



# COMPENSATION RATING AND INSPECTION BUREAU

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## MANUAL AMENDMENT BULLETIN #479

To All Bureau Members and Subscribers:

Re: Experience Rating and Certain Other Manual Rules – Effective January 1, 2018

The Commissioner of Banking and Insurance has approved the following changes for use with the new Manual of Rates issued concurrently with Circular Letter #1931. The changes are effective January 1, 2018 on a new and renewal basis unless otherwise specified. Changes to Manual rules are indicated in *italics* and **bold**.

### RATES, MINIMUM PREMIUMS AND RATING VALUES

**Amend classification rates, excess elements, minimum premiums, and surcharges 2:1-1 through 2:1-7, 3:5-12 and 3:6-8** as stipulated in Circular Letter #1931.

### EXPERIENCE RATING FACTORS AND TABLES

**Amend 2:5-1 and 2:5-2** to reflect the attached (Exhibit I) revised tables of experience rating factors and values identified as follows:

**2:5-1 Regular Table A:** Loss Modification Factors; Expected Loss Factor; Credibility and Loss Values.

**2:5-2 Longshore and Harbor Workers Table A1:** Loss Modification Factors; Expected Loss Factor; Credibility and Loss Values.

These changes reflect the updating of the loss modification factors, expected loss factor, credibility values and limiting loss values used in the experience rating process.

**FORMS**

The “**Index – Policy Forms and Endorsements**” is **amended** (Exhibit II) to recognize changes to the Schedule Y and Schedule X Premium Discount Endorsements, each of which is discussed and included in Manual Amendment Bulletin #480, issued concurrently with this Bulletin.

**PREPARATION AND AUDITING OF POLICIES**

**Amend 3:3-40, Executive Officers’ Payroll**, to substitute a maximum weekly payroll of **\$2,570** in lieu of **\$2,500** and to substitute a minimum weekly payroll of **\$640** in lieu of **\$630**.

**Amend 3:3-42 (a) and (b), Appointed or Elected Public Officers**, to change the minimum payroll for members of boards of education from **\$6,550** per year to **\$6,660** per year and the minimum payroll for appointed or elected officers from **\$1,310** to **\$1,330** per year.

The adjustments to the maximum and minimum payrolls are routine and consistent with the established practice.

**PRIVATE RESIDENCES, ESTATES AND FARMS**

**Amend 3:5-12** as follows:

**PRESENT**

**AMENDED**

**12. Special Classifications and Charges.**

<b>Classification</b>	<b>Code</b>	<b>Annual Charge</b>	
Private Residences:			
Inservants—full-time .....	0913	\$60/person	<b>NO CHANGE</b>
Outservants—full-time .....	0912	\$60/person	
Private Estates:			
Inservants—full-time .....	0913	\$60/person	<b>NO CHANGE</b>
Outservants—full-time .....	0915	\$60/person	
Occasional Servants .....	0910	\$ 1/policy	
The annual policy charge of \$1 is applicable in every instance.			<b>NO CHANGE</b>
The above premium charges shall be applicable with a standard provisions Homeowners Policy or other policy however designated containing the standard provisions of the Comprehensive Personal Liability policy with respect to the insured premises of the insured.			<b>NO CHANGE</b>

**PRESENT**

When coverage for residence employees must be written upon a Standard Provision Workers Compensation and Employers Liability Insurance Policy, the above charges shall be applicable in addition to an annual expense constant charge of \$80 which shall constitute the minimum premium for the code.

Servants need not be named. If during the period additional full-time servants are employed or previously employed full-time servants released and not replaced, a statement shall be made to the company and pro rata premium adjustment made for such full-time servants.

Manual rule 3:15-12 is amended to reflect a revised expense constant for policies covering only private residence employees written on a Standard Provision Workers Compensation and Employers Liability Insurance Policy.

