



# REVIEWED COSTS

**g.c.g. risk management inc.**

**WORKERS' COMPENSATION, INSURANCE, CLAIMS AND LAW FOR THE EMPLOYER**

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## **NEW YORK STATE WORKERS' COMPENSATION BOARD ANNOUNCES MAXIMUM WEEKLY BENEFIT TO INCREASE JULY 1, 2019**

The maximum weekly benefit for Workers' Compensation in New York is based upon two-thirds of the claimant's "average weekly wage". The maximum benefit is indexed to the New York State average weekly wage, as reported by the NYS Department of Labor (NYSDOL), for the preceding calendar year. The DOL had previously reported that the 2018 NYS average weekly wage was \$1,401.17. Effective for accidents that occur on or after July 1, 2019, the maximum weekly benefit will increase from \$904.74 to **\$934.11**.

## **NEW YORK RATING BOARD REQUEST FOR 10.0% DECREASE IN LOSS COSTS, EFFECTIVE OCTOBER 1, 2019, APPROVED**

The New York Compensation Insurance Rating Board (NYCIRB) filed a request in June 2019 for a 10.0% decrease in Loss Costs (rates) with the New York State Department of Financial Services (NYSDFS). NYSDFS has now approved the filing, which will take effect on policies renewing on or after October 1, 2019.

This will mark the third consecutive decrease in Loss Costs. The cumulative reduction in the average Loss Costs over the past three years is minus 26.2%. A review of the filing reveals that the average change of minus 4%, attributable to the policy year experience for 2016 and 2017, is less favorable than the minus 11.4%, attributable to the policy years 2015 and 2016, in the 2018 revision. Clearly, the actual loss experience is going in the wrong direction.

To offset the deterioration in the loss experience, NYCIRB has proposed a decrease in the trend factor. The trend factor is a composite that weighs prospective claims cost, frequency, wage levels, and loss adjustment expenses. The trend factor used in the 2019 filing (-8.2%) is significantly more favorable than the -3.5% used in the 2018 filing. We continue to remain cautious about the assumptions used in the past two filings. During this period, the maximum weekly benefit has increased from \$870.61 to \$934.11. The impact of the two major elements of the 2017 Workers' Compensation Reform Legislation, specifically the revisions to the Impairment Guidelines for Schedule Loss of Use Awards and the Prescription Drug Formulary, were not observable in the 2019 filing. The revised Impairment Guidelines did not take effect until January 1, 2018, and the Prescription Drug Formulary recently adopted by the Workers' Compensation Board, does not take effect until October 1, 2019. What we have observed so far, is carriers scaling back their underwriting activity. This fade could become a fad for the private carriers whose appetite for business in a low rate environment historically leads to indigestion.

## **GCG RISK MANAGEMENT, INC. ACQUIRED BY NFP CORP.**

On May 6, 2019, GCG Risk Management, Inc. was acquired by NFP Corp. This acquisition is an opportunity for GCG to not only expand its offerings in New York State Workers' Compensation products, but also to respond to clients who have, over the years, requested assistance with Workers' Compensation issues arising outside of New York State, as well as other insurance matters that do not involve workers' compensation. These include property and casualty insurance, including personal lines, as well as employee benefits.

GCG Risk Management will continue its operations exactly as before, providing workers' compensation safety group management and consulting services. Our staff remains intact, as do our offices and contact information. We anticipate that sometime next year GCG will be rebranded as NFP, at which time there will be a change in our email addresses and our website. This is a very exciting time for us here at GCG and we look forward to continuing and expanding our relationships with our clients. We believe this will be a seamless transition.

NFP issued the following press release:

**NEW YORK – June 24, 2019** – [NFP](#), a leading insurance broker and consultant that provides property and casualty, corporate benefits, retirement, and individual solutions, today announced that it has acquired GCG Risk Management, Inc. The transaction closed on May 6, 2019.

*Based in New York City, with an additional office in Schenectady, New York, GCG specializes in New York State workers' compensation programs for insured and self-insured employers, including safety trade groups and trade associations, underwritten by the State Insurance Fund. This acquisition strengthens NFP's property and casualty capabilities by broadening the suite of workers' compensation and workplace health and safety services available to NFP clients nationally. Principal Ross Gnesin will join NFP as a senior vice president and Principal Joe Gnesin will remain active as a consultant to NFP.*

*"We are excited to welcome a long-established firm like GCG to the NFP family to further strengthen our Property and Casualty division," said Bill Austin, President of NFP's Northeast region. "Ross, Joe and their team bring decades of experience in workers' compensation insurance and complex claims handling that will elevate our ability to provide tailored solutions to clients who face a multitude of complex workplace challenges."*

*"NFP provides us the opportunity to deliver a broader suite of solutions to our clients by partnering with NFP's talented property and casualty and employee benefits professionals," said Ross Gnesin. "We take pride in our client relationships and we believe that the strength of NFP's extensive network and marketplace expertise will further lend support to expanding our services and achieving optimal outcomes for our valued clients."*

### **About NFP**

NFP is a leading insurance broker and consultant providing customized property and casualty, corporate benefits, retirement, and individual solutions through its licensed subsidiaries and affiliates. NFP enables client success through the expertise of over 5,100 global employees, investments in innovative technologies, and enduring relationships with highly rated insurers, vendors, and financial institutions. NFP is the 5th largest US-based privately-owned broker, 6th largest benefits broker by global revenue and 7th best place to work in insurance (Business Insurance); 10th largest property and casualty agency (Insurance Journal); and 12th largest global insurance broker (Best's Review).