March 13, 2025

NYSIF

New York State Insurance Fund
Office of General Counsel

# Operating Guidelines
# for
# Trade Association Groups

Table of Contents


| | | | |
|---|---|---|---|
| **I.** | **Introduction** | | **3** |
| | A. | Objectives | 3 |
| | B. | Identification | 3 |
| **II.** | **General Membership** | | **3** |
| | A. | Eligibility | 3 |
| | B. | Term of Membership | 3 |
| | C. | Transfer between Safety Groups | 4 |
| | D. | Removal or Withdrawal | 4 |
| | E. | Obligations of Membership | 5 |
| **III.** | **Meetings of the General Membership** | | **6** |
| | A. | Notice to NYSIF | 6 |
| | B. | Annual Meeting | 6 |
| | C. | Scheduling | 7 |
| | D. | Attendance and Voting | 7 |
| | E. | Minutes and Vote Record | 8 |
| **IV.** | **Executive Committee** | | **9** |
| | A. | Purpose and Powers | 9 |
| | B. | Composition | 9 |
| | C. | Positions | 9 |
| | D. | Term | 10 |
| | E. | Vacancies | 10 |
| | F. | Meetings | 10 |
| | G. | Safety Advisory Committee | 11 |
| **V.** | **Group Manager** | | **11** |
| | A. | Purpose | 11 |
| | B. | Qualifications and Approval | 11 |
| | C. | Term | 12 |
| | D. | Duties | 12 |
| | E. | Payment for Services | 14 |
| | F. | Group Expenses | 14 |
| | G. | Removal | 14 |
| **VI.** | **General Provisions** | | **14** |
| | A. | Dividends | 14 |
| | B. | Fraud | 15 |
| | C. | Discontinuance | 15 |
| | D. | Amendments | 15 |

## SECTION I: INTRODUCTION

The adoption of the instant "Operating Guidelines" by the Board of Commissioners of the New York State Insurance Fund (herein referred to as "NYSIF") on September 18, 2024, as effective on October 1, 2024, serves to revoke and supersede any and all prior "Rules and Regulations," together with any and all previously approved amendments, governing the operations of Safety Groups organized and operating pursuant to Workers Compensation Law §89, §90, and §91 and 12 NYCRR §451.1 et seq.

A. Objectives, as a Safety Group

This Trade Association Group, a form of Safety Group authorized pursuant to 12 NYCRR §451.2(a)(3), exists to continuously encourage the active prevention of workplace accidents and occupational diseases, the formulation of sound safety programs, the promotion of improvements in medical care for injured employees, and the reduction of the insurance costs borne by its individual members.

Incidental and critical to these purposes is the ongoing encouragement of members to assist NYSIF in the timely submission and proper handling of claims made against an individual policy, including the timely submission of accurate payroll information.

B. Identification

At the time of adoption, NYSIF has assigned Group Number 493 to the instant Trade Association Group (herein referred to as the "Group"). In all communications and dealings with NYSIF concerning Group operations, members and Group Managers are advised to reference the Group using this number.

The Trade Association Group's formal name is Retail Council of New York State Inc., established on 1/1/1976.

## SECTION II: GENERAL MEMBERSHIP

A. Eligibility

In accordance with 12 NYCRR §451.3(b), all policyholders who are and continue to be regular bona fide dues-paying members of the [Insert Name of duly established Industrial Trade Association] who are engaged in the following type(s) of employment, and whose compensation insurance experience records meet the approval of NYSIF and the Group's Executive Committee, shall be considered eligible for membership within the Group.

Only those classifications, which apply in whole or in part to the industry, are to be included within the instant Group and one of such authorized classifications must be the governing classification for a risk to become eligible for membership:

Class Code: Description:

Please see the attached Appendix "A" for a detailed list of included classifications.

B. Term of Membership

NYSIF reserves the right to deny the application of a prospective Group member, for any reason. No prospective member shall be allowed to join the Group without the express consent and approval of NYSIF.

Once approved, said membership shall be continuous from policy year to policy year, until a risk either withdraws or is removed, by either the Executive Committee[1], subject to NYSIF's approval, or NYSIF itself.

