



COMPENSATION RATING AND INSPECTION BUREAU

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PAUL G. WITKO
Executive Director

November 17, 2020

MANUAL AMENDMENT BULLETIN #502

To: All Bureau Members and Subscribers

Re: Manual Changes Effective January 1, 2021

BACKGROUND

The Commissioner of Banking and Insurance has approved the changes set forth in this Manual Amendment Bulletin, issued concurrently with [Circular Letter #1996](#) and [Statistical Circular Letter #129](#) effective January 1, 2021 on new and renewal policies. The revised Manual pages are attached.

Experience Rating Parameters

Amend Regular Table A (2:5-1) and Longshore and Harbor Worker's Table A1 (2:5-2) to reflect revised tables of experience rating factors and values. These changes include an increase to the normal loss values for both medical and indemnity from \$8000 to \$8500 and a decrease of the State indemnity value, Federal indemnity value, and State and Federal medical values to \$163,000, \$245,000, and \$223,000 respectively. The changes also include updates to the expected loss factor, credibility values, and limiting loss values in the experience rating process.

Amend 3:11-44(b) to reflect the revised factors for the determination of "K" and "C" values set forth in 2:5-1 and 2:5-2.

Retrospective Rating Plan Parameters

Amend 2:6-1 and -3 to reflect revised retrospective rating plan parameters.

Amend 2:6-2 to remove Hazard Group Differentials and add an Average Cost Per Case by Hazard Group as introduced by [Manual Amendment Bulletin #491](#).

Amend 2:6-10 to reflect the classification updates discussed below.

Classification Updates

New Classification – Telecommuter Clerical

Amend 4:1 to adopt the national classification 8871 – Telecommuter Clerical. The initial rate for 8871 is set to be equal to class 8810 until code 8871 has sufficient data of its own.

Amend 3:3-26 to include 8871 as a standard exception.

Discontinued Classifications

Amend 4:1 to remove reference to classification 3228 and 4061. Experience from classification 3228 will be assigned to classification 3227 and experience from classification 4061 will be assigned to classification 4062.

Miscellaneous Manual Changes

Premium Algorithm

Amend 3:2 (Pages 12(a) and 12(b)) to add information referencing statistical code 6197 and to update the SIF & UEF calculations in the premium algorithm.

Private Residence Charges

Amend 3:5-12 to clarify the difference between the charges on a Homeowners policy or other policy providing Comprehensive Personal Liability Insurance and the charges on a Workers Compensation and Employers Liability Insurance Policy.

Experience Rating Reporting Requirements

Amend 3:11-37 and -38 to clarify the timing of required corrections to assure the processing of experience rating revisions when there are changes in payrolls or specific development of losses and to require application of revised experience modifications to affected policies.



Paul G. Witko
Executive Director

Effective January 1, 2021

PART 2 SECTION 5. EXPERIENCE RATING FACTORS AND TABLES

★ 1. Regular Table A.

Applicable January 1, 2021 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 Operations, see 3:11-32 of this Manual.

LOSS MODIFICATION FACTORS

POLICY YEAR	DEATH	PERMANENT TOTAL	OTHER INDEMNITY	MEDICAL
2016	1.04	1.04	1.07	1.00
2016	1.03	1.03	1.06	(For Losses Occurring 1-1-17 and Thereafter)
2017	1.03	1.03	1.06	1.00
2017	1.03	1.03	1.04	(For Losses Occurring 1-1-18 and Thereafter)
2018	1.03	1.03	1.04	1.00
2018	1.02	1.02	1.03	(For Losses Occurring 1-1-19 and Thereafter)
2019	1.02	1.02	1.03	1.00
2019	1.01	1.01	1.02	(For Losses Occurring 1-1-20 and Thereafter)
2020	1.01	1.01	1.02	1.00
2020	1.00	1.00	1.00	(For Losses Occurring 1-1-21 and Thereafter)

Expected Loss Factor—(All Years)..... 0.425

Employers' Liability Cases—Indemnity Modification Factor—(All Years)..... 1.120

Credibility Values $C_e = 0.873$ $K_e = 934,366$
 $C_n = 0.994$ $K_n = 11,221$

LOSS VALUES—DISTRIBUTION AND LIMITS

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

	Normal	Excess	Total
Indemnity—All Policy Years	\$8,500	\$154,500	\$163,000

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

	Normal	Excess	Total
Medical—All Policy Years	\$8,500	\$214,500	\$223,000

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

★ 2. Longshore and Harbor Workers Table A1.

Applicable January 1, 2021 as provided in 3:11 of this Manual.