**EXPERIENCE RATING PLAN**

**Amend 3:11-44(b)** to read:

- (b) **Determination of "K" and "C" Values.** The "K" and "C" values are based on the following conditions, all on an average excess and normal premium split basis:
  - (i) The maximum credit on a risk, which develops subject premium of \$6,000 and incurs no losses during the experience period shall be **2.0%**.
  - (ii) The maximum charge on a risk, which develops subject premium of \$6,000 and incurs a single claim of **\$7,500** indemnity and **\$7,500** medical shall be **35.0%**.
  - (iii) The maximum charge on a risk, which develops subject premium of \$6,000 and incurs a single maximum claim of **\$175,000** indemnity and **\$218,000** medical shall be **65.0%**.
  - (iv) A total excess expected loss of **\$7,875,000** will produce an excess credibility of 1.000 and a total normal expected loss of **\$2,126,250** will produce a normal credibility of 1.000.

The values of "K" and "C" so determined are set forth in 2:5-1 and 2:5-2 of this Manual.

The changes are routine and necessary to update the various credibility criteria used in the experience rating process.

**AMENDED**

When coverage for residence employees must be written upon a Standard Provision Workers Compensation and Employers Liability Insurance Policy, the above charges shall be applicable in addition to an annual expense constant charge of **\$160** which shall constitute the minimum premium for the code.

**NO CHANGE**

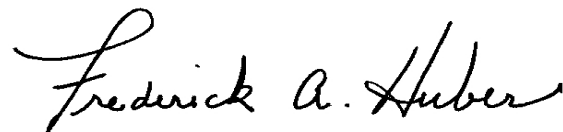
**CLASSIFICATIONS**

**Amend 4:1** Code **7370, TAXICAB Company & Drivers**, to replace the upset payroll base of **\$34,800** cited in the footnote with **\$35,800**.

**Amend 4:1** to change the footnotes attached to the following codes to substitute a maximum weekly wage of **\$2,570** or annual wage of **\$133,640** as the case may be, in lieu of \$2,500 or \$130,000 respectively:

- 7610 – RADIO or Television BROADCASTING STATION–ALL EMPLOYEES & Drivers  
TELEVISION or Radio, BROADCASTING STATION–ALL EMPLOYEES & Drivers**
- 8280 – RACING STABLE and Drivers**
- 9156 – MUSICIANS, PLAYERS OR ENTERTAINERS  
THEATER NOC PLAYERS, ENTERTAINERS OR MUSICIANS**
- 9178 – ATHLETIC SPORTS OR PARK: NON–CONTACT SPORTS**
- 9179 – ATHLETIC SPORTS OR PARK: CONTACT SPORTS**
- 9186 – CARNIVAL, Circus or Amusement Device Operator– TRAVELING – & Drivers  
CIRCUS, Carnival or Amusement Device Operator - TRAVELING – & Drivers  
AMUSEMENT DEVICE OPERATOR, Carnival or Circus – TRAVELING – & Drivers**
- 9610 – MOTION PICTURE: PRODUCTION – In studios or outside – & Drivers**

The changes update the present payroll amounts and follow the adjustments in 3:3-40 as heretofore noted.



Frederick A. Huber  
Executive Director

**EXHIBIT I**

Part 2

**SECTION 5. EXPERIENCE RATING FACTORS AND TABLES**

1. Regular Table A.

Applicable January 1, 2018 as provided in the Experience Rating Plan 3:11 of this Manual.

For Longshore and Harbor Workers Table A1, see 2:5-2 of this Manual.

For treatment of Maritime or Federal Employments - Vessel, Dredging, Marine Wrecking or Railroad Operation, see 3:11-32 of this Manual.

**LOSS MODIFICATION FACTORS**

<u>Policy Year</u>	<u>Death</u>	<u>Permanent Total</u>	<u>Other Indemnity</u>	<u>Medical</u>
2013	1.04	1.04	1.06	1.00
2013	1.03	1.03	1.05	(For Losses Occurring 1-1-14 and Thereafter)
2014	1.03	1.03	1.05	1.00
2014	1.02	1.02	1.04	(For Losses Occurring 1-1-15 and Thereafter)
2015	1.02	1.02	1.04	1.00
2015	1.01	1.01	1.03	(For Losses Occurring 1-1-16 and Thereafter)
2016	1.01	1.01	1.03	1.00
2016	1.00	1.00	1.01	(For Losses Occurring 1-1-17 and Thereafter)
2017	1.00	1.00	1.01	1.00
2017	1.00	1.00	1.00	(For Losses Occurring 1-1-18 and Thereafter)