C. Transfer between Safety Groups

An eligible risk may transfer from the General Group to this Trade Association Group only upon its anniversary date and only if it provides timely notice to both the Group Manager and NYSIF. Notice is timely if it is received by both the Group Manager[2] and NYSIF no later than thirty (30) days prior to its anniversary date. However, no risk/policy may be transferred directly from any NYSIF Safety Group to another NYSIF Safety Group unless NYSIF has covered such policy in its General Group for a minimum of two (2) years.

D. Removal or Withdrawal

There are certain circumstances whereby an individual member may choose to leave the Group, may be asked by the Executive Committee to leave the Group, subject to NYSIF's approval, and/or may be required by NYSIF to leave the Group:

1. By Decision of the Individual Member:

    a. Any member may choose to withdraw from the Group, effective the subsequent Group anniversary date, if they provide a "Notice of Intent to Withdraw" to both the Group Manager and NYSIF, no later than thirty (30) days prior to the Group's anniversary date. A member may also be allowed to withdraw, at any time, with the consent and approval of NYSIF.

    b. By Cancellation of Insurance: an individual risk's termination of insurance coverage with NYSIF shall also operate to terminate any and all benefits that would otherwise accrue by virtue of membership within this Group, except that such risk may be entitled to participate and/or receive any dividend that may be declared for the last period of its active membership within the Group or other such unpaid periods, in proportion to the earned premium of the member for such period(s).

        The cancellation of insurance during the General Group Policy period shall render such risk ineligible for membership in a Safety Group until after the lapsing of the General Group Policy renewal date following the date of cancellation.

2. By the Executive Committee: the Executive Committee, in consultation with or upon recommendation of its Group Manager, may decide to seek the exclusion and removal of any member from continued membership, at the anniversary date of the group, for failure to comply with group rules, and/or a failure to maintain membership in the duly established Industrial Trade Association.

    Once the Executive Committee makes this decision, it is then responsible for transmitting to both the risk and NYSIF, a "Notice of Intent to Discontinue Membership", including the reason(s) in support of the decision, no later than thirty (30) days prior to the anniversary date of the Group. The approval of the discontinuance of membership remains in the sole discretion of NYSIF.

---

[1] *See* Section IV: "Executive Committee"

[2] *See* Section V: "Group Manager"

3. By NYSIF: if, in NYSIF's opinion, an individual risk's continued membership within the Group would not serve the basic objectives for which the Group is formed, then NYSIF may remove the member from the Group.

E. Obligations of Membership

Membership in the instant Trade Association Group is voluntary. However, if approved for membership, an individual risk agrees to abide by these operating guidelines, together with:

1. Annual Meeting

Each Group member shall endeavor to have an authorized representative present at the Group's Annual Meeting. If no person directly associated with the member is available to attend, the member is then responsible for arranging for a proxy to attend and vote in their stead. This includes executing a valid "Voting Proxy" as defined in Section III(D) of these Guidelines and submitting such proxy to the Group Manager no later than seven (7) days prior to the scheduled meeting.

2. Payroll Records and Audits

Each Group member shall timely and promptly transmit accurate payroll information to the Group Manager and/or NYSIF and actively participate in all audits required by NYSIF. The member shall also keep and maintain a complete record of their payroll expenses, properly separated by classification. NYSIF, and its authorized representatives, shall be permitted to examine an individual member's books, vouchers, contracts, documents, and records of any and every kind, which show or tend to show the premium due to insure the risk.

If a member fails to timely cooperate with either a NYSIF audit or payroll verification request and/or fails to have an audit completed within eighteen (18) months from the end of a policy period, the member may be liable to forfeit its dividend for an estimated policy period and/or removal from the Group, subject to NYSIF's discretion.

3. Claims and Medical Services

Each member shall:

a. Report, promptly, all instances of accidents and occupational diseases as soon as is practicable, but not later than ten (10) days after their occurrence, in accordance with applicable provisions of the NYS Workers' Compensation Law. Such reporting shall occur in a manner and method prescribed by NYSIF; and

b. Keep and maintain a record of all injuries sustained by their employees in the course of their employment. Such record shall include the name of the injured employee, their occupation/title, a list of duties, physical requirements of the job (if any), the time, date, and place/location of injury, a description of the occurrence, a list of eyewitnesses, the name of the employee's direct supervisor, treatment rendered, and a log of lost time attributed to the accident; and

c. Consult, with the Group Manager and/or NYSIF Claims Department staff, on matters relating to all accidents, occupational diseases, medical care, treatment, claims handling and investigatory matters; and