Applicable to Losses Incurred under the Longshore and Harbor Workers Compensation Act.

LOSS MODIFICATION FACTORS

POLICY YEAR	DEATH	PERMANENT TOTAL	OTHER INDEMNITY	MEDICAL
2016	1.05	1.01	1.00	1.00
2016	1.04	1.01	1.00	(For Losses Occurring 10-1-16 and Thereafter)
2017	1.04	1.01	1.00	1.00
2017	1.03	1.01	1.00	(For Losses Occurring 10-1-17 and Thereafter)
2018	1.03	1.01	1.00	1.00
2018	1.02	1.01	1.00	(For Losses Occurring 10-1-18 and Thereafter)
2019	1.02	1.01	1.00	1.00
2019	1.01	1.01	1.00	(For Losses Occurring 10-1-19 and Thereafter)
2020	1.01	1.01	1.00	1.00
2020	1.00	1.00	1.00	(For Losses Occurring 10-1-20 and Thereafter)

Expected Loss Factor—(All Years) 0.425

Credibility Values $C_e = 0.873$ $K_e = 934,366$
 $C_n = 0.994$ $K_n = 11,221$

LOSS VALUES—DISTRIBUTION AND LIMITS

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

	Normal	Excess	Total
Indemnity—All Policy Years	\$8,500	\$236,500	\$245,000

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

	Normal	Excess	Total
Medical—All Policy Years	\$8,500	\$214,500	\$223,000

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

3. Excess Elements Table B.

The Table B Excess Elements are set forth in the New Jersey rate pages in 2:1-2 of this Manual.

Effective January 1, 2021

PART TWO SECTION 6. RETROSPECTIVE RATING VALUES

★ 1. Retrospective Development Factors

1st Adjustment	0.14
2nd Adjustment	0.07
3rd Adjustment	0.04
Subsequent Adjustments	0.00

★ 2. Hazard Group Differentials

Group	Loss Only	Loss Including ALAE
A	10,493	12,216
B	14,415	16,762
C	16,366	19,014
D	21,315	24,746
E	26,489	30,722
F	39,918	46,257
G	42,823	49,478

The group to which each classification is assigned is shown in 2:6-10 of this Manual.

★ 3. (a) Excess Loss Premium Factors

Group	A	B	C	D	E	F	G
Loss Limit							
\$ 25,000	0.325	0.364	0.376	0.401	0.420	0.444	0.459
30,000	0.303	0.343	0.356	0.381	0.401	0.427	0.444
40,000	0.269	0.308	0.322	0.348	0.370	0.398	0.417
50,000	0.242	0.280	0.294	0.321	0.344	0.373	0.395
75,000	0.195	0.231	0.245	0.271	0.295	0.325	0.349
100,000	0.163	0.197	0.211	0.236	0.260	0.289	0.316
125,000	0.141	0.172	0.186	0.210	0.234	0.262	0.289
150,000	0.124	0.153	0.166	0.189	0.213	0.240	0.268
175,000	0.110	0.138	0.150	0.172	0.195	0.222	0.250
200,000	0.099	0.125	0.138	0.158	0.181	0.207	0.235
250,000	0.082	0.106	0.117	0.137	0.158	0.182	0.210
300,000	0.070	0.092	0.102	0.120	0.140	0.163	0.191
350,000	0.061	0.081	0.091	0.107	0.126	0.148	0.175
400,000	0.054	0.072	0.082	0.097	0.115	0.135	0.162
450,000	0.048	0.065	0.074	0.088	0.106	0.125	0.152
500,000	0.043	0.059	0.068	0.081	0.098	0.116	0.142
600,000	0.036	0.050	0.058	0.070	0.085	0.102	0.127
700,000	0.031	0.043	0.051	0.061	0.075	0.091	0.115
800,000	0.027	0.038	0.045	0.054	0.068	0.082	0.105
900,000	0.024	0.034	0.040	0.049	0.061	0.074	0.097
1,000,000	0.021	0.031	0.037	0.045	0.056	0.068	0.090
2,000,000	0.010	0.015	0.019	0.024	0.031	0.039	0.055
3,000,000	0.006	0.010	0.013	0.016	0.022	0.027	0.041
4,000,000	0.004	0.007	0.010	0.012	0.017	0.021	0.033
5,000,000	0.003	0.006	0.008	0.009	0.013	0.017	0.027
6,000,000	0.003	0.005	0.006	0.008	0.011	0.014	0.023
7,000,000	0.002	0.004	0.005	0.006	0.009	0.012	0.020
8,000,000	0.002	0.003	0.004	0.006	0.008	0.010	0.017
9,000,000	0.002	0.003	0.004	0.005	0.007	0.009	0.015
10,000,000	0.001	0.002	0.003	0.004	0.006	0.008	0.014

The group to which each classification is assigned is shown in 2:6-10 of this Manual.

