



# COMPENSATION RATING AND INSPECTION BUREAU

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## MANUAL AMENDMENT BULLETIN #478

**To All Bureau Members and Subscribers:**

Re: **Changes to Manual Rules and Forms – Effective April 1, 2018**

The Commissioner of Banking and Insurance has approved amendments to Section 3:10 (Employee Leasing) of the New Jersey Workers Compensation and Employers Liability Insurance Manual (Manual). The changes are effective April 1, 2018 on a new and renewal basis. Changes to Manual rules are indicated in *italics* and **bold**.

### MANUAL RULES

Amend 3:10-2a, b, c and 3:10-5 through 7 to incorporate changes resulting from recent statutory amendments to the Professional Employer Organization statutes.

The changes to Manual rules are attached as Exhibit I.

### FORMS

Amend 3:2 to revise the note in the New Jersey Employee Leasing Labor Contractor Endorsement (WC 29 03 03); the content and version identifier for the New Jersey Employee Leasing Client Exclusion Endorsement (WC 29 03 04) and New Jersey Employee Leasing Labor Contractor Exclusion Endorsement (WC 29 03 05); and to add the New Jersey Employee Leasing Client Endorsement (WC 29 03 11). These form changes are attached as Exhibits II through V. The “Index – Policy Forms and Endorsements applicable in New Jersey” has been amended accordingly. The revised Index is attached as Exhibit VI.

With respect to policy forms, please note Section 3:2-1 wherein the rules for the filing of forms are explained.

Frederick A. Huber  
Executive Director

FAH:cs  
Att.

## EXHIBIT I

### EMPLOYEE LEASING

Amend Part 3, Section 10 as follows:

#### PRESENT

##### 2. Policy Writing.

- a) **Labor Contractor/Client Policy.** Each insurance company affording coverage for a labor contractor must issue a separate policy identifying each client of the labor contractor. Item 1 of the Information Page must include the name of the labor contractor as the insured and identify the client as follows:

ABC Leasing Company L/C/F  
XYZ Machine Shop;

where L/C/F refers to "Labor Contractor For."

Each policy shall expire on the same date. Such policy shall not include coverage for non-leased workers of the client or direct employees of the labor contractor. Each policy shall include endorsement WC 29 03 03, New Jersey Employee Leasing Labor Contractor Endorsement.

Each policy will be sent to the Labor Contractor as the named insured.

#### AMENDED

##### 2. Policy Writing.

- a) **Labor Contractor/Client Policy.** Each insurance company affording coverage for *leased workers* must issue a separate policy identifying each client of the labor contractor. *If the policy was purchased by the labor contractor*, Item 1 of the Information Page must include the name of the labor contractor *and the client as the insured and shall identify the client as follows:*

ABC Leasing Company L/C/F  
XYZ Machine Shop;

where L/C/F refers to "Labor Contractor For."

*If the policy was purchased by the client, Item 1 of the Information Page must include the name of the client and the labor contractor as the insured and shall identify the labor contractor as follows:*

*XYZ Machine Shop L/C/O  
ABC Leasing Company;*

*where L/C/O refers to "Leasing Client Of."*

Each policy shall expire on the same date. Such policy shall not include coverage for non-leased workers of the client or direct employees of the labor contractor. Each policy shall, *depending on who purchased the policy*, include endorsement WC 29 03 03, New Jersey Employee Leasing Labor Contractor Endorsement *or WC 29 03 11, New Jersey Employee Leasing Client Endorsement.*

Each Policy will be sent to the Labor Contractor *or Client, depending on who purchased the policy.*

**EXHIBIT I (cont'd)**

**PRESENT**

- b) **Separate Policy for Client.** It shall be the obligation of the client to provide coverage for any non-leased workers and/or to provide contingency coverage for leased workers. Such policy shall include endorsement WC 29 03 04 "New Jersey Employee Leasing Client Exclusion Endorsement."
- c) **Separate Policy for Labor Contractor.** A separate policy shall be issued in the name of the labor contractor to provide coverage for direct employees of such labor contractor. The policy shall include endorsement WC 29 03 05 "New Jersey Employee Leasing Labor Contractor Exclusion Endorsement."

**5. Premium Discount.** All individual Labor Contractor/Client policies written in the voluntary market in accordance with paragraph 2a of this Section by the same carrier which reference the same Labor Contractor shall, at the discretion of the carrier, either be combined in the calculation of Premium Discount, or the applicable Discount shall be applied in accordance with 3:3-74 thru 79 of the Manual for each individual Labor Contractor/Client policy.

Policies written through the New Jersey Workers Compensation Insurance Plan are not subject to premium discount.

**6. Retrospective Rating.** When individual Labor Contractor/Client policies issued in accordance with paragraph 2a of this Section are written in the voluntary market by the same carrier, the carrier and labor contractor may agree to a retrospective rating program in accordance with the provisions of 3:12 of this Manual or any other permitted pricing program. Such program may be based on the combined total standard premium and losses of all such policies which reference the same labor contractor.