d. Notify, promptly, the Group Manager and/or NYSIF Claims Department staff of an employee's lost time attributable to either an accident or an occupational disease; and

e. Notify, promptly, the Group Manager and/or NYSIF Claims Department staff when said employee returns to work and timely file corresponding paperwork; and

f. Provide efficient and adequate medical treatment and care to injured employees within the parameters set forth under Workers' Compensation Law §13; and

g. Transmit, promptly, all medical bills to NYSIF Claims Department staff, together with any information or communication, whether written or oral, received from an employee who has filed a claim, their physician, their attorney, or any other person; and

h. Cooperate in the investigation of any accident, immediately after its occurrence and throughout the duration of any resulting Claim, to determine the cause of the accident and the prevention of recurrence.

4. Accident Prevention Program(s)

Each member of the Group shall actively participate in the Group Manager's and/or NYSIF's Accident Prevention Program(s). Additionally, members are responsible for:

a. Establishing and maintaining, at individual worksites, a comprehensive and effective safety program for the education of all employees, inclusive of supervisors and staff, in safe practices, with particular attention paid to new employees; and

b. When practicable, establishing, appointing, and maintaining a Safety Committee, composed of management, superintendent(s), foreperson(s), and responsible employees for the purposes of holding regular safety meetings and formulating rules and regulations peculiar to the Business, as insured, for the prevention of accidents and the minimization of occupational disease hazards; and

c. Providing and allowing access to the Business' premises to NYSIF Representatives and Staff, at any time during business hours, for the purpose of making inspections, conducting investigations, and providing recommendations for the elimination of accidents and the minimization of occupational disease hazards; and

d. Availing themselves of the fullest use of NYSIF facilities, programs, and services in accident prevention and safety work and taking prompt action on all recommendations made by the Group Manager, the Executive Committee, Safety Advisory sub-Committee and/or NYSIF for correcting unsafe conditions.

Notwithstanding the foregoing provisions, each group member remains responsible for compliance with all Federal, State, and Local Safety Laws, Rules, and Regulations, as applicable.

## SECTION III: MEETINGS OF THE GENERAL MEMBERSHIP

A. Notice to NYSIF

NYSIF has the right to be represented at all meetings of the Group. Therefore, the Group Manager shall provide to NYSIF's Director of Underwriting, or their designee, a minimum of (20) days advance written notice of all meetings of the Trade Association Group, including all meetings of its Executive Committee and any of its sub-Committee(s).

B. Annual Meeting

The General Membership shall convene at least once per policy year for the purpose of transacting the business of the Group, including but not limited to:

1. Consideration and review of the Group's:
    a. Annual Accounting, as prepared by NYSIF; and
    b. Proposed Dividend, as calculated and approved by NYSIF; and
    c. Proposed Advance Discount, as calculated and approved by NYSIF.

2. The election of members to the Executive Committee, at the initiation of the Group and/or at the expiry of the term of a duly elected Executive Committee member(s); or for the purpose of electing a member to fill an open seat on the Executive Committee if a member resigns or vacates their position prior to the expiration of their term[3]; and

3. Receipt and review the Group Manager's report concerning the Group's overall performance and its relationship with NYSIF. This report should also contain a record of the transactions taken by the Executive Committee during its duly convened meetings, together with operational recommendations that are in the best interests of the Group and/or its individual members.

Additional meetings of the General Membership may be scheduled at the discretion of the Chairperson of the Executive Committee, in consultation with the Group Manager.

C. Scheduling

The Group Manager shall announce the date, time, location, and method [whether in-person or by tele-conference] of the Group's Annual Meeting no later than thirty (30) days prior to the Group's policy anniversary date. The notice for the meeting shall also include a notice to those members who may have previously executed a voting proxy [*See* Section III (D)], that they have the option of: (1) revoking a previously submitted proxy and attending the forthcoming meeting; (2) revoking a previously submitted proxy and issuing a new proxy with a different representative; or (3) taking no action on a previously submitted proxy.

While Groups are encouraged to meet in-person whenever practicable and possible, Groups may meet using commonly accepted and widely available teleconferencing and/or web-conferencing software and/or technology.

If the agenda for the Annual Meeting is to include an election for the purpose of electing an Executive Committee and/or filling a vacancy on the Executive Committee, then such notice must indicate that an election shall occur, detail the number of seats up for election and the length of their term.