The rules that pertain to the election of loss limitation in retrospective rating agreements are found in 3:12-20(e) of this Manual.

The Excess Loss Premium Factors in 2:6-3 apply to all classifications, including those that contemplate coverage under the United States Longshore and Harbor Workers Compensation Act.

Effective January 1, 2021

★ 3. (b) Excess Loss Premium Factors—ALAE Option

Group	A	B	C	D	E	F	G
Loss Limit							
\$ 25,000	0.392	0.436	0.449	0.477	0.497	0.524	0.540
30,000	0.368	0.412	0.426	0.455	0.477	0.506	0.523
40,000	0.328	0.373	0.388	0.418	0.442	0.473	0.494
50,000	0.297	0.341	0.357	0.387	0.413	0.445	0.469
75,000	0.242	0.284	0.300	0.330	0.357	0.391	0.418
100,000	0.206	0.245	0.260	0.289	0.317	0.350	0.379
125,000	0.178	0.216	0.231	0.259	0.286	0.319	0.349
150,000	0.159	0.193	0.208	0.235	0.261	0.293	0.324
175,000	0.143	0.175	0.189	0.215	0.241	0.272	0.303
200,000	0.129	0.160	0.174	0.199	0.224	0.254	0.286
250,000	0.109	0.137	0.150	0.173	0.197	0.226	0.257
300,000	0.094	0.120	0.132	0.153	0.176	0.203	0.234
350,000	0.083	0.106	0.118	0.137	0.160	0.185	0.216
400,000	0.073	0.095	0.107	0.125	0.146	0.170	0.201
450,000	0.066	0.086	0.097	0.114	0.135	0.158	0.188
500,000	0.060	0.079	0.089	0.105	0.125	0.147	0.176
600,000	0.050	0.067	0.077	0.091	0.110	0.130	0.158
700,000	0.043	0.058	0.067	0.080	0.097	0.116	0.143
800,000	0.038	0.051	0.060	0.072	0.088	0.105	0.132
900,000	0.033	0.046	0.054	0.065	0.080	0.096	0.122
1,000,000	0.030	0.041	0.049	0.059	0.073	0.088	0.113
2,000,000	0.014	0.020	0.025	0.031	0.040	0.049	0.069
3,000,000	0.008	0.013	0.016	0.020	0.028	0.034	0.050
4,000,000	0.006	0.009	0.012	0.015	0.021	0.026	0.040
5,000,000	0.004	0.007	0.009	0.012	0.017	0.021	0.033
6,000,000	0.003	0.006	0.008	0.009	0.014	0.017	0.028
7,000,000	0.003	0.005	0.006	0.008	0.011	0.015	0.024
8,000,000	0.002	0.004	0.005	0.007	0.010	0.013	0.021
9,000,000	0.002	0.003	0.005	0.006	0.008	0.011	0.018
10,000,000	0.002	0.003	0.004	0.005	0.007	0.010	0.016

4. Loss Conversion Factor

Schedule X Carriers—max. of 1.45

Schedule Y Carriers—max. of 1.25

5. Tax Multiplier

New Jersey = 1.052

USL = 1.112

Applicable in accordance with the Retrospective Rating Rules and Formulae set forth in 3:12 of this Manual.

6. Expected Loss Ratio = 0.567

Expected Loss Ratio and Allocated Expense Ratio = 0.626

Effective January 1, 2021

★ 10. Retrospective Rating—Table of Classifications by Hazard Group (Table H)

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

The following Table is to be used in determining the individual classification Hazard Group assignment. Hazard Group assignments are necessary for use in Retrospective Rating calculations, specifically in the selection of Excess Loss Premium Factors, when applicable. Hazard Group assignments are included for all classifications in this Manual.

The Hazard Group assignment for a non-"F" classification whose rate has been increased to provide coverage under the United States Longshore and Harbor Workers Compensation Act is the Hazard Group for the classification increased by two levels (if class Hazard Group is C in this Table, the appropriate Hazard Group is E). When the classification Hazard Group is already at the highest Hazard Group level, the highest Hazard Group level should be used.

