



COMPENSATION RATING AND INSPECTION BUREAU

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PAUL G. WITKO
Executive Director

April 29, 2020

MANUAL AMENDMENT BULLETIN #496

To: All Bureau Members and Subscribers

Re: Schedule Rating Plan Change

BACKGROUND

Due to the COVID-19 pandemic, the Commissioner of Banking and Insurance has approved an amendment to the New Jersey Schedule Rating Plan, which is found in Section 3:10C of the New Jersey Workers Compensation and Employers Liability Insurance Manual (Manual). The change will temporarily amend the maximum total Schedule Rating credit that can be applied to an individual risk to -35%, in order to allow member carriers to issue premium credits to their insureds for the reduction of risk not otherwise contemplated by Manual rules. The attached change to the Manual rule is indicated in red.

The amendment to the maximum credit is limited to policies in-force at any time during the government-declared, stay-at-home emergency order, and for such limited time thereafter as is necessary for the employer to return to standard business operations, which in no case shall exceed 45 days after the emergency order has been lifted.

The change to the Schedule Rating Plan is effective immediately.

A handwritten signature in black ink that reads "Paul G. Witko". The signature is written in a cursive, flowing style.

Paul G. Witko
Executive Director

PGW:njl
Att.

Effective April 28, 2020

PART THREE
SECTION 10C. SCHEDULE RATING PLAN

1. Introduction. For the purposes of this plan, Schedule Rating means the application of judgment credit and debit factors to the modified premium for the purpose of reflecting individual risk characteristics that are not reflected in its experience. The use of any other approved rating plan shall not duplicate the credits or debits considered in this plan. The schedule rating factors apply only to characteristics that reflect potential hazards. The Schedule Rating Plan is not mandatory.

2. Eligibility. All risks that generate premium in excess of the classification minimum premium are eligible for schedule rating, except for risks written through the New Jersey Workers Compensation Insurance Plan. In no instance can the premium charged to a risk be less than the minimum premium.

3. Application. A schedule rating credit is subject to a maximum total of -25% and a schedule rating debit is subject to a maximum total of +25%. The schedule rating credit or debit factor is applied to the individual risk modified premium to determine the schedule rating premium adjustment. Modified premium is described in 3:3-56 of this Manual. Two or more entities that are combinable for experience rating may be issued on separate policies. In these instances different schedule rating factors may be applied to reflect variances in each entity's operations.

Acceptance of a policy by an insured shall constitute agreement with the amount of schedule rating credit or debit, if applicable, or with the absence of any such credit or debit, if not applicable. No schedule rating credit or debit may be changed midterm without the mutual agreement of the insured risk and the underwriting carrier. Further, no schedule rating credit or debit may be effective prior to the receipt of information about a risk by the underwriting carrier that supports the schedule rating credit or debit in question.

The following risk characteristics are eligible under this plan for assignment of credits or debits subject to the maximum ranges set forth below:

| Risk Characteristic | Range of Credits or Debits |
|---|-----------------------------------|
| Features of workplace maintenance or operation | -25% to +25% |
| Risk elements not addressed in the classifications assigned | -25% to +25% |
| Availability of medical facilities in or near workplace | -10% to +10% |
| Safety equipment/devices present or missing from workplace | -10% to +10% |
| Extraordinary safety programs applicable to workplace | -10% to +10% |

| | |
|--|--------------|
| Qualifications of employees | -25% to +25% |
| Cooperation with carrier by Management | -10% to +10% |
| Considerations related to policy expenses | -10% to +10% |
| Other risk characteristics not addressed above | -25% to +25% |

★ **EXCEPTION:** A schedule rating credit is subject to a maximum total of -35% during a government-declared, stay-at-home emergency order. Additional credit can be assigned during the emergency order for the reduction of risk not otherwise contemplated by Manual rules 3:3-25 and -35. This exception shall only apply to policies in-force at any time during the period of such emergency order and, if appropriate, for such limited time thereafter as is necessary for the employer to return to standard business operations, which in no case shall exceed 45 days after the emergency order has been lifted. This exception is also subject to a maximum combined credit of -35% in accordance with 3:10C-7 of this Manual.

4. Documentation. Adjustments for schedule rating for any given risk shall be based on information contained in the files or records of the carrier when the credit or debit is determined. This supporting information must be retained by the carrier throughout the period of time in which the policy is subject to audit under the provisions of the policy. Upon request of either the insured or the Bureau a carrier shall make documentation available that supports the derivation of any schedule rating credit or debit.

5. Information Page. The amount of any schedule rating premium credit shall be identified on the policy by statistical code 9887 and shown in the Information Page in accordance with 3:3-56 of this Manual. The amount of any schedule rating premium debit shall be identified on the policy by statistical code 9889 and shown in the Information Page in accordance with 3:3-56 of this Manual.

6. Audit. The amount of any schedule rating premium credit or debit is subject to change on audit.

7. Approved Managed Care Program. A risk that agrees to the use of an Approved Managed Care Program is also eligible for the Schedule Rating Plan. In instances where both an Approved Managed Care Program and Schedule Rating are applicable, there is a maximum combined credit of 25% allowable. Credit from the application of both programs totaling greater than 25% is not permissible.

8. Statistical Plan Reporting. The amount of any schedule rating premium credit shall be identified on the statistical report by code 9887 in accordance with 3:13-26(a) of this Manual. The amount of any schedule rating

premium debit shall be identified on the statistical report by code 9889 in accordance with 3:13-26(a) of this Manual.

9. Financial Reporting. All reporting requirements for the Annual Calls for Financial Data Experience (Schedule W, Schedule Q) are applicable to business written in accordance with this Plan and must be complied with by all carriers using this Plan.