D. Attendance and Voting

1. Each member of the Group is encouraged to nominate an individual to represent its interests and attend the Annual Meeting whenever possible.

    a. If a member is unable to attend a meeting of the General Membership, it may choose to timely identify an individual or entity to serve as its proxy, i.e., grant them the authority to vote on their behalf. For the proxy to be properly authorized, the member seeking to appoint a proxy must transmit an executed "Voting Proxy" to the Group Manager before the scheduled meeting wherein the proxy will be exercised. A voting proxy is valid until revoked by the member or until the member issues a superseding proxy.

        i. A Valid Proxy Authorization must include:

[3] *See* Section IV(D&E).

1. Name of the Risk; and
2. NYSIF Policy Number; and
3. The following statement: "The undersigned, a member of the [Insert Trade Association Group Name and Number] that is underwritten by NYSIF, hereby authorizes [Insert name of proxy person/entity] to hold our proxy and vote on our behalf at the [Insert date of meeting] meeting of the group scheduled to occur at [Insert time][4]; and
4. Printed Name of the Authorized Principal of the Risk, with Title; and
5. Signature of the Authorized Principal of the Risk; and
6. The following statement: "This voting proxy revokes all previously issued proxies that may have been authorized by this group member prior to the date of the instant voting proxy. It shall remain valid until withdrawn by the member or until the member issues a superseding proxy."

ii. Both the Industrial Trade Association and the Group Manager are eligible for appointment as a proxy on behalf of a member. However, a member's appointment of the Group Manager as its proxy is only valid if the Group Manager discloses conflicts of interest[5] that may be arise during their service as proxy and the member signs a statement both acknowledging and waiving those conflicts. Said statement may be included in the proxy itself or in a separate document accompanying the proxy.

b. NYSIF is the sole arbiter of whether a proxy is valid and sufficient for the holder of said proxy to exercise voting rights on behalf of the designated risk.

2. Each member of the Group shall be entitled to one (1) vote at all meetings of the General Membership.

3. Quorum for the valid transaction of Group Business is established when the Group Manager certifies that a simple majority, defined as 50% of the General Membership plus one (1), is then present or properly represented by proxy. At the open of any meeting of the General Membership, and/or at the request of the Chairperson, the Group Manager shall establish that quorum has been met by indicating the total number of members within the Group, the number of risks then present, the number of valid proxies, and the number of votes required for the Group to validly act on a motion then before it.

4. A vote of the membership is valid when it receives a majority of votes present, including members participating in person and those represented by proxy.

E. Minutes and Vote Record

The Group Manager is responsible for taking and/or recording the minutes of all Group Meetings, which must document that quorum was established and include a record of all votes taken. This record should also memorialize that there were sufficient votes in favor of a motion, thereby allowing it to pass with a majority of the votes then present.

The Group Manager shall transmit a copy of all meeting minutes to NYSIF, its Director of Underwriting or their designee, within fifteen (15) days of its occurrence. Additionally, the minutes shall be made available upon request from an individual member of the Group. Group Managers are obligated to retain the original minutes and voting records for seven (7) years.

[4] There are additional requirements for a valid proxy if a Member is seeking to appoint the Group Manager as its proxy. *See* Section V(D)(2).
[5] *See also* Section V(D)(2).

## SECTION IV: EXECUTIVE COMMITTEE

A. Purpose and Powers

The Executive Committee is meant to ensure that the Group, both as a whole and its individual members, is faithfully pursuing the objectives for which it was established. It is tasked with the general supervision of the affairs of the Group. In furtherance of these purpose, the Executive Committee shall:

1. Form, at the direction of the Chairperson, any necessary sub-committee, for the accomplishment of a specific task or function. Each sub-committee, so formed, shall become a standing sub-committee, and may only be discontinued by a vote of the Executive Committee; and

2. Arrange for and employ the services of a Group Manager, subject to NYSIF's approval, together with a regular evaluation of the Group Manager's performance; and

3. Review the Group's Safety Experience Report, as prepared by the Group Manager, and take applicable action, where required; and

4. Consider prospective group members and issue provisional approvals of membership, as appropriate; and

5. Consider and evaluate the performance of individual members in meeting the objectives of the Group, including their participation in accident prevention programs and their adoption of relevant safety measures; and

6. Where appropriate, and no later than thirty (30) days prior to the Group's Anniversary Date, the Executive Committee may request that NYSIF exclude an individual risk at the next anniversary date, based on a finding that said member has failed to comply with the instant Guidelines and/or retain membership in the underlying Industrial Trade Association.