Code No.	Hazard Group (A-G)	Code No.	Hazard Group (A-G)	Code No.	Hazard Group (A-G)	Code No.	Hazard Group (A-G)
0005	C	1924	B	2416	C	2960	C
0034	C	1925	D	2418	C	3004	E
0035	B	1937	F	2420	C	3018	E
0042	D	2002	B	2501	C	3022	B
0050	C	2003	C	2503	B	3027	E
0055	C	2014	E	2557	C	3028	C
0073	C	2039	B	2570	B	3030	E
0074	D	2041	B	2576	B	3040	E
0075	B	2070	C	2582	C	3041	C
0079	E	2081	C	2585	B	3042	D
0081	C	2089	C	2586	C	3045	D
0082	C	2095	C	2587	B	3060	C
0083	C	2110	B	2588	B	3061	C
0084	C	2111	B	2600	B	3062	C
0085	D	2112	B	2623	D	3066	C
0086	B	2114	B	2654	B	3075	B
0089	E	2121	C	2660	B	3076	B
0106	F	2130	C	2670	A	3081	E
0700	C	2131	C	2683	B	3085	E
0910	B	2143	B	2688	B	3110	C
0913	C	2150	C	2702	G	3111	C
0917	B	2157	C	2710	F	3113	C
1320	F	2173	B	2759	B	3114	C
1438	F	2211	E	2790	B	3118	B
1452	E	2286	B	2802	D	3122	B
1463	F	2302	C	2835	A	3131	C
1624	F	2303	C	2836	A	3132	C
1699	E	2352	B	2841	B	3145	C
1701	E	2361	C	2852	B	3146	C
1710	E	2362	C	2881	A	3169	C
1741	G	2380	C	2883	C	3179	B
1747	E	2383	C	2913	A	3188	B
1754	E	2386	B	2916	F	3192	B
1814	F	2388	B	2923	B	3193	B
1853	D	2402	E	2942	A	3194	B

Effective January 1, 2021

10. Retrospective Rating—Table of Classifications by Hazard Group (Table H) continued

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Code No.	Hazard Group (A-G)	Code No.	Hazard Group (A-G)	Code No.	Hazard Group (A-G)	Code No.	Hazard Group (A-G)
3220	C	3726	G	4307	A	4740	E
3227	B	3807	B	4313	D	4741	C
3241	C	3815	D	4351	C	4771	G
3255	A	3821	D	4352	B	4824	B
3257	C	3826	C	4353	D	4827	E
3270	C	3830	D	4360	B	4828	D
3307	C	3864	D	4361	B	4829	F
3315	B	3865	A	4410	C	4835	E
3336	E	3881	C	4431	A	4836	E
3339	E	4000	F	4432	A	4902	B
3365	E	4023	E	4439	E	4923	C
3372	D	4024	E	4452	C	5000	F
3373	C	4027	E	4459	C	5022	F
3381	C	4034	E	4470	C	5038	G
3383	B	4036	E	4479	A	5040	G
3384	C	4038	A	4484	C	5057	G
3385	B	4050	B	4491	C	5059	G
3400	D	4053	C	4493	C	5069	G
3507	C	4062	C	4557	B	5103	F
3548	C	4111	B	4558	C	5146	E
3561	B	4112	C	4561	C	5160	F
3571	B	4113	C	4571	D	5183	E
3574	B	4114	C	4572	D	5184	E
3581	B	4115	C	4583	F	5188	E
3612	D	4130	C	4597	B	5190	E
3620	E	4133	B	4598	E	5191	C
3632	D	4150	A	4611	B	5192	C
3634	B	4239	E	4627	E	5200	E
3635	C	4240	B	4628	E	5213	F
3638	B	4243	C	4635	G	5215	D
3642	C	4244	C	4653	B	5222	F
3643	C	4245	C	4665	E	5223	E
3648	B	4250	C	4683	C	5348	E
3649	C	4251	C	4692	B	5402	B
3656	D	4273	C	4693	C	5403	F
3681	B	4279	C	4703	C	5409	E
3685	B	4282	B	4707	C	5437	E
3686	B	4283	C	4710	B	5443	C
3719	G	4299	B	4712	B	5445	F
3724	F	4301	B	4720	C	5458	F

