



COMPENSATION RATING AND INSPECTION BUREAU

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PAUL G. WITKO
Executive Director

November 14, 2018

MANUAL AMENDMENT BULLETIN #484

To: **All Bureau Members and Subscribers**

Re: **Changes to Experience Rating and Other Manual Rules Effective January 1, 2019**

The Commissioner of Banking and Insurance has approved the Manual changes set forth in this Manual Amendment Bulletin, issued concurrently with [Circular Letter #1953](#) and [Manual Amendment Bulletin #485](#), effective January 1, 2019 on a new and renewal basis unless otherwise specified. Changes to Manual rules are indicated in *italics* and **bold**.

EXPERIENCE RATING FACTORS AND TABLES

Amend Regular Table A (2:5-1) and Longshore and Harbor Workers' Table A1 (2:5-2) per the attached Exhibit I to reflect revised tables of experience rating factors and values. These changes update the loss modification factors, expected loss factor, credibility values and limiting loss values in the experience rating process.

PREPARATION AND AUDITING OF POLICIES

Amend 3:3-40 (Executive Officers' Payroll) to substitute a maximum weekly payroll of **\$2,590** in lieu of **\$2,570** and to substitute a minimum weekly payroll of **\$650** in lieu of **\$640**.

Amend 3:3-42 (a) and (b) (Appointed or Elected Public Officers) to change the minimum payroll for members of boards of education from **\$6,660** per year to **\$6,760** per year and the minimum payroll for appointed or elected officers from **\$1,330** to **\$1,350** per year.

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 **\$8,000** indemnity and **\$8,000** medical shall be 35.0%.
- (iii) The maximum charge on a risk, which develops subject premium of \$6,000 and incurs a single maximum state claim of **\$178,000** indemnity and **\$218,000** medical shall be **66.0%**.
- (iv) A total excess expected loss of **\$8,010,000** will produce an excess credibility of 1.000 and a total normal expected loss of **\$2,018,520** 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.

CLASSIFICATIONS

Amend 4:1 Code **7370 (TAXICAB Company & Drivers)** to replace the upset payroll base of **\$35,800** cited in the footnote with **\$36,000**.

Amend 4:1 to change the footnotes attached to the following codes to substitute a maximum weekly wage of **\$2,590** or annual wage of **\$134,680** as the case may be, in lieu of \$2,570 or \$133,640 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 previously noted in 3:3-40.

Amend 4:1 to add the additional phraseologies to the following existing classifications:

- 8264 – DOCUMENT-SHREDDING OPERATIONS & Drivers NPD**
- 3685 – UNMANNED AIRCRAFT SYSTEM OR DRONE AIRCRAFT MFG., SERVICE, OR REPAIR – Aircraft Weighing Less Than 55 Pounds**
- 3830 – UNMANNED AIRCRAFT SYSTEM OR DRONE AIRCRAFT MFG., SERVICE OR REPAIR – Aircraft Weighing 55 Pounds or More**
- 8720 – UNMANNED AIRCRAFT SYSTEM OR DRONE AIRCRAFT OPERATIONS NOC – Aircraft Weighing Less Than 55 Pounds. Footnote: The piloting of aircraft weighing 55 pounds or more is to be assigned to the appropriate aviation classification.**



Paul G. Witko
Executive Director

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EXHIBIT I

Part 2

SECTION 5. EXPERIENCE RATING FACTORS AND TABLES

1. Regular Table A.

Applicable January 1, 2019 as provided in 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>
2014	1.04	1.04	1.06	1.00
2014	1.03	1.03	1.05	(For Losses Occurring 1-1-15 and Thereafter)
2015	1.03	1.03	1.05	1.00
2015	1.02	1.02	1.04	(For Losses Occurring 1-1-16 and Thereafter)
2016	1.02	1.02	1.04	1.00
2016	1.01	1.01	1.02	(For Losses Occurring 1-1-17 and Thereafter)
2017	1.01	1.01	1.02	1.00
2017	1.01	1.01	1.01	(For Losses Occurring 1-1-18 and Thereafter)
2018	1.01	1.01	1.01	1.00
2018	1.00	1.00	1.00	(For Losses Occurring 1-1-19 and Thereafter)

Expected Loss Factor--(All Years).....0.413
Employers Liability Cases--Indemnity Modification Factor--(All Years).....1.120

Credibility Values	C = 0.885	K = 923,862
	e	e
	C = 0.995	K = 10,326
	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	\$8,000	\$170,000	\$178,000

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	\$8,000	\$210,000	\$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, 2019 as provided in 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>
2014	1.05	1.00	1.00	1.00
2014	1.04	1.00	1.00	(For Losses Occurring 10-1-14 and Thereafter)
2015	1.04	1.00	1.00	1.00
2015	1.03	1.00	1.00	(For Losses Occurring 10-1-15 and Thereafter)
2016	1.03	1.00	1.00	1.00
2016	1.02	1.00	1.00	(For Losses Occurring 10-1-16 and Thereafter)
2017	1.02	1.00	1.00	1.00
2017	1.01	1.00	1.00	(For Losses Occurring 10-1-17 and Thereafter)
2018	1.01	1.00	1.00	1.00
2018	1.00	1.00	1.00	(For Losses Occurring 10-1-18 and Thereafter)
Expected Loss Factor--(All Years).....				0.413

Credibility Values	C = 0.885	K = 923,862
	e	e
	C = 0.995	K = 10,326
	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	\$8,000	\$259,000	\$267,000

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	\$8,000	\$210,000	\$218,000

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