

INSTRUCTIONS FOR THE PREPARATION  
of  
NEW JERSEY SCHEDULE "W" – (CALL #1W)  
"TOTAL EXPERIENCE"

This report is an exhibit of New Jersey experience under all direct policies of Workers Compensation and Employers Liability Insurance written effective on and after January 1, 1942. It is for the purpose of making available to the Compensation Rating and Inspection Bureau (NJCRIB) accurate data for use in the determination of proper premium levels. This form requires the reporting of accumulated New Jersey Workers Compensation experience by **POLICY YEAR**.

Policy year refers to a method of organizing financial data based upon policy effective date. For example, policy year premium is comprised of premium from policies with effective dates occurring during the same calendar year, and policy year losses develop from claims against these policies and are reported back to the policy effective year, regardless of the calendar year in which the claim occurred.

Data collected in this report includes policy year premiums and losses from policies effective on and after January 1, 1942 valued as of December 31, 2011 except in connection with net premium earned (column (3)). The data for policy years 1942 through 1988 are to be shown in summarized format on line (A) of each report page. The data for policy years 1989 to 2011 are to be shown individually on lines (B) through (X) of each page. The reporting of the premium and loss information requested on page (1) and the indemnity and medical split data on page (2) is mandatory for all applicable policy years. Premiums required include the standard premiums written, the standard premiums earned and the net premiums earned. Losses include the indemnity and medical totals for losses paid, outstanding case reserves (excluding IBNR and bulk reserves), IBNR and bulk reserves and total incurred losses. An incurred indemnity claim count is also required for certain policy years. Finally, the dividends paid for the latest calendar year must be included in the report.

**The Schedule "W" – Total Experience includes an additional individual policy year. Therefore, Line (A) of this report, the summarization of policy years 1942 through 1988, is the same as last year. Lines (B) through (W) also represent the same policy years as last year. It is expected that an additional policy year will be included in future reports until further notice.**

Calendar year premium and loss experience for the latest annual period will be determined by using the policy year experience from this report and from the policy year experience which was reported in the Schedule "W" – "TOTAL EXPERIENCE" filed last year.

A. FILING DATE

**The report must be received not later than April 2, 2012. Additional time must not be requested since it cannot be granted. In any case where the required data are received subsequent to the specified due date, a fine of \$5,000 will be assessed against each company included in the report. In addition, any carrier whose reports are received by the Rating Bureau after April 16, 2012 will incur an additional fine of \$5,000 such that the total fine will be \$10,000 per company.**

B. GENERAL INSTRUCTIONS

1. **The Rating Bureau encourages on-line reporting using our FDRA system. All reports not filed on-line using FDRA will incur a \$500 processing fee per company.**
2. Group reporting is permitted. Carriers are required to submit the Schedule "W" – "TOTAL EXPERIENCE" on the same basis (individual or group report) as the Schedule "Q" – "TOTAL EXPERIENCE" for reconciliation purposes.
3. Carrier or group name along with the other information as noted must be shown on page (1). Carrier or group name only should appear on page (2).
4. Each carrier with no experience must file a "none" report by indicating "No Experience" on the acknowledgment form of the FDRA, or be included in a group report.
5. Premiums and losses are to be reported in whole dollars only. Count fifty cents and over as an extra dollar and reject the cents if less than fifty. Negative amounts should be enclosed in parentheses. Rounding to amounts other than one dollar (i.e. nearest thousand dollars) is not acceptable.
6. For the purpose of this report, standard premium must include the effect of experience rating and the premium resulting from the application of the expense constant. Further, standard premium shall include the premiums resulting from the Plan Rating Program, Plan Premium Adjustment Program and the 15% surcharge all applicable in certain cases to residual market risks. Standard premium shall also include the credits from Approved Managed Care Programs and from the New Jersey Construction Classification Premium Adjustment Program. Standard premium shall exclude the premium reductions in consideration of large deductible coverage as well as any retrospective rating and premium discount adjustments.
7. **Standard premium shall also exclude the premium adjustments from the use of the Schedule Rating Plan, which became effective on July 1, 2006.**

8. **Premium resulting from charges for both foreign and domestic terrorism that were applicable January 1, 2003 and after should not be included.**
9. **Premium resulting from charges for Catastrophes (other than certified acts of terrorism) that were applicable January 1, 2003 and after should not be included.**
10. In cases where deductible coverages apply, losses are to be reported on a gross basis (first dollar) inclusive of the employer paid deductible amount.
11. The net liability incurred from claims involving subrogation should be apportioned to indemnity and medical in the same proportion as the gross incurred unless the specific settlement indicates otherwise.

