



# COMPENSATION RATING AND INSPECTION BUREAU

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## MANUAL AMENDMENT BULLETIN #445

To All Bureau Members and Subscribers:

Re: Manual Rule Change

The Commissioner of Banking and Insurance has approved the following change to the New Jersey Workers Compensation and Employers Liability Insurance Manual (Manual). The change is effective July 1, 2009 on a new and renewal basis only.

### PREPARATION AND AUDITING OF POLICIES

Amend 3:3-80.1 to add 3:3-80.1 (c) as follows:

#### PRESENT

#### AMENDED

#### 80.1 Exceptions:

- (a) If the policy is canceled by the insured because of retirement from the business covered by the policy or because the work insured has been completed, adjustment of premium shall be made by applying manual rates to the audited payrolls, applying any applicable experience modification, and adding thereto the expense constant. If the final premium so computed is less than the pro rata portion of the specified minimum premium, the pro rata portion of the minimum premium shall be charged. In no event, however, shall this provision operate to diminish the minimum premium for the policy below the expense constant charge.

**NO CHANGE**

**PRESENT**

**AMENDED**

(b) **New Jersey Workers Compensation Insurance Plan:** In the event that a policy issued by an insurance company is canceled because Workers Compensation and Employers Liability Insurance is to be provided by it or another insurance company as regular business, such cancelation shall be pro rata and the responsibility of the designated insurance company shall automatically terminate as of the effective date of the voluntary insurance.

**NO CHANGE**

**NONE**

*(c) If the policy is canceled by the insured because of a downgrading of the financial strength rating of the insurer, earned premium shall, upon agreement between the insured and the insurer, be calculated in accordance with 3:3-81 of this Manual, provided that an endorsement, consistent with this Manual, has been filed with the Rating Bureau.*

This Manual rule is amended to include an additional exception to the rules governing the cancellation of a policy by the insured. The insured and insurer may agree that if the financial strength rating of the insurer is downgraded, the determination of premium can be made on a pro-rata basis in accordance with the rules in 3:3-81 of the Manual.

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