Expected Loss Factor--(All Years) .....0.421  
Employers Liability Cases--Indemnity Modification Factor--(All Years) .....1.120

Credibility Values	C = 0.883	K = 920,372
	e	e
	C = 0.995	K = 10,147
	n	n

**LOSS VALUES – DISTRIBUTION AND LIMITS**

The following are the limiting indemnity values for all cases except catastrophes:

	<u>Normal</u>	<u>Excess</u>	<u>Total</u>
Indemnity - All Policy Years	\$7,500	\$167,500	\$175,000

The following are the limiting medical values for all cases except catastrophes:

	<u>Normal</u>	<u>Excess</u>	<u>Total</u>
Medical - All Policy Years	\$7,500	\$210,500	\$218,000

Catastrophes shall be limited in accordance with 3:11-40(c) of this Manual.

**EXHIBIT I** (Cont'd)

2. Longshore and Harbor Workers Table A1.

Applicable January 1, 2018 as provided in the Experience Rating Plan 3:11 of this Manual.

Applicable to losses incurred under the Longshore and Harbor Workers Compensation Act.

LOSS MODIFICATION FACTORS

<u>Policy Year</u>	<u>Death</u>	<u>Permanent Total</u>	<u>Other Indemnity</u>	<u>Medical</u>
2013	1.05	1.01	1.00	1.00
2013	1.04	1.00	1.00	(For Losses Occurring 10-1-13 and Thereafter)
2014	1.04	1.00	1.00	1.00
2014	1.03	1.00	1.00	(For Losses Occurring 10-1-14 and Thereafter)
2015	1.03	1.00	1.00	1.00
2015	1.02	1.00	1.00	(For Losses Occurring 10-1-15 and Thereafter)
2016	1.02	1.00	1.00	1.00
2016	1.01	1.00	1.00	(For Losses Occurring 10-1-16 and Thereafter)
2017	1.01	1.00	1.00	1.00
2017	1.00	1.00	1.00	(For Losses Occurring 10-1-17 and Thereafter)
Expected Loss Factor--(All Years).....				0.421

Credibility Values	C = 0.883	K = 920,372
	e	e
	C = 0.995	K = 10,147
	n	n

LOSS VALUES - DISTRIBUTION AND LIMITS

The following are the limiting indemnity values for all cases except catastrophes:

	<u>Normal</u>	<u>Excess</u>	<u>Total</u>
Indemnity - All Policy Years	\$7,500	\$254,500	\$262,000

The following are the limiting medical values for all cases except catastrophes:

	<u>Normal</u>	<u>Excess</u>	<u>Total</u>
Medical - All Policy Years	\$7,500	\$210,500	\$218,000

Catastrophes shall be limited in accordance with 3:11-40(c) of this Manual.

