

INSTRUCTIONS FOR THE PREPARATION
of
NEW JERSEY SCHEDULE "W" – (CALL #4W)
"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 "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 premiums and losses from policies effective on and after July 1, 1993 valued as of December 31, 2011. The data for policy years 1993 to 2011 are to be shown individually on lines (A) through (S) of each report page. The reporting of the premium and loss data 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 and net premiums earned while losses 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 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 processing fee of \$500 per company.**
2. Group reporting is permitted. Carriers are required to submit the Schedule "W" – "LARGE RISK – LARGE DEDUCTIBLE COVERAGE ONLY" on the same basis (individual or group report) as the Schedule "Q" – "LARGE RISK – LARGE DEDUCTIBLE COVERAGE 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. 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 coverages.
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. **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.**
9. Premium charges as a result of the Domestic Terrorism, Earthquake and Catastrophic Industrial Accidents Premium Charge should not be included.
10. 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 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 (2) - Net Premium Earned - Accumulated net earned premiums for each policy year must represent the corresponding policy year standard premiums earned in column (1) less premium reductions in consideration of large deductible coverage. The premium reductions should recognize any retrospective adjustment of the deductible premium.

Column (3) – 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 (4) – 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 (5) – 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 (6) – Total Incurred Losses (Gross Basis) – The gross total incurred losses (first dollar) for each policy 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 policy year must represent the corresponding policy year gross total incurred losses in column (6) less the accumulated deductible loss amounts paid by insureds during the same policy 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 policy 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.

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 (S) for columns (1) through (7) on page (1) and the sum of lines (A) through (S) 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 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 and net premiums earned and all loss items must appear **EXACTLY** as reported and used on line (XX) in the Schedule "W" – "LARGE RISK – LARGE DEDUCTIBLE COVERAGE ONLY" 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 lines (XX), (YY) and (ZZ) are not required for column (8) on page (2).

NOTE: The rows for the totals, formerly known as lines X, Y and Z have been changed to XX, YY and ZZ respectively due to the continued expansion of the Schedule "W" and "Q" reports.

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. The Second Injury Fund and the Uninsured Employers Fund surcharge amounts 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.