C. INSTRUCTIONS – PAGE (1)

Column (1) - Standard Premium Written - Accumulated standard premiums written for each of the policy years must be shown. Totals should represent the entire written premium recorded from policy inception to December 31 for those policies becoming effective during the policy year reported.

Column (2) - Standard Premium Earned - Accumulated standard premiums earned for each of the policy years must be shown. Totals should represent the entire earned premium from policy inception to December 31 for those policies becoming effective during the policy year reported.

Column (3) - Net Premium Earned - Accumulated net premiums earned for policy years 1956 through 2009 must represent the corresponding policy year standard premiums earned in column (2) less the premium reductions in consideration of large deductible coverage and retrospective rating and premium discount adjustments. **Net Earned Premium shall exclude the premium adjustments from the use of the Schedule Rating Plan.** Line (A) must show the accumulated net premium earned summarized for policy years 1956 through 1988 only. Prior to 1956 net earned premiums as presently defined were not available.

Column (4) – Paid Losses – The accumulated losses paid through December 31 for each policy year must be shown. This amount should be the sum of the paid indemnity and paid medical losses from page (2) of the report.

Column (5) – Outstanding Losses – The accumulated outstanding case reserves valued as of December 31 must be shown for each policy year. IBNR and bulk reserves must not be included in the totals. The outstanding case reserves should be the sum of the outstanding indemnity case reserves and the outstanding medical case reserves from page (2) of the report.

Column (6) – IBNR & Bulk Reserves – The combined IBNR and bulk reserves valued as of December 31 must be shown for each policy year. The totals should be the sum of the combined indemnity and combined medical IBNR and bulk reserve totals on page (2) of the report. IBNR refers to losses arising from claims incurred but not reported, while bulk reserves refer to reserves for general case inadequacy, supplemental case reserves, cases that may reopen or other reserves not associated to specific claims.

Column (7) – Total Incurred Losses – The total incurred losses for each policy year are determined by the summation of the amounts in corresponding columns (4), (5) and (6).

D. INSTRUCTIONS - PAGE (2)

Column (8) – Incurred Indemnity Claim Count – The accumulated number of claims for which an indemnity payment has been made and/or an outstanding reserve exists must be reported for policy years 1989 and subsequent. The indemnity claim count should exclude claims that begin with an indemnity reserve but are resolved as a medical only claim or closed with no payment. Conversely, indemnity claim count should include claims that begin as medical only but are resolved as indemnity at future valuations. If indemnity claims are reopened, they should not be added to the claim count.

Starting with the 2011 reports, two new columns have been added in order to separate the Claim Count by the following:

- **Column (8A) – Accumulated Closed (Paid): Includes those indemnity claims that are paid in full and have no existing outstanding losses.**
- **Column (8B) – Open (Outstanding): Includes those indemnity claims for which outstanding losses exist at year end, regardless of whether or not any payments were made.**

The Sum of Columns (8A) and (8B) must equal Column (8). They have been labeled (8A) and (8B) so as to not change the columns that follow (9-14).

Column (9) – Paid Indemnity Losses – The accumulated indemnity losses paid through December 31 for each policy year must be shown.

Column (10) - Paid Medical Losses – The accumulated medical losses paid through December 31 for each policy year must be shown.

Column (11) – Outstanding Indemnity Losses – The accumulated outstanding indemnity case reserves valued as of December 31 must be shown for each policy year. IBNR and bulk reserves must not be included in the totals.

Column (12) - Outstanding Medical Losses – The accumulated outstanding medical case reserves valued as of December 31 must be shown for each policy year. IBNR and bulk reserves must not be included in the totals.

Column (13) – Indemnity IBNR & Bulk Reserves – The combined indemnity IBNR and bulk reserves valued as of December 31 must be shown for each policy year.

Column (14) - Medical IBNR & Bulk Reserves – The combined medical IBNR and bulk reserves valued as of December 31 must be shown for each policy year.