7. When in the best interests of the Group and in furtherance of its stated objectives, the Executive Committee may elect to formally delegate obligations four (4) through six (6) above to the Group Manager. Any delegation of the Executive Committee's authority shall be memorialized by a vote of its membership.

B. Composition

Each Group shall have an Executive Committee, consisting of not less than the minimum number established below, but always an odd number, which shall be tasked with the general supervision of the activities and affairs of the Group. The size of the Executive Committee should reflect the size of the general membership as follows:

1. If the total group membership is 199 policyholders or less, then the Executive Committee must have no fewer than three (3) members.
2. If the total group membership is 200 policyholders or more, then the Executive Committee must have no fewer than five (5) members.

C. Positions

Each Executive Committee shall be composed of the following:

1. a Chairperson, whose role requires them to preside at all meetings of the Executive Committee and the General Membership and to conduct, generally, the affairs of the Group; and
2. a Vice-Chairperson, whose role requires them to act in the absence of the Chairperson; and
3. Committee Members, whose role requires them to act in furtherance of the interests of the Group's membership; and
4. Group Manager, as *ex-officio* Secretary to the Group,[6] a non-voting member who is responsible for scheduling and arranging for all meetings of the Group conducted pursuant to these Guidelines, with taking the meetings' minutes and timely transmitting them to NYSIF.

D. Term

When a Group adopts these Guidelines, it must also select one (1) of the following two (2) options governing the term of its Executive Committee members:

Option #1

At the next annual meeting after adoption of the instant Guidelines, once elected, members of the Executive Committee shall hold that position and exercise the powers and duties attributed to it for a period of one year or until the next annual meeting wherein their successor is elected by the General Membership; or

Option #2

At the next annual meeting after adoption of the instant Guidelines, for the purposes of election, membership on the Executive Committee shall be divided into three distinct groups for varying terms of one (1), two (2), or three (3) years, depending on the Group's needs. Thereafter, members of the Executive Committee are expected to hold that position and exercise the powers and duties attributed to it until the next annual meeting after their respective terms expire.

Notwithstanding which option is adopted by the Group, individual Members who are elected to serve on the Executive Committee may be elected to unlimited, consecutive, terms.

E. Vacancies

Should a vacancy occur during a term, the remaining members of the Executive Committee shall have the power to fill said vacancy by appointing a specific individual, duly associated with a member of the Group, to serve until the next annual meeting.

F. Meetings

1. The Executive Committee is required to convene at least once each Group year, but it may, at the call of the Chairperson or upon the Group Manager's request, elect to meet at any time when said meeting is required to effectuate the objectives of the Group. It may also convene on the same date, at the same location, and via the same method as the Annual Meeting, so long as the acts of the Executive Committee are appropriately sequestered from the acts of the General Membership, and vice-versa, in keeping with the instant Guidelines.

   Should the Chairperson of the Executive Committee elect to convene a meeting of the Executive Committee for a specific purpose apart from the Annual Meeting, he or she shall notify the Group Manager. The Group Manager is then responsible for publicizing the date, time, location, method, and purpose of the meeting to the General Membership and NYSIF at least twenty (20) days prior to its occurrence.

[6] For the purposes of calculating total number of members, the Group Manager does NOT count towards the number/size of a fully constituted Executive Committee.

2. NYSIF has the right to send a representative to every meeting of the Executive Committee and its established sub-committees. Therefore, the Group Manager shall notify NYSIF's Director of Underwriting, or their designee, in writing via e-mail: the date, time, location, and method of such meeting with at least twenty (20) days advance notice.

3. A simple majority of members present in-person, or through video-conferencing technology where the person is both audible and visible to the remaining members of the Committee for the duration of the meeting, shall constitute a quorum for the purpose of conducting the business of the Executive Committee. A majority vote of members present is required to decide any action of the Executive Committee. Members shall *not* appear and/or vote by proxy. The Group Manager, as an *ex-officio member* of the Executive Committee, shall not vote.

G. Safety Advisory Committee

The Executive Committee shall name and appoint a Safety Advisory Committee at its first meeting occurring after the Group's Annual Meeting. This Committee shall be composed of an even number of members in good standing and the Group Manager and may confer with NYSIF's Policyholder Services and Claims Department staff on existing rules and regulations for the prevention of accidents and the minimization of hazards leading to occupational diseases.