**EXHIBIT II**

INDEX  
POLICY FORMS AND ENDORSEMENTS  
APPLICABLE IN NEW JERSEY

	<u>STANDARD IDENTIFIER</u>	<u>VERSION IDENTIFIER±</u>
Workers Compensation and Employers Liability Insurance Policy .....	WC 00 00 00	C
Information Page (With New Jersey Requirements) .....	WC 00 00 01	A
<b>FEDERAL COVERAGES AND EXCLUSIONS</b>		
Defense Base Act Coverage Endorsement .....	WC 00 01 01	A
Federal Employers' Liability Act Coverage Endorsement .....	WC 00 01 04	A
Longshore and Harbor Workers' Compensation Act Coverage Endorsement .....	WC 00 01 06	A
Outer Continental Shelf Lands Act Coverage Endorsement .....	WC 00 01 09	C
New Jersey Voluntary Compensation Federal Employers' Liability Act Coverage Endorsement .....	WC 29 01 01	
<b>MARITIME COVERAGES AND EXCLUSIONS</b>		
Maritime Coverage Endorsement .....	WC 00 02 01	B
Voluntary Compensation Maritime Coverage Endorsement .....	WC 00 02 03	
<b>OTHER COVERAGE AND EXCLUSIONS</b>		
Alternate Employer Endorsement .....	WC 00 03 01	A
Designated Workplaces Exclusion Endorsement .....	WC 00 03 02	
Insurance Company as Insured Endorsement .....	WC 00 03 04	
Joint Venture as Insured Endorsement .....	WC 00 03 05	
Rural Utilities Service Endorsement .....	WC 00 03 09	B
New Jersey Workers Compensation and Employers Liability Coverage for Residence Employees Endorsement .....	WC 29 03 02	A
New Jersey Employee Leasing Labor Contractor Endorsement .....	WC 29 03 03	
New Jersey Employee Leasing Client Exclusion Endorsement .....	WC 29 03 04	
New Jersey Employee Leasing Labor Contractor Exclusion Endorsement .....	WC 29 03 05	
New Jersey Part Two Employers Liability Endorsement .....	WC 29 03 06	B
New Jersey Sole Proprietor and Partners Coverage Endorsement .....	WC 29 03 07	
New Jersey Limited Other States Insurance Endorsement .....	WC 29 03 09	A
New Jersey Workers Compensation Insurance Plan Eligibility Endorsement .....	WC 29 03 10	
<b>PREMIUM</b>		
Experience Rating Modification Factor Endorsement .....	WC 00 04 03	
Pending Rate Change Endorsement .....	WC 00 04 04	
Policy Period Endorsement .....	WC 00 04 05	
Rate Change Endorsement .....	WC 00 04 07	
Premium Due Date Endorsement .....	WC 00 04 19	
Catastrophe (Other than Certified Acts of Terrorism) Premium Endorsement .....	WC 00 04 21	D
Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement .....	WC 00 04 22	B
Audit Noncompliance Charge Endorsement .....	WC 00 04 24	
Experience Rating Modification Factor Revision Endorsement .....	WC 00 04 25	
New Jersey Approved Managed Care Program Endorsement .....	WC 29 04 09	A
New Jersey Construction Classification Premium Adjustment Endorsement .....	WC 29 04 10	
New Jersey Premium Discount Endorsement: Schedule Y .....	WC 29 04 11	E★
New Jersey Premium Discount Endorsement: Schedule X .....	WC 29 04 12	B★
<b>RETROSPECTIVE PREMIUM</b>		
Retrospective Rating Plan Premium Endorsement – One Year Plan .....	WC 00 05 03	C
Retrospective Rating Plan Premium Endorsement – Three Year Plan .....	WC 00 05 04	C
Retrospective Rating Plan Premium Endorsement – Wrap-Up Construction Project .....	WC 00 05 05	C
Retrospective Premium Endorsement Aviation Exclusion .....	WC 00 05 08	
Retrospective Premium Endorsement Changes .....	WC 00 05 09	A
Retrospective Rating Plan Premium Endorsement Nonratable Catastrophe Element or Surcharge .....	WC 00 05 10	B
Retrospective Premium Endorsement Short Form .....	WC 00 05 11	
Retrospective Rating Plan Premium Endorsement Flexibility Options .....	WC 00 05 15	A
Retrospective Rating Plan Premium Endorsement – Large Risk Alternative Rating Option (LRARO) .....	WC 00 05 16	
New Jersey Retrospective Premium Endorsement Part Two Employers Liability Insurance Excess Exclusion .....	WC 29 05 09	C
New Jersey Large Risk – Large Deductible Endorsement .....	WC 29 06 01	A
New Jersey Large Risk – Large Deductible Retrospective Adjustment Endorsement .....	WC 29 06 02	B
New Jersey Large Risk – Large Deductible Aggregate Limit Endorsement .....	WC 29 06 04	
New Jersey Large Risk – Large Deductible Retrospective – Per Person Basis .....	WC 29 06 05	
<b>OTHER</b>		
Policy Information Page Endorsement .....	WC 89 06 00	B
New Jersey Participating Provisions Endorsement .....	WC 29 06 03	
<b>NEW JERSEY NOTICES</b>		
New Jersey Notice of Cancellation .....	Form 116-B	
New Jersey Notice of Reinstatement .....	Form 117-A	
New Jersey Posting Notice .....	Form 16NJ	A
New Jersey Posting Notice (Spanish) .....	Form 17NJ	
New Jersey Notice of Election – Proprietors and Partners Workers Compensation and Employers Liability Insurance .....	Form PP-1	B
New Jersey Transmittal Letter .....	Form TL-1	

± Absence of a version identifier denotes original printing  
★ Revised forms