	C	3724	C
3257	C	3803	C
3270	C	3805	C
3300	C	3807	C
3303	C	3808	C
3315	C	3822	C
3331	C	3823	C
3334	C	3824	C
3336	C	3830	C
3364D	C	3841	C
3372	C	3851	C
3373	C	3864	C
3374	C	3865	C
3381	C	3883	C
3382	C	4021	C
3383	C	4024	C
3385	C	4036	C
3400	C	4038	C
3507	C	4053	C
3515	C	4054	C
3516	C	4056	C
3548	C	4061	C
3559	C	4062	C
3561	C	4101	C
3565	C	4102	C
3571	C	4111	C
3574	C	4112	C
3580	C	4113	C

EXHIBIT 3

REVISION OF RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)

*Classifications Assigned to Hazard Group C*

Code No.	Hazard Group for Present Advisory Rates	Code No.	Hazard Group for Present Advisory Rates
Basic Classifications (cont'd)		Basic Classifications (cont'd)	
4114	C	4503	C
4130	C	4504	C
4131	C	4557	C
4133	C	4558	C
4150	C	4567	C
4206	C	4581	B
4207	C	4583	B
4240	C	4596	C
4243	C	4597	C
4244	C	4627	C
4250	C	4628	C
4251	C	4653	C
4263	C	4665	C
4273	C	4692	C
4279	C	4693	C
4282	C	4710	C
4283	C	4712	C
4299	C	4716	C
4301	C	4717	C
4304	C	4720	C
4307	C	4741	C
4308	C	4902	C
4350	C	4940	C
4351	C	5083D	C
4352	C	5100	C
4361	C	5103	C
4410	C	5183	C
4417	C	5184	C
4418	C	5188	C
4420	C	5190	C
4431	C	5191	C
4432	C	5200	C
4470	C	5342	C
4480	C	5348	C
4482	C	5402	C
4484	C	5443	C
4490	C	5480	C
4491	B	5606	C
4500	B	5610	C
4501	C	5951	C

100 EXCESS COVERAGE (PER ACCIDENT BASIS) FOR SELF-INSURERS

EXHIBIT 3

Sheet 8

REVISION OF RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)

*Classifications Assigned to Hazard Group C*

Code No.	Hazard Group for Present Advisory Rates	Code No.	Hazard Group for Present Advisory Rates
Basic Classifications(cont'd)		Basic Classifications(cont'd)	
6229	C	8203	C
6325	C	8209	C
6400	C	8215	C
6504	C	8227	C
6824	C	8232	C
7103	C	8233	C
7127	C	8235	C
7128	B	8264	C
7205	C	8266	C
7207	C	8285	C
7360	C	8286	C
7380	C	8291	C
7392	C	8292	C
7515	C	8293	C
7520	C	8295	C
7536	C	8350	C
7580	C	8387	C
7600	C	8391	C
7609	C	8392	C
7610	C	8393	C
7620	C	8601	C
8001	C	8709	C
8006	C	8720	C
8007	C	8726	C
8008	C	8731	C
8013	C	8741	C
8021	C	8742	C
8030	C	8745	C
8031	C	8748	C
8039	C	8750	C
8044	C	8800	C
8050	C	8803	C
8090	C	8810	C
8102	C	8813	C
8103	C	8831	C
8105	C	8833	C
8106	C	8835	C
8107	C	8838	C
8111	C	8840	C
8116	C	8868	C



REVISION OF RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)

*Classifications Assigned to Hazard Group C*

Code No.	Hazard Group for Present Advisory Rates	Code No.	Hazard Group for Present Advisory Rates
Basic Classifications(cont'd)		Special New York Classifications (cont'd)	
8901	C	1810	C
9015	C	1853	C
9016	C	2162	C
9019	C	2163	C
9040	C	2164	C
9052	C	2522	C
9053	C	2532	C
9060	C	2552	C
9061	C	2553	C
9063	C	2576	C
9078	C	2578	C
9079	C	2580	C
9080	C	2581	C
9089	C	2582	C
9090	C	2689	C
9101	C	3068	C
9102	C	3113	C
9154	C	3365	C
9156	C	3384	C
9181	C	3548	C
9182	C	3900	C
9220	C	4232	C
9402	C	4239	C
9403	C	4610	C
9410	C	5429	C
9501	C	5491	Not Assigned
9505	C	5610	C
9521	C	7998	C
9522	C	7999	C
9545	B	8017	C
9549	B (9546D)	8018	C
9585	C	8032	C
9586	C	8040	C
9600	C	8043	C
9620	C	8199	C
Special New York Classifications		8232	C
0034	C	8385	C
1439	C	8394	C
1809	C	9014	C
		9015	C

