



New York State Insurance Fund

Writer's Direct Telephone:
(212) 587-5507

Underwriting Department

August 11, 2006

Harry's Nurses Registry Inc
88-25 163rd Street
Jamaica, NY 11432

Re: Policy # 14466643 Harry's Nurses Registry Inc

Dear Policyholder:

I am writing as a follow-up to our conversation on August 8, 2006. At that time I notified you that we would be amending your policy to include all of your 1099 workers and this would result in a substantial increase in premium. This decision was made based on our auditor's review of your records. Under separate cover you will be receiving the new bill for the policy year 02/07/06-02/07/07.

At your request please find a brochure enclosed that should help with your next audit.

If you have any questions about your account you may contact me at the above number.

Very truly yours,

Lauren Hill
Underwriter I

cc: file

Policyholder Services
199 Church Street New York, NY 10007
(212) 312-9000

HARRY'S NURSES REGISTRY
adv
NY STATE INSURANCE FUND

Policy Starts: February 7, 2006

Charges on second year of Policy: Feb 7, 2007 to June 19, 2007 = 131 days

AIG Replacement Policy starts: May 25, 2007

Overlap of polices: May 25, 2007 through June 19, 2007 = 25 days

Total Premium paid: \$382,599.59¹

Calculation of Overcharge due to Overlap of Policies:

Premiums Paid 2/7/07 – 6/19/07:

1099 Workers = \$2,457,483² ÷ 131 days = \$ 18,759.41 premium per day

W-2 employees= 301,280³ ÷ 131 days = \$ 2,299.85 premium per day

Rate charged for 1099 workers: 4.17%⁴

Rate charged for W-2 employees: .36%⁵

\$ 18,759.41 premium per day x 25 days(policy overlap time) = \$468,985.25	
x 4.17% Rate (.0417) =	\$19,763.67
\$ 2,299.85 premium per day x 25 days(policy overlap time) = \$ 57,496.25	
x .36% Rate (.0036) =	\$ 206.99

“Short Rate Premium” Charged	<u>\$27,091.20⁶</u>
Over-Charge Subtotal	\$46,854.87

¹ Exhibit A: Plaintiff Commissioners of State Insurance Fund Affidavit of Merit, by Lauren Hill, dated October 27, 2010, at ¶18.

² Exhibit B: Summary Judgment decision of the Court, dated July 8, 2011, at p.2.

³ Exhibit B: Summary Judgment decision of the Court, dated July 8, 2011, at p.2.

⁴ Exhibit C: Plaintiff's Year 1 Statement, dated May 21, 2007.

⁵ Exhibit C: Plaintiff's Year 1 Statement, dated May 21, 2007.

⁶ Exhibit D: Plaintiff's Bill # i819244, dated 8/16/2007

Additional Over Charges:

State Fund Differential at 25% (\$ 64,519.73 for year 1)⁸
Assessment Charge at 17.5% (\$ 56,953.13 for year 1)⁹
(Substantially exceeded market rates)

Additional Credits:

Year 1 Premium Charged: \$ 382,599.59¹⁰
Year 1 Premium Paid: \$ 428,333.60¹¹
Payments over Charges: \$ 45,734.01 + \$ 45,734.01

SubTotal Over-Charges and Credits \$ 92,588.88

Plus: Workers Comp is not required for 1009 worker home health aides and nurses.

⁸ Exhibit C: Plaintiff's Year 1 Statement, dated May 21, 2007, Line 8.

⁹ Exhibit C: Plaintiff's Year 1 Statement, dated May 21, 2007, Line 10.

¹⁰ Exhibit A: Plaintiff Commissioners of State Insurance Fund Affidavit of Merit, by Lauren Hill, dated October 27, 2010, at ¶18.

¹¹ Exhibit A: Plaintiff Commissioners of State Insurance Fund Affidavit of Merit, by Lauren Hill, dated October 27, 2010, at ¶18.