

INSTRUCTIONS FOR THE PREPARATION
of
NEW JERSEY SCHEDULE "Q" – (CALL #4Q)
"LARGE RISK – LARGE DEDUCTIBLE COVERAGE ONLY"

This report is an exhibit of New Jersey experience under all direct policies of Workers Compensation and Employers Liability Insurance where the insured has accepted coverage under the New Jersey Large Risk – Large Deductible Program. It is for the purpose of making available to the Compensation Rating and Inspection Bureau (NJCRIB) accurate data developed under the Program, which became effective July 1, 1993. The data submitted in this report should be consistent with the experience for deductible coverages included in the Schedule "Q" – "TOTAL EXPERIENCE" report. This form requires the reporting of accumulated New Jersey Workers Compensation experience by **ACCIDENT YEAR**.

Accident year refers to a method of organizing financial loss data based upon the date the losses occurred. For example, accident year 2007 includes claims with accident dates occurring in 2007.

Data collected in this report includes accident year losses from policies effective on and after July 1, 1993 valued as of December 31, 2009. The data for accident years 1993 to 2009 are to be shown individually on lines (A) through (Q) of each report page. The reporting of the loss data on page (1) and the indemnity and medical split data on page (2) is mandatory for all applicable accident years. Losses required include the gross (prior to the insured paid deductible amounts) indemnity and medical totals for losses paid, outstanding case reserves (excluding IBNR and bulk reserves), IBNR and bulk reserves and total incurred losses. The losses required also include the total incurred losses on a net basis (after the insured paid deductible amounts). An indemnity incurred claim count is also required.

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.**
- Group reporting is permitted. Carriers are required to submit the Schedule "Q" – "LARGE RISK – LARGE DEDUCTIBLE COVERAGE ONLY" on the same basis (individual or group report) as the Schedule "W" – "LARGE RISK – LARGE DEDUCTIBLE COVERAGE ONLY" for reconciliation purposes.
- 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).
- Each carrier with no experience must file a "none" report, or be included in a group report.
- All data is 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.
- 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.
- The entries for Gross Total Losses Paid, Outstanding, IBNR & Bulk Reserves and Incurred Losses, and for Net Total Incurred Losses on line (X) in columns (3) through (6) and column (7) on page (1) of this report must equal the corresponding entries on line (X) in columns (3) through (6) and column (7) on page (1) of the Schedule "W" – "LARGE RISK – LARGE DEDUCTIBLE COVERAGE ONLY" to be filed this year. Likewise, the Gross Indemnity and Medical Losses Paid, Outstanding and IBNR & Bulk Reserves on line (X) in columns (9) through (14) on page (2) of this report must equal the corresponding entries on line (X) in columns (9) through (14) on page (2) of the Schedule "W" – "LARGE RISK – LARGE DEDUCTIBLE COVERAGE ONLY" to be filed this year.

C. INSTRUCTIONS – PAGE (1)

Columns (1) and (2) – Do not enter data in these columns; reserved for future use.

Column (3) – Paid Losses – The accumulated losses paid through December 31 for each accident 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 (4) – Outstanding Losses – The accumulated outstanding case reserves valued as of December 31 must be shown for each accident 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 (5) – IBNR & Bulk Reserves – The combined IBNR and bulk reserves valued as of December 31 must be shown for each accident 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 (6) – Total Incurred Losses (Gross Basis) – The gross total incurred losses for each accident year are determined by the summation of the amounts in corresponding columns (3), (4) and (5).

Column (7) – Total Incurred Losses (Net Basis) – The net total incurred losses for each accident year must represent the corresponding accident year gross total incurred losses in column (6) less the accumulated deductible loss amounts paid by insureds during the same accident year.

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 each accident year. 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 accident year must be shown.

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

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

E. COLUMN SUMMARIES

Column summaries are required on line (X) for columns (3) through (7) on page (1) and columns (9) through (14) on page (2). A column summary is not required for column (8) on page (2).

F. SPECIFIC INSTRUCTIONS

1. No adjustment of losses is to be made on account of reinsurance received. In addition, 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 must be included in the report.
5. Reported losses should exclude loss adjustment and all other allocated and unallocated expenses.
6. 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.