EXHIBIT 3

REVISION OF RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)

*Classifications Assigned to Hazard Group C*

Code No.	Hazard Group for Present Advisory Rates	Code No.	Hazard Group for Present Advisory Rates
Special New York Classifications (cont'd)		(a) Rated Classifications (cont'd)	
9017	C	3066	} Not Assigned
9054	C	3067	
9055	C	3088	
9091	C	3881	
9519	C	4986	
Per Capita Classifications		5550	} Not Assigned
0912	C	5705	
0909	C	7227	C
0913	C	8500	} Not Assigned
0908	C	9408	
Per Cab Classifications		Chemical Classifications	
7373	C	4816-76	} Not Assigned
7374	C	4817-77	
		4818-78	
		4819-79	
(a) Rated Classifications		4820-80	} Not Assigned
0917	} Not Assigned	4821-81	
2816		4822-82	
2817		4823-83	
2818			
2819			

EXHIBIT 4

ANALYSIS OF EXCESS COST OF N. Y. WORKMEN'S COMPENSATION CASES

Policy No.: 8028878	Sheet Number: Cat. 8	Type of Case: Catastrophe	EXCESS LOSSES INCURRED Over \$10,000: 10,415 Over \$15,000: 6,923 Over \$25,000: 2,900
Claim No.: Cat. 8	Industry Sched. & Group:	Classification: 5040, 5040	
Year of Issue: 1934	Hazard Group: A	Kind of Injury: Death, Death	
Carrier: 1-28	Age (Widow or Pensioner): 30,46	Losses Inc. Ind.: 20,317 Med.: 25	

DETAILS OF CALCULATION

(1) Retention Limit	(2) Total Losses Paid or Accrued Incl. Inc. Med. & Reserves for Children in Death Cases	(3) Available Retention (1) -- (2)	(4) Annual Wages	(5) Annual Benefit (Widow(er) or Pensioner) Age x = 30,46	(6) No. of Years of Deferred Annuity (3) ÷ (5)	Widow or Widower—Present Value of			
						(7) Suspended Benefits (Tab. XV)	(8) All Future Benefits (Table I)	(9) Excess Cost (8) — (7)	(10) Amount of Excess Cost (9) x (4) 100
\$10,000	7,660	2,340	1,500 1,395	450.00 418.50 } 868.50	2.7	79.40 76.88	402.87 475.64	323.47 398.76	10,415
15,000	7,660	7,340	1,500 1,395	450.00 418.50 } 868.50	8.5	189.85 208.43	402.87 475.64	213.02 267.21	6,923
25,000	7,660	17,340	1,500 1,395	450.00 418.50 } 868.50	20.0	302.64 375.53	402.87 475.64	100.23 100.11	2,900

Permanent Tot. Disability Pensioner*—Pres. Value of				Other Cases—Present Value of			Remarks
(11) $\bar{N}_{z+(6)}$ **	(12) $D_z$	(13) Excess Cost (11) + (12)	(14) Amount of Excess Cost (13)x(5)	(15) All Future Benefits (Table XII or XIII)	(16) Amount of Retention (Table XII or XIII)	(17) Excess Cost (15)—(16) x Weekly Benefit	

\*Including Permanent Total Disabilities at Reduced Earnings.  
\*\*Interpolated.