The Safety Advisory Committee will meet, as often as is practicable but at least once each group year to:

1. Review the past and current experience of the Group; and
2. Review accidents then currently reported and make suggestions for the prevention of recurrences; and
3. Review, revise and/or formulate proposed Safety Rules and Regulations to be adopted and/or followed by members of the Group; and
4. Devise methods for obtaining Group Members' cooperation in accident prevention and for identifying members who consistently have a poor loss ratio and/or who are otherwise acting in contravention of the express purposes of the Group.

Any recommended action on the part of the Safety Advisory Committee and/or the Group Manager does not relieve, reduce, or substitute any duty and/or obligation owed by a Group Member to their employees or others.

## SECTION V: GROUP MANAGER

A. Purpose

A Group Manager shall be employed by the Executive Committee for the purpose of efficiently securing the benefits for which the Group is established and carrying out the spirit and intent of Workers' Compensation Law §89, §90, and §91 and 12 NYCRR §451.1 et seq.

B. Qualifications and Approval

NYSIF is the sole arbiter of whether a person/group/business entity meets the qualifications to serve as a Group Manager. Upon NYSIF's request, a prospective or appointed Group Manager shall submit their qualifications to engage in Group Management to NYSIF's Director of Underwriting, or their designee, and/or its Office of General Counsel.

The factors NYSIF may consider when evaluating a request to approve a Group Manager includes, e.g.: years of experience in group management or comparable activity, experience with claims management,

experience in loss control, and any other factor deemed relevant and appropriate to the management of a Safety Group authorized pursuant to 12 NYCRR §451.2.

C. Term

At the next meeting of the Executive Committee after the adoption of the instant Guidelines, it shall designate and appoint a Group Manager for a term of five (5) years. The Group Manager shall not begin to act in such capacity until NYSIF has provided its written approval of their appointment. At all times, the Group Manager serves at the discretion of both the Executive Committee and NYSIF: said term may be terminated by a vote of the Executive Committee or by NYSIF, at any time.

D. Duties

1. *Ex-Officio* Secretary to the Safety Group

a. Meeting Schedule

The Group Manager is responsible for arranging for and scheduling all required meetings of the Group. They are also responsible for timely and properly notifying NYSIF of the date, time, location, and method of those meetings.

b. Voting Proxies

The Group Manager is responsible for recording all proxies timely received by them and presenting them to NYSIF's Director of Underwriting or their designee, prior to the commencement of the Annual Meeting wherein said proxy will be exercised.

c. Attendance and Minutes

The Group Manager shall take and record attendance, both in-person and by proxy, at the Group's Meetings, including the Annual Meeting, meetings of the Executive Committee and any of its sub-committees. They are also responsible for taking and recording the minutes of all meetings of the Group and maintaining those records for a minimum of seven (7) years.

2. Nominated Proxy on behalf of Group Member(s)

The Group Manager may be appointed by Group Members to act and/or serve as a proxy for individual member(s) of the Group at its Annual Meeting. If asked by a Member to act as its proxy, the Group Manager must disclose any conflict of interest[7] that may arise from said appointment. The Member must acknowledge this disclosure and affirmatively waive the conflicts in their proxy nomination form, together with the other requirements specified under Section III(D)(1)(a)(i).

3. Authorized Representative for Individual Members

The Group Manager shall be the representative of the Group, as well as the broker of record/authorized representative on participating policies, in all dealings with NYSIF.

[7] A "Conflict of Interest" occurs when the interests of a Group Manager are implicated in an action and/or vote to be taken by members of the Group, including but not limited to the nomination and election of Executive Committee Members, the selection of a Group Manager and the amount of their fee.

4. Applications for Insurance

The Group Manager shall, to the best of their ability, be responsible for ensuring that all applications for insurance submitted on behalf of prospective group members shall be correctly and fully completed, containing all information required by NYSIF. To expedite service, NYSIF prefers the electronic submission of documents, but a Group Manager may submit documents by mail.

5. Recordkeeping for Audit Purposes

The Group Manager shall instruct all members in the proper maintenance of payroll and other records that may reflect upon any wage expenditures, assist NYSIF in obtaining true and accurate payroll records and reports, aid NYSIF in the prompt collection of premiums, and keep a record of the Safety Group's estimated premium and earned premium for each policy period. They must also ensure, to the best of their ability, that all applications for insurance submitted on behalf of prospective group members are correct and complete, containing all information required by NYSIF.

