

INSTRUCTIONS FOR THE PREPARATION
of
NEW JERSEY SCHEDULE "W" – (CALL #2W)
"WORKERS COMPENSATION INSURANCE PLAN ONLY"

This report is an exhibit of New Jersey experience under all direct policies of Workers Compensation and Employers Liability Insurance written through the New Jersey Workers Compensation Insurance Plan effective on and after January 1, 1970. It is for the purpose of making available to the Compensation Rating and Inspection Bureau (NJCRIB) accurate data for use in the analysis of residual market experience. It also will be used along with the Schedule "W" report for "TOTAL EXPERIENCE" to develop "voluntary business only" experience. The data submitted in this report should be consistent with the experience included in the Schedule "W" – "TOTAL EXPERIENCE" report. 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 dates. 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 premium and losses from residual market policies effective on and after January 1, 1970 valued as of December 31, 2009. The data for policy years 1970 through 1988 are to be shown in summarized format on line (A) of each report page. The data for policy years 1989 to 2009 are to be shown individually on lines (B) through (V) of each report 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.

The Schedule "W" – Workers Compensation Insurance Plan Only includes an additional individual policy year. Therefore, Line (A) of this report, the summarization of policy years 1970 through 1988, is the same as last year. Lines (B) through (U) 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.

Residual market 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 residual market policy year experience which was reported in the Schedule "W" – "WORKERS COMPENSATION INSURANCE PLAN ONLY" filed last year.

A. FILING DATE

The report must be received not later than April 1, 2010. 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 15, 2010 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 processing fee of \$500 per company.**
2. Group reporting is permitted. Carriers are required to submit the Schedule "W" – "WORKERS COMPENSATION INSURANCE PLAN ONLY" on the same basis (individual or group report) as the Schedule "Q" – "WORKERS COMPENSATION INSURANCE PLAN ONLY" 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, 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 include the credits from the New Jersey Construction Classification Premium Adjustment Program and exclude the premium reductions in consideration of premium discount adjustments **made to policies effective prior to January 1, 2006**. **Premium Discount does not apply to New Jersey Workers Compensation Insurance Plan policies effective January 1, 2006 and thereafter.**

7. **Standard premium as a result of the Terrorism Risk Insurance Reauthorization Act of 2007 (TRIPRA) as well as all other Terrorism surcharge, past or present, should not be included.**
8. Premium charges as a result of the Domestic Terrorism, Earthquake and Catastrophic Industrial Accidents Premium Charge should not be included.
9. 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 each policy year must represent the corresponding policy year standard premiums earned in column (2) less the premium reductions in consideration of premium discount adjustments. **For policy years 2006 thru 2008, in most cases the net earned premium and standard earned premium should be identical. See Section B-6 of the General Instructions for more information.**

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.

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 (V) for columns (1) through (7) on page (1) and the sum of lines (A) through (V) for columns (9) through (14) on page (2) must be shown on line (X) of each page. These amounts represent the sum of policy year experience for each item valued as of December 31, 2009. The sum of policy year experience for each item valued as of December 31, 2008 must be shown in the appropriate columns on line (Y) 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 (Y) in the Schedule "W" – "WORKERS COMPENSATION INSURANCE PLAN ONLY" report filed last year. For reports submitted on a group basis, the amounts by item on line (Y) must be the sum of all companies within the group. The calendar year experience on line (Z) is the amount of the particular item on line (X) as of December 31, 2009 less the amount of the corresponding item on line (Y) as of December 31, 2008. Totals for lines (X), (Y) and (Z) are not required for column (8) on page (2).

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.