EXCESS COVERAGE (PER ACCIDENT BASIS) FOR SELF-INSURERS 103

EXHIBIT 5

ANALYSIS OF EXCESS COST OF N. Y. WORKMEN'S COMPENSATION CASES

Policy No.: 92661	Sheet Number: 2	Type of Case:	EXCESS LOSSES INCURRED
Claim No.: 942531	Industry Sched. & Group:	Classification: 0006	Over \$10,000: 11,368
Year of Issue: 1935	Hazard Group: C	Kind of Injury: P. T.	Over \$15,000: 8,034
Carrier: 3-37	Age (Widow or Pensioner): 34	Losses Inc. Ind.: 17,133 Med.: 3,500	Over \$25,000: 3,494

DETAILS OF CALCULATION

(1) Retention Limit	(2) Total Losses Paid or Accrued Incl. Inc. Med. & Reserves for Children in Death Cases	(3) Available Retention (1) — (2)	(4) Annual Wages	(5) Annual Benefit (Widow(er) or Pensioner) Age x = 34	(6) No. of Years of Deferred Annuity (3) ÷ (5)	Widow or Widower—Present Value of			
						(7) Suspended Benefits (Tab. XV)	(8) All Future Benefits (Table I)	(9) Excess Cost (8) — (7)	(10) Amount of Excess Cost (9) x (4) 100
\$10,000	4,259	5,741	1,248	832	6.9				
15,000	4,259	10,741	1,248	832	12.9				
25,000	4,259	20,741	1,248	832	24.9				

Permanent Tot. Disability Pensioner*—Pres. Value of				Other Cases—Present Value of			Remarks
(11) ** $\bar{N}_{x+(8)}$	(12) $D_x$	(13) Excess Cost (11) ÷ (12)	(14) Amount of Excess Cost (13) x (5)	(15) All Future Benefits (Table XII or XIII)	(16) Amount of Retention (Table XII or XIII)	(17) Excess Cost (15) — (16) x Weekly Benefit	
372,121.7	27,236.0	13.663	11,368				
262,979.0	27,236.0	9.656	8,034				
114,387.31	27,236.0	4.200	3,494				

\*Including Permanent Total Disabilities at Reduced Earnings.

\*\*Interpolated.

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EXHIBIT 6

ANALYSIS OF EXCESS COST OF N. Y. WORKMEN'S COMPENSATION CASES

Policy No.: 37298	Sheet Number: 696	Type of Case:	EXCESS LOSSES INCURRED
Claim No.: 924199	Industry Sched. & Group:	Classification: 6306	Over \$10,000: 4,372
Year of Issue: 1935	Hazard Group: B	Kind of Injury: Major P. P.	Over \$15,000: 2,150
Carrier: 3-37	Age (Widow or Pensioner): 23	Losses Inc. Ind.: 9,461 Med.: 3,500	Over \$25,000: 219

DETAILS OF CALCULATION

(1)	(2)	(3)	(4)	(5)	(6)	Widow or Widower—Present Value of			
						(7)	(8)	(9)	(10)
Retention Limit	Total Losses Paid or Accrued Incl. Inc. Med. & Reserves for Children in Death Cases	Available Retention (1) — (2)	Annual Wages	Annual Benefit (Widow(er) or Pensioner) Age $x = 23$	No. of Years of Deferred Annuity (3) ÷ (5)	Suspended Benefits (Tab. XV)	All Future Benefits (Table I)	Excess Cost (8) — (7)	Amount of Excess Cost (9) x (4) 100
\$10,000	4,132	5,868	1,040	409.30	14.3				
15,000	4,132	10,868	1,040	409.30	28.6				
25,000	4,132	20,868	1,040	409.30	51.0				

Permanent Tot. Disability Pensioner*—Pres. Value of				Other Cases—Present Value of			Remarks
(11)	(12)	(13)	(14)	(15)	(16)	(17)	
$\bar{N}_{x+(6)}$ **	$D_x$	Excess Cost (11) ÷ (12)	Amount of Excess Cost (13) x (5)	All Future Benefits (Table XII or XIII)	Amount of Retention (Table XII or XIII)	Excess Cost (15) — (16) x Weekly Benefit	
451,952.0	42,311.3	10.682	4,372				
222,266.0	42,311.3	5.253	2,150				
22,593.8	42,311.3	.534	219				

\*Including Permanent Total Disabilities at Reduced Earnings.

\*\*Interpolated.