6. Safety Reporting

The Group Manager shall study the past and current Safety Experience of the Group, including performing an assessment of all accidents currently reported and making suggestions/recommendations to prevent their recurrence. They shall also regularly review the safety rules and/or practices of Group Members and devise methods to obtain cooperation in accident prevention from all Group Members.

Their findings shall be contained in an annual Safety Report, presented to the Executive Committee of the Group at a duly convened meeting. The Group Manager may make any and all recommendations which are consistent with the Group's objectives and in the best interest of its membership.

7. Loss Prevention

The Group Manager shall provide members with Loss Prevention and Safety Services, including an analysis of losses, safety training, development of safety programs, and the performance of site inspections, upon request. They are also responsible to either develop and implement an accident-prevention program, if the Safety Group does not yet have one and subject to approval by NYSIF, or to ensure that the pre-existing and approved accident-prevention program is diligently carried-out by individual members.

8. Preparation and Presentation of Reports concerning Group Performance

In advance of the Group's annual meeting, the Group Manager shall prepare a report concerning the Group's overall performance and its relationship with NYSIF. This report shall also contain a record of the transactions taken by the Executive Committee during its duly convened meetings, together with all operational recommendations that are in the best interests of the Group and/or its individual members and shall be presented to all members at the annual meeting of the Group.

9. Business Operations as Group Manager

The Group Manager has an affirmative obligation to report, in writing to NYSIF's Director of Underwriting or their designee, any merger, acquisition, sale, dissolution or name change involving the person/business/entity serving as Group Manager within ten (10) days of its occurrence. They shall also report any potential, actual or apparent conflict of interest involving itself and NYSIF within ten (10) days of their knowledge of it.

E. Payment for Services

1. Generally

As payment for their services, the Group Manager may receive remuneration in the form of a Service Fee assessed against, and paid by, individual members of the Group, as determined by the Executive Committee at the time of the Manager's appointment. However, in no circumstance shall a Group Manager be remunerated with services fees owed for any policy period in which they did not provide the services of a Group Manager: while a Group Manager may accept services fees for an upcoming period, a proportional share of those proceeds would be forfeit if the Group Manager ceases operations, is removed by either the Executive Committee or NYSIF, or their term is otherwise cancelled.

Such service fees shall not exceed the greater of either twelve (12) percent of standard premium or twelve (12) percent of NYSIF premium. The Group Manager is solely responsible for the billing and collection of their service fee. However, the Group Manager shall only collect a fee for the number of days within a Group Year in which their services were properly and duly rendered under the instant Guidelines.

2. Removal for Cause

If either the Executive Committee or NYSIF terminate the services of a Group Manager mid-term, the Group Manager may not assess a charge that is greater than the appropriate pro-rated premium attributable to the period prior to their termination.

F. Group Expenses

All ordinary expenses of the Group shall be borne by the Group Manager and shall be paid from the Group Manager's remuneration. The Group Manager shall be prepared to report their total remuneration, including the method for reaching that figure, upon receipt of a request from NYSIF. If requested, this report should include their total remuneration and the method for reaching that figure.

G. Removal

NYSIF expressly retains the right, either at the behest of the Executive Committee or based on its own findings, to terminate or otherwise cancel the remaining term of a Group Manager if the Group Manager fails to timely and/or meaningfully perform their duties. The cancellation of a term shall result in the forfeiture of remuneration for any remaining portion of said term and may result in a disqualification from future service as a Group Manager for any Group authorized under 12 NYCRR §451.2.

## SECTION VI: GENERAL PROVISIONS

A. Dividends

NYSIF will distribute dividend payments on a pro-rata basis, based on the audited "earned premium." NYSIF will not distribute dividends on unaudited policies: a failure to complete an audit for a policy period within eighteen (18) months from the policy end date may result in the forfeiture of any dividend for that policy period on the part of an individual member, with the value of the dividend remaining part of the Group's Contingent Balance.

Said divided may also be subject to a reduction in an amount equal to the monetary fines and/or penalties assessed against NYSIF for acts directly attributable to a policyholder.

B. Fraud

1. NYSIF retains the exclusive right to categorize certain acts taken by a policyholder as "fraudulent" for the purposes of the operation of this Group.