#### E. CALENDAR YEAR EXPERIENCE

The sum of lines (A) through (X) for columns (1) through (7) on page (1) and the sum of lines (A) through (X) for columns (9) through (14) on page (2) must be shown on line (XX) of each page. These amounts represent the sum of policy year experience for each item valued as of December 31, 2011. The FDRA automatically sums the total for you as numbers are input. The sum of policy year experience for each item valued as of December 31, 2010 must be shown in the appropriate columns on line (YY) of each page. **The amounts for standard premiums written and earned, net premiums earned and all loss items must appear EXACTLY as reported and used on line (XX) in the Schedule “W” – “TOTAL EXPERIENCE” report filed last year.** For reports submitted on a group basis, the amounts by item on line (YY) must be the sum of all companies within the group. The calendar year experience on line (ZZ) is the amount of the particular item on line (XX) as of December 31, 2011 less the amount of the corresponding item on line (YY) as of December 31, 2010. Totals for line (XX), (YY) and (ZZ) are not required for columns (8A) or (8B) on page (2). Finally, the dividends paid during calendar year 2011 must be inserted in the space provided at the bottom of page (2). Non participating companies should leave this space blank.

#### F. SPECIFIC INSTRUCTIONS

1. No adjustment of losses or premiums is to be made on account of reinsurance ceded or received, nor are dividends paid or payable to policyholders to be deducted from premiums. No experience under policies of excess insurance is to be reported.
2. Experience for household employee coverage shall be excluded. Such coverage is normally afforded on a Homeowner or other policy affording comprehensive personal liability coverage and in rare instances on a standard provisions Workers Compensation and Employers Liability Insurance Policy. In either event this experience is filed under a separate data call at another time.
3. All Federal classification experience in New Jersey must be included in the report.
4. Three year fixed rate experience shall be reported (all three years) in the effective year.
5. Reported losses should exclude loss adjustment and all other allocated and unallocated expenses.
6. Second Injury Fund assessments together with payments for Special Adjustments and Supplemental Benefits made prior to July 1, 1989 should not be included in the report. Further, the Second Injury Fund and the Uninsured Employers Fund surcharge amounts collected January 1, 1989 and thereafter also should not be included.
7. Earned premiums are to be computed on a pro rata basis by policy year.
8. All open permanent total disability cases shall be valued in accordance with 3:13 of *the New Jersey Workers Compensation and Employers Liability Insurance Manual* and the Pension Table effective July 1, 2005 included therein. All death cases which include a spouse's life pension shall be valued in accordance with 3:13 of *the New Jersey Workers Compensation and Employers Liability Insurance Manual* and the Pension Table and Surviving Spouse's Pension Table effective January 1, 2004 included therein.

#### G. **NEW! PREMIUM GRID**

1. **The definition of Standard and Earned Premium can be a bit confusing, so the following grid was developed to explain exactly what items are included and excluded from each of the three premium columns in this report. It also lists various items that exist in other states, but are not applicable at this time in the State of New Jersey.**

# New Jersey Schedule "W"

## Premium Level Components

Components	Col. 1 - Standard Written Premium	Col. 2 - Standard Earned Premium	Col. 3 - Net Earned Premium
15% surcharge for Rejection of Voluntary Offer	IN	IN	IN
Certified Safety Committee Credit Program	N/A	N/A	N/A
Construction Classification Premium Adjustment Program	IN	IN	IN
Credit for Approved Managed Care Programs	IN	IN	IN
Domestic Terrorism (code 9741)	EX	EX	EX
EBNR & EBUB	N/A	N/A	N/A
Expense Constant (code 0900)	IN	IN	IN
Expense Modification Program	N/A	N/A	N/A
Experience Rating	IN	IN	IN
Large Deductible Premium Credit Reductions	EX	EX	IN
Loss Constant	N/A	N/A	N/A
Merit Rating (code 9885 & 9886)	N/A	N/A	N/A
Minimum Premium	IN	IN	IN
Plan Premium Adjustment Program (PPAP)	IN	IN	IN
Plan Rating Program (discontinued on 1-1-1998)	IN	IN	IN
Policyholder Dividends *	EX	EX	EX
Premium Discount (code 0063)	EX	EX	IN
Rate Deviations	N/A	N/A	N/A
Retrospective Rating Adjustments	EX	EX	IN
Scheduled Rating Adjustments (codes 9887 & 9889)	EX	EX	EX
Small Deductible Premium Credit	N/A	N/A	N/A
TRIA Premium (code 9740)	EX	EX	EX

'IN' - included in premium; "EX" - not included in premium; N/A = does not apply in NJ

\* There is a separate cell to report Calendar Year Dividends at the bottom of spreadsheet.