EXCESS COVERAGE (PER ACCIDENT BASIS) FOR SELF-INSURERS 105

106 EXCESS COVERAGE (PER ACCIDENT BASIS) FOR SELF-INSURERS

EXHIBIT 7

REVISION OF RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)  
 BASED ON NEW YORK COMPENSATION EXPERIENCE FOR POLICY YEARS 1931-1935 COMBINED

I. SCHEDULE "Z" EXPERIENCE BY HAZARD GROUP

Hazard Group	Payroll in hundreds	Serious Losses			Total Losses		Ratio of Serious to Total (4) ÷ (6)
		No.	Amount	P.P. (4) ÷ (2)	Amount	P.P. (6) ÷ (2)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A—High...	\$ 46,629.8	329	\$ 1,976,432	\$4.24	\$ 4,105,004	\$8.80	48.2%
B—Medium...	886,701.2	2,317	11,926,352	1.35	33,642,189	3.79	35.5
C—Low...	16,064,416.3	6,629	29,112,090	.18	107,611,471	.67	27.1
Total....	\$16,997,747.3	9,275	\$43,014,874	.25	\$145,358,664	.86	29.6

II. EXCESS PORTION OVER \$10,000 PER ACCIDENT

No. of Persons Injured	Group A		Group B		Group C		Total of All Groups	
	No. of Acc.	Amount of Excess	No. of Acc.	Amount of Excess	No. of Acc.	Amount of Excess	No. of Acc.	Amount of Excess
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1	101	\$344,363	634	\$2,140,421	1,531	\$4,328,811	2,266	\$6,813,595
2	6*	40,919	17*	137,213	16	146,872	39	325,004
3	4	66,594	3*	43,112	4	21,207	11	130,913
4	..	..	2	32,682	..	..	2	32,682
5	..	..	..	..	1	3,714	1	3,714
6	..	..	..	..	1	33,051	1	33,051
7	..	..	1	11,533	1	49,558	2	61,091
8	..	..	..	..	..	..	..	..
9	..	..	..	..	..	..	..	..
10	..	..	..	..	..	..	..	..
11	..	..	..	..	..	..	..	..
12	..	..	..	..	..	..	..	..
13	..	..	..	..	1	14,824	1	14,824
Total....	111	\$451,876	657	\$2,364,961	1,555	\$4,598,037	2,323	\$7,414,874

III. RATIOS OF EXCESS COST

Hazard Group	Ratio of Excess to Serious			Ratio of Excess to Total		
	Single Cases	Catastrophes	Combined	Single Cases	Catastrophes	Combined
A—High.....	17.4%	5.5%	22.9%	8.4%	2.6%	11.0%
B—Medium....	17.9	1.9	19.8	6.3	0.7	7.0
C—Low.....	14.9	0.9	15.8	4.0	0.3	4.3
Total.....	15.8%	1.4%	17.2%	4.7%	0.4%	5.1%

\*One of the catastrophes involves a case which was assigned to a Hazard Group C classification. The proportionate share of excess losses of such catastrophe has therefore been allocated to Group C.

EXCESS COVERAGE (PER ACCIDENT BASIS) FOR SELF-INSURERS 107

EXHIBIT 3

REVISION OF RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)  
 BASED ON NEW YORK COMPENSATION EXPERIENCE FOR POLICY YEARS 1931-1935 COMBINED

I. SCHEDULE "Z" EXPERIENCE BY HAZARD GROUP

Hazard Group	Payroll in hundreds	Serious Losses			Total Losses		Ratio of Serious to Total (4) ÷ (6)
		No.	Amount	P.P. (4) ÷ (2)	Amount	P.P. (6) ÷ (2)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A—High...	\$ 46,629.8	329	\$ 1,976,432	\$4.24	\$ 4,105,004	\$8.80	48.2%
B—Medium...	886,701.2	2,317	11,926,352	1.35	33,642,189	3.79	35.5
C—Low...	16,064,416.3	6,629	29,112,090	.18	107,611,471	.67	27.1
Total....	\$16,997,747.3	9,275	\$43,014,874	.25	\$145,358,664	.86	29.6