2. If NYSIF finds that a policyholder committed an act of insurance fraud or said policyholder agrees, in an executed settlement with NYSIF, to have engaged in potentially fraudulent activity involving the misrepresentation of payrolls and/or business ownership and/or operations related to a policy issued by virtue of said policyholder's membership within the instant group, then NYSIF reserves the right to:

    a. assess a penalty, in an amount up to and including the amount of the annual dividend which would have been otherwise payable or previously paid to a policyholder for the year(s) during which the policyholder committed the act(s) of fraud; and/or
    b. exclude such policyholder from continued membership in the Group as of the Group's next anniversary commencing in the year immediately following the determination of the fraud.
    c. NYSIF's Executive Staff, Office of General Counsel, and/or its Underwriting Department, shall assess such penalty or penalties, as appropriate.
    d. Any dividends withheld or recovered shall be added to the Group's Contingent Balance, as provided for in the Group Endorsement.

C. Discontinuance

1. NYSIF may elect to discontinue this Safety Group as of any anniversary date if, in the opinion of its Executive Management, the Group's continued operation does not serve the basic objectives for which the group was formed or the number of eligible risks within the Group falls below twelve (12) and/or the value of its annual premium falls below $500,000.00.

    a. Upon discontinuance, NYSIF may elect to place individual policyholders in either its General Group or a different Safety Group for which the risk may be eligible.

2. The Group may elect to discontinue its existence by enacting a resolution to such effect but said resolution must pass with a two-thirds vote of all active members of the Group.

    Said resolution in favor of discontinuance is only valid if the Group notifies NYSIF, in writing, prior to the Group's anniversary date and no later than thirty (30) days from the adoption of the duly passed resolution. The discontinuance or termination shall be effective as of the group anniversary date immediately following the adoption of the resolution.

D. Amendments

NYSIF reserves the right to amend the instant Operating Guidelines at any time. If NYSIF decides to issue an amendment, it will transmit a copy of the amendment to the Group Manager at least thirty (30) days prior to the Group's Renewal Period. The amendment shall then become part of the Group's Operating Guidelines, unless and until revoked by NYSIF. Any amendment issued by NYSIF, may be revoked by NYSIF at any time, after giving the Group Manager thirty (30) days prior to the Group's Renewal Period.

The Group Manager shall, within 30 days of receipt from NYSIF, send a copy of the new rule and/or amendment to each Group member.

[Signature Page to Follow]

Appendix A

Group #: 493 Group Name: Retail Council of New York State Inc.

| Class Code: | Description: | Restriction: |
|---|---|---|
| 2003 | Bakeries Including Drivers & Route Salesmen | |
| 7998 | Hardware Stores - Retail | |
| 8001 | Florists | Retail only |
| 8006 | Grocery, Fruit Store Retail | |
| 8008 | Clothing, Wearing Apparel Stores - Retail | |
| 8013 | Jewelry Stores | Retail only |
| 8016 | Copying & Duplicating Services - All Emp., Clerical, Sales Drivers | |
| 8017 | Retail Stores NOC | |
| 8025 | Bicycle Store - Retail | |
| 8031 | Meat, Fish or Poultry Stores - Retail | |
| 8033 | Meat Grocery Comb. Stores - Retail | |
| 8039 | Department Stores - Retail | |
| 8043 | Retail Stores with Service of Food | |
| 8044 | Furniture Stores-Wholesale& Retail. | Retail only |
| 8046 | Auto Accessories Stores NOC | |
| 8072 | Book Stores - Retail | |
| 8105 | Hide or Leather Dealers | Retail only |
| 8382 | Self Service Gasoline Station - Convenience Store | |
| 9521 | House Furnish & Carpet Install | Only when in conjunction with a retail store |

~*~

Approved as to Content and Form by:

David F. Werthelm
Chief Counsel, Office of General Counsel
Date: 11/1/2024

Thomas Racko
Director of Underwriting, Policyholder Services
Date: 10/31/2024

Approved and Adopted by NYSIF's Board
of Commissioners on **September 18, 2024**

Adopted by:

Group 493
Name of Group

Nicholl Lockwood
Chairperson Signature Nicholl Lockwood

Adam Hershberg
Group Manager Signature

March 13, 2025
Date

Executive Committee Term Selection
Option #1 ☒ Option #2 ☐