**AMENDED**

- b) **Separate Policy for Client.** It shall be the obligation of the client to provide coverage for any non-leased workers and/or to provide contingency coverage for leased workers. Such policy shall include endorsement WC 29 03 04A "New Jersey Employee Leasing Client Exclusion Endorsement."
- c) **Separate Policy for Labor Contractor.** A separate policy shall be issued in the name of the labor contractor to provide coverage for direct employees of such labor contractor. The policy shall include endorsement WC 29 03 05A "New Jersey Employee Leasing Labor Contractor Exclusion Endorsement."

**5. Premium Discount.** All individual Labor Contractor/Client policies written in the voluntary market in accordance with paragraph 2a of this Section by the same carrier which reference the same Labor Contractor *or the same Client, depending on who purchased the policy*, shall, at the discretion of the carrier, either be combined in the calculation of Premium Discount, or the applicable Discount shall be applied in accordance with 3:3-74 thru 79 of the Manual for each individual Labor Contractor/Client policy.

Policies written through the New Jersey Workers Compensation Insurance Plan are not subject to premium discount.

**6. Retrospective Rating.** When individual Labor Contractor/Client policies issued in accordance with paragraph 2a of this Section are written in the voluntary market by the same carrier, the carrier and labor contractor, *or the carrier and client*, may agree to a retrospective rating program in accordance with the provisions of 3:12 of this Manual or any other permitted pricing program. Such program may be based on the combined total standard premium and losses for all such policies which reference the same labor contractor *or the same client, depending on who purchased the policy*.

**EXHIBIT I (cont'd)**

**PRESENT**

**7. Endorsements.** Attach endorsement WC 29 03 03, "New Jersey Employee Leasing Labor Contractor Endorsement" to each policy issued in accordance with paragraph 2a of this Section. Attach endorsement WC 29 03 04 "New Jersey Employee Leasing Client Exclusion Endorsement" to each policy issued in accordance with paragraph 2b of this Section. Attach Endorsement WC 29 03 05 "New Jersey Employee Leasing Labor Contractor Exclusion Endorsement" to each policy issued in accordance with paragraph 2c of this Section.

**AMENDED**

**7. Endorsements.** Attach endorsement WC 29 03 03, "New Jersey Employee Leasing Labor Contractor Endorsement" to each policy issued in accordance with paragraph 2a of this Section, *where the policy was purchased by the labor contractor. Attach endorsement WC 29 03 11 "New Jersey Employee Leasing Client Exclusion Endorsement" to each policy issued in accordance with paragraph 2a of this Section, where the policy was purchased by the client.* Attach endorsement WC 29 03 04A "New Jersey Employee Leasing Client Exclusion Endorsement" to each policy issued in accordance with paragraph 2b of this Section. Attach endorsement WC 29 03 05A "New Jersey Employee Leasing Labor Contractor Exclusion Endorsement" to each policy issued in accordance with paragraph 2c of this Section.

**EXHIBIT II**

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY WC 29 03 03**

**NEW JERSEY EMPLOYEE LEASING LABOR CONTRACTOR ENDORSEMENT**

As used in this endorsement, employee leasing means an arrangement under contract or otherwise between two businesses where one entity leases its workers from the other for a fee or other consideration. The business providing the leasing services shall be referred to as the "labor contractor." The entity receiving the services shall be referred to as the "client."

This endorsement applies only to the workers provided to the client identified in Item 1.A. of the Information Page and named in the Schedule below by the Labor Contractor identified in 1.A. of the Information Page under an employee leasing arrangement. This arrangement is for long-term leasing services, rather than for temporary help services to meet seasonal or short-term conditions.

This policy provides coverage for the workers leased to the client. This policy does not satisfy the client's duty for the complete payment of any obligations it may have under the Workers' Compensation Law for non-leased employees or that the labor contractor may have for direct employees engaged by it.

Part One (Workers Compensation Insurance) and Part Two (Employers Liability Insurance) will apply as though the labor contractor is an insured.

Under Part One, we will reimburse the labor contractor named in Item 1.A. of the Information Page for the benefits required by the Workers' Compensation Law if we are not permitted to pay the benefits directly to the persons entitled to them.

Part Four (Your Duties If Injury Occurs) applies to the labor contractor and client. The labor contractor and the client will recognize our right to defend under Parts One and Two and our right to inspect under Part Six (Conditions).

We will not ask any other insurer of the client to share losses with us covered by this policy. We will charge premium for the workers leased to the client company by the labor contractor.

If we cancel this policy, we will send notice to the labor contractor and to the client at the address shown in the Schedule below.

The labor contractor will separately maintain payroll records needed to compute the premium for the workers leased to the client, to satisfy the obligations under Part Five (Premium). We will charge the labor contractor premium for workers leased to the client.

Schedule

Name of Client

Address

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.  
**(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)**

Endorsement Effective

Policy No.

Endorsement No.