II. EXCESS PORTION OVER \$15,000 PER ACCIDENT

No. of Persons Injured	Group A		Group B		Group C		Total of All Groups	
	No. of Acc.	Amount of Excess	No. of Acc.	Amount of Excess	No. of Acc.	Amount of Excess	No. of Acc.	Amount of Excess
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1	95	\$186,632	541	\$1,229,624	1,278	\$2,340,858	1,914	\$3,757,114
2	5*	28,057	16*	85,634	15	101,270	36	214,961
3	4	50,388	3*	34,335	4	9,556	11	94,279
4	..	..	1	25,143	..	..	1	25,143
5	..	..	..	..	..	..	..	..
6	..	..	..	..	1	28,051	1	28,051
7	..	..	1	6,533	1	44,558	2	51,091
8	..	..	..	..	..	..	..	..
9	..	..	..	..	..	..	..	..
10	..	..	..	..	..	..	..	..
11	..	..	..	..	..	..	..	..
12	..	..	..	..	..	..	..	..
13	..	..	..	..	1	10,349	1	10,349
Total....	104	\$265,077	562	\$1,381,269	1,300	\$2,534,642	1,966	\$4,180,988

III. RATIOS OF EXCESS COST

Hazard Group	Ratio of Excess to Serious			Ratio of Excess to Total		
	Single Cases	Catastrophes	Combined	Single Cases	Catastrophes	Combined
A—High.....	9.4%	4.0%	13.4%	4.5%	1.9%	6.4%
B—Medium....	10.3	1.3	11.6	3.7	0.4	4.1
C—Low.....	8.0	0.7	8.7	2.2	0.2	2.4
Total.....	8.7%	1.0%	9.7%	2.6%	0.3%	2.9%

\*One of the catastrophes involves a case which was assigned to a Hazard Group C classification. The proportionate share of excess losses of such catastrophe has therefore been allocated to Group C.

108 EXCESS COVERAGE (PER ACCIDENT BASIS) FOR SELF-INSURERS

EXHIBIT 9

REVISION OF RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)  
 BASED ON NEW YORK COMPENSATION EXPERIENCE FOR POLICY YEARS 1931-1935 COMBINED

I. SCHEDULE "Z" EXPERIENCE BY HAZARD GROUP

Hazard Group	Payroll in hundreds	Serious Losses			Total Losses		Ratio of Serious to Total (4) ÷ (6)
		No.	Amount	P.P. (4) ÷ (2)	Amount	P.P. (6) ÷ (2)*	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A—High...	\$ 46,629.8	329	\$ 1,976,432	\$4.24	\$ 4,105,004	\$8.80	48.2%
B—Medium	886,701.2	2,317	11,926,352	1.35	33,642,189	3.79	35.5
C—Low...	16,064,416.3	6,629	29,112,090	.18	107,611,471	.67	27.1
Total....	\$16,997,747.3	9,275	\$43,014,874	.25	\$145,358,664	.86	29.6

II. EXCESS PORTION OVER \$25,000 PER ACCIDENT

No. of Persons Injured	Group A		Group B		Group C		Total of All Groups	
	No. of Acc.	Amount of Excess	No. of Acc.	Amount of Excess	No. of Acc.	Amount of Excess	No. of Acc.	Amount of Excess
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1	73	\$51,658	336	\$426,856	721	\$768,710	1,130	\$1,247,224
2	5*	13,992	12*	38,388	12	52,017	29	104,397
3	4	27,906	2*	21,894	4	1,535	10	51,335
4	..	..	1	16,630	..	..	1	16,630
5	..	..	..	..	..	..	..	..
6	..	..	..	..	1	18,718	1	18,718
7	..	..	1	1,308	1	34,572	2	35,880
8	..	..	..	..	..	..	..	..
9	..	..	..	..	..	..	..	..
10	..	..	..	..	..	..	..	..
11	..	..	..	..	..	..	..	..
12	..	..	..	..	..	..	..	..
13	..	..	..	..	1	4,489	1	4,489
Total....	82	\$93,556	352	\$505,076	740	\$880,041	1,174	\$1,478,673

III. RATIOS OF EXCESS COST

Hazard Group	Ratio of Excess to Serious			Ratio of Excess to Total		
	Single Cases	Catastrophes	Combined	Single Cases	Catastrophes	Combined
A—High.....	2.6%	2.1%	4.7%	1.3%	1.0%	2.3%
B—Medium....	3.6	0.6	4.2	1.3	0.2	1.5
C—Low.....	2.6	0.4	3.0	0.7	0.1	0.8
Total.....	2.9%	0.5%	3.4%	0.9%	0.1%	1.0%

\*One of the catastrophes involves a case which was assigned to a Hazard Group C classification. The proportionate share of excess losses of such catastrophe has therefore been allocated to Group C.



EXCESS COVERAGE (PER ACCIDENT BASIS) FOR SELF-INSURERS 109

EXHIBIT 10

REVISION OF RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)

COMPARISON OF AVERAGE RATES (RATIO OF MANUAL)—PRESENT ADVISORY VS. PROPOSED

Hazard Group	Present Advisory		Indicated		Proposed	Ratios	
	Ratio*: Excess Losses ÷ Total Losses	Rate as Ratio of Manual	Ratio*: Excess Losses ÷ Total Losses	Rate as Ratio of Manual	Rate as Ratio of Manual		
		(2) x .9375 + .0375		(4) x .9873 + .0123	Calc. as % of Indicated Rate for \$10,000 Limit	(6) ÷ (3)	(6) ÷ (5)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>\$10,000 PER ACCIDENT LIMIT</b>							
					(100%)		
A	.108	.139	.110	.121	.121	87%	100%
B	.070	.103	.070	.081	.081	79	100
C	.038	.073	.043	.055	.055	75	100
<b>\$15,000 PER ACCIDENT LIMIT</b>							
					(65%)		
A	75% x .139 =	.104	.064	.075	.079	76%	105%
B	75% x .103 =	.077	.041	.053	.053	69	100
C	75% x .073 =	.055	.024	.036	.036	65	100
<b>\$20,000 PER ACCIDENT LIMIT</b>							
					(45%)		
A	50% x .139 =	.070	Not Available		.054	77%	—
B	50% x .103 =	.052	Not Available		.036	69	—
C	50% x .073 =	.037	Not Available		.025	68	—
<b>\$25,000 PER ACCIDENT LIMIT</b>							
					(30%)		
A	25% x .139 =	.035	.023	.035	.036	103%	103%
B	25% x .103 =	.026	.015	.027	.024	92	89
C	25% x .073 =	.018	.008	.020	.017	94	85

Note: \*In actually calculating excess rates by class, this would be the product of:

$$\frac{\text{Ser. P.P.}}{\text{Total P.P.}} \text{ (for class)} \times \frac{\text{Excess Cost}}{\text{Ser. Cost}} \text{ (for hazard group)}$$

WORKMEN'S COMPENSATION—NEW YORK

TEST OF EFFECT OF PROPOSED RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)  
 BASED ON EXCESS COVERAGE RISKS IN POLICY YEAR 1937