Insured

Premium \$

Insurance Company

Countersigned by \_\_\_\_\_

**Note:**

This endorsement is to be attached to each policy insuring a client as lessee, as required by 3:10-2(a) of the Employee Leasing Plan in the New Jersey Manual, **when the policy is purchased by the labor contractor.**

**EXHIBIT III**

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY      WC 29 03 04 A**  
**NEW JERSEY EMPLOYEE LEASING CLIENT EXCLUSION ENDORSEMENT**

As used in this endorsement, employee leasing means an arrangement under contract or otherwise between two businesses where one entity leases its workers from the other for a fee or other consideration. The business providing the leasing services shall be referred to as the "labor contractor." The entity receiving the services shall be referred to as the "client."

The client must submit to us a certificate(s) of insurance from its insurer, or otherwise provide proof, that the client or labor contractor has lawfully secured its workers compensation obligations for the leased workers.

In consideration of separate concurrent coverage for leased employees, this policy does not provide coverage for workers you lease from the labor contractor listed below:

Schedule

Labor Contractor

Address

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

**(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)**

Endorsement Effective	Policy No.	Endorsement No.
Insured		Premium \$
Insurance Company	Countersigned by _____	

**Note:**

This endorsement is to be attached to a policy insuring a client (lessee) where it is intended that the coverage afforded by the policy is limited to employees that are not leased from any employee leasing contractor (lessor). See 3:10-2(b) of the New Jersey Manual.

## EXHIBIT IV

### WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY      WC 29 03 05 A NEW JERSEY EMPLOYEE LEASING LABOR CONTRACTOR EXCLUSION ENDORSEMENT

As used in this endorsement, employee leasing shall mean an arrangement under contract or otherwise between two businesses where one entity leases its workers from the other for a fee or other consideration. The business providing the leasing services shall be referred to as the "labor contractor." The entity receiving the services shall be referred to as the "client."

The labor contractor must submit to us a certificate(s) of insurance from its insurer, or otherwise provide proof, that the client or labor contractor has lawfully secured its workers compensation obligations for the leased workers.

This policy does not provide coverage for workers you lease to your clients.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

**(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)**

Endorsement Effective	Policy No.	Endorsement No.
Insured		Premium \$
Insurance Company		Countersigned by _____

**Note:**

This endorsement is to be attached to a policy insuring an employee leasing contractor (lessor) where it is intended that the coverage afforded by the policy is limited to employees that are not leased to any client (lessee). See 3:10-2(c) of the New Jersey Manual.

**EXHIBIT V**

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY      WC 29 03 11**  
**NEW JERSEY EMPLOYEE LEASING CLIENT ENDORSEMENT**

As used in this endorsement, employee leasing means an arrangement under contract or otherwise between two businesses where one entity leases its workers from the other for a fee or other consideration. The business providing the leasing services shall be referred to as the “labor contractor.” The entity receiving the services shall be referred to as the “client.”

This endorsement applies only to the workers provided to the client identified in Item 1.A. of the Information Page by the labor contractor under the employee leasing arrangement identified below. This arrangement is for long-term leasing services, rather than for temporary help services to meet seasonal or short-term conditions

This policy provides coverage for the workers leased to the client. This policy does not satisfy the client’s duty for the complete payment of any obligations it may have under the Workers’ Compensation Law for non-leased employees or that the labor contractor may have for direct employees engaged by it. Part One (Workers Compensation Insurance) and Part Two (Employers Liability Insurance) will apply as though the client is an insured.

Under Part One, we will reimburse the client named in Item 1.A. of the Information Page for the benefits required by the Workers’ Compensation Law if we are not permitted to pay the benefits directly to the persons entitled to them.

Part Four (Your Duties If Injury Occurs) applies to the labor contractor and client. The labor contractor and the client will recognize our right to defend under Parts One and Two and our right to inspect under Part Six (Conditions).

We will not ask any other insurer of the client to share losses with us covered by this policy. We will charge premium for the workers leased to the client company by the labor contractor. If we cancel this policy, we will send notice to the labor contractor and to the client at the address shown in the Schedule below

The client shall obtain, or otherwise make available, the payroll records from the labor contractor needed to compute the premium for the workers leased to the client, to satisfy the obligations under Part Five (Premium).

Schedule

Name of Labor Contractor

Address

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

**(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)**

Endorsement Effective

Policy No.

Endorsement No.

Insured

Premium \$

Insurance Company

Countersigned by \_\_\_\_\_

**Note:**

This endorsement is to be attached to each policy insuring a client as lessee, as required by 3:10-2(a) of the Employee Leasing Plan in the New Jersey Manual, when the policy is purchased by the client.



## Manual Amendment Bulletin #478

**EXHIBIT VI**

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† Absence of a version identifier denotes original printing

‡ The version identifier for these endorsements will be governed by revisions in verbiage or change in the Discount Percentages/Table of Rating Values forming a part of the endorsements.

★ New or revised endorsements