110 EXCESS COVERAGE (PER ACCIDENT BASIS) FOR SELF-INSURERS

Risk Number	Code No.	Hazard Group	Payroll	Excess Cover Rate			Excess Cover Premium			Ratios:		
				Actual	Present Advisory*	Proposed*	Actual (4) —x(5) 100	Present Advisory	Proposed	Present Advisory ÷ Actual (9) ÷ (8)	Proposed ÷ Actual (10) ÷ (8)	Proposed ÷ Present Advisory (10) ÷ (9)
					(Based on 7/1/40 Manual Rates)			(4) —x(6) 100	(4) —x(7) 100			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>\$10,000 PER ACCIDENT LIMIT</b>												
1	7309	B	\$1,355,788	\$.25	\$.983(8.0%)	\$.750(6.1%)	\$3,389	\$13,327	\$10,168	393.2%	300.0%	76.3%
2	1701	C	9,598	.283	.249(9.5)	.212(8.1)	44MP	44MP	100MP	100.0	227.3	227.3
	8810	C	270	.006	.007(7.0)	.008(7.5)	..	..	..	..	..	..
3	4511 8810	B	9,868				44MP	44MP	100MP	100.0	227.3	227.3
		C	163,508 112,678	.113 .006	.086(9.0) .007(7.0)	.091(9.6) .008(7.5)	185 7	141 8	149 9	76.2 114.3	80.5 128.6	105.7 112.5
4	4683	B	276,186				192	149	158	77.6	82.3	106.0
		C	905,466	.15	.340(8.0)	.395(9.3)	1,358	3,079	3,577	226.7	263.4	116.2
5	1624	B	117,875	.80	1.192(12.0)	1.112(11.2)	943	1,405	1,311	149.0	139.0	93.3
	4000	B	10,177	.45	1.153(13.0)	.949(10.7)	46	117	97	254.3	210.9	82.9
	1463	C	12,417	.30	.475(10.0)	.352(7.4)	37	59	44	159.5	118.9	74.6
	8742	C	14,295	.02	.045(9.5)	.041(8.7)	3	6	6	200.0	200.0	100.0
	8810	C	6,732	.02	.007(7.0)	.008(7.5)	1	..	1	0.0	100.0	..
6	2095	B	161,496				1,030	1,587	1,459	154.1	141.7	91.9
		C	1,061,477	.08	.212(7.5)	.170(6.0)	849	2,250	1,805	265.0	212.6	80.2
7	7309	B	420,946	.30	.983(8.0)	.750(6.1)	1,263	4,138	3,157	327.6	250.0	76.3
8	6260	A	527,858	1.30	2.812(14.5)	2.249(11.6)	6,862	14,843	11,872	216.3	173.0	80.0
9	4527	B	891,717	.09	.182(11.0)	.152(9.2)	803	1,623	1,355	202.1	168.7	83.5
10	4720	C	2,514,931	.10	.215(7.5)	.204(7.1)	2,515	5,407	5,130	215.0	204.0	94.9
11	3883	C	182,774	.40	.311(6.5)	.321(6.7)	731	568	587	77.7	80.3	103.3
12	1421	B	1,009,998	.09	.623(9.5)	.630(9.6)	909	6,292	6,363	692.2	700.0	101.1
13	4720	C	518,420	.05	.215(7.5)	.204(7.1)	259	1,115	1,058	430.5	408.5	94.9

\*Disregarding any discount for upper limit on carrier's liability.

EXHIBIT 11 (Continued)  
**WORKMEN'S COMPENSATION—NEW YORK**  
**TEST OF EFFECT OF PROPOSED RATES FOR EXCESS INSURANCE (PER ACCIDENT BASIS)**  
**BASED ON EXCESS COVERAGE RISKS IN POLICY YEAR 1937**

Risk Number	Code No.	Hazard Group	Payroll	Excess Cover Rate			Excess Cover Premium			Ratios:		
				Actual	Present Advisory*	Proposed*	Actual (4) —x(5) 100	Present Advisory	Proposed	Present Advisory ÷ Actual (9) ÷ (8)	Proposed ÷ Actual (10) ÷ (8)	Proposed ÷ Present Advisory (10) ÷ (9)
					(Based on 7/1/40 Manual Rates)	(4) —x(6) 100		(4) —x(7) 100				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>\$10,000 PER ACCIDENT LIMIT (Continued)</b>												
14	8810	C	\$1,116,023	\$ .02	\$ .007(7.0)	\$ .008(7.5)	250MP	250MP	100MP	100.0%	35.6%	40.0%
15	7309	B	393,987	1.00	.983(8.0)	.750(6.1)	3,940	3,873	2,955	98.3	75.0	76.3
(a) Sub-Total			\$1,346,935				\$24,394	\$58,545	\$49,844	240.0%	204.3%	85.1%
<b>\$20,000 PER ACCIDENT LIMIT</b>												
(b) 16	7309	B	\$1,629,425	.05	\$ .492(4.0)	\$ .332(2.7)	815	8,017	5,410	983.7	663.8	67.5
(c) Total (a) + (b)			\$12,976,360				\$25,209	\$66,562	\$55,254	264.0%	219.2%	83.0%
<b>EXCLUDED RISKS</b>												
17	2003	C	\$3,606,693	\$ .15			\$5,410				(\$ 7,500 limit)	
18	7317	B	1,901,830	.16			3,043				(\$ 7,500 limit)	
	8810	C	212,455	.02			42				(\$ 7,500 limit)	
19	—		—				500				(\$10,000 limit)	
20	—		2,643,079				1,189					
21	—		1,564,614				3,520					
22	—		2,563,321				1,794					
23	—		310,253				233					
24	—		805,922				747					
25	—		1,601,328				1,009					
(d) Sub-Total			\$15,209,495				\$17,487					
(e) GRAND TOTAL (c) + (d)			\$28,185,855				\$42,696					

\*Disregarding any discount for upper limit on carrier's liability.