Effective January 1, 2021

10. Retrospective Rating—Table of Classifications by Hazard Group (Table H) continued

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Code No.	Hazard Group (A-G)	Code No.	Hazard Group (A-G)	Code No.	Hazard Group (A-G)	Code No.	Hazard Group (A-G)
5459	F	6824	G	7426	G	8044	D
5462	E	6826	G	7427	G	8045	B
5466	F	6834	F	7428	E	8046	C
5473	G	6836	E	7431	G	8047	B
5474	F	6872	G	7435	E	8048	B
5475	G	6874	G	7502	E	8051	B
5479	D	7019	G	7515	G	8053	B
5480	F	7027	G	7520	C	8054	B
5491	F	7038	G	7536	G	8055	B
5500	G	7046	G	7538	G	8090	C
5509	F	7089	G	7539	F	8102	B
5538	E	7098	G	7540	G	8103	D
5551	G	7133	F	7580	E	8105	B
5606	F	7151	F	7590	D	8106	E
5610	C	7152	F	7600	E	8107	E
5645	F	7196	F	7601	F	8111	C
5701	F	7201	C	7605	E	8116	C
5703	E	7207	E	7610	D	8203	C
5951	B	7219	F	7710	F	8204	E
5954	B	7230	D	7711	F	8215	E
6003	E	7231	D	7712	G	8227	G
6005	E	7309	G	7714	C	8232	E
6039	F	7327	G	7715	G	8235	C
6042	E	7334	G	7720	E	8263	D
6204	F	7335	G	7723	G	8264	E
6217	F	7350	G	7728	G	8265	F
6229	F	7360	E	7855	E	8268	C
6233	F	7369	C	8001	B	8269	D
6235	G	7370	C	8006	C	8279	F
6251	F	7380	D	8008	B	8280	F
6252	G	7381	C	8010	B	8291	D
6306	F	7382	C	8013	C	8292	C
6319	F	7384	C	8017	B	8293	E
6325	F	7390	C	8018	B	8350	F
6400	D	7394	G	8021	C	8353	E
6504	B	7395	G	8031	C	8385	E
6702	E	7403	E	8032	B	8387	D
6703	E	7405	E	8033	C	8392	C
6801	G	7424	E	8034	C	8393	C
6811	E	7425	G	8039	B	8396	D

Effective January 1, 2021

10. Retrospective Rating—Table of Classifications by Hazard Group (Table H) continued

TABLE OF CLASSIFICATIONS BY HAZARD GROUP

Code No.	Hazard Group (A-G)	Code No.	Hazard Group (A-G)	Code No.	Hazard Group (A-G)
8397	D	9033	C	9555	F
8398	D	9044	B	9556	F
8506	E	9045	C	9557	D
8507	E	9052	B	9586	A
8601	D	9053	B	9600	B
8606	F	9060	B	9610	E
8607	E	9061	A	9620	D
8709	G	9063	B	9720	C
8711	G	9065	B	9726	C
8720	E	9078	C	9728	C
8726	E	9079	A		
8731	E	9088	G		
8737	E	9089	B		
8738	E	9093	B		
8742	E	9102	C		
8745	D	9106	B		
8748	D	9107	B		
8753	B	9109	G		
8755	E	9154	C		
8800	A	9156	D		
8803	E	9170	G		
8810	C	9178	A		
8814	C	9179	B		
8815	C	9180	E		
8820	D	9182	C		
8828	C	9186	F		
8829	C	9220	D		
8831	C	9402	E		
8832	C	9403	F		
8835	C	9410	C		
8836	C	9421	B		
8838	B	9423	C		
8840	C	9501	D		
8860	E	9519	E		
8868	B	9421	B		
★ 8871	C	9522	C		
9521	E	9529	G		
9014	C	9530	G		
9015	C	9538	F		
9016	C	9554	F		

Effective January 1, 2021

INFORMATION PAGE ALGORITHM
MINIMUM PREMIUM POLICY

A.	E.L. PART II INCR LIMITS CHARGE	=	0.014	OR	1.40%	(INCR LIMITS IN ITEM 3B – TABLE 2-2-1)	I.	MANAGED CARE REDUCTION	=	-0.12	OR	-12.0%	(3:108)
B.	E.L. PART II INCR LIMITS MIN CHARGE	=	150			(TABLE 2-2-1)	J.	PPAP	=	0.20	OR	20.0%	(3:14-8(13))
C.	POLICY MIN PREM	=	950			INCLUDES EXPENSE CONSTANT (2:1-2)	K.	SECOND INJURY FUND SURCHARGE	=	0.0534	OR	5.34%	(2:1-7)
D.	USL NON "F" FACTOR	=	1.50	OR	150.0%	(2:1-4a)	L.	UNINSURED EMPLOYERS FUND	=	0.0000	OR	0.00%	(2:1-7)
E.	MARITIME INCR LIMITS CHARGE	=	0.70	OR	70.0%	(INCR LIMITS IN WC000201-TABLE 3:6-14)	M.	N.J.C.C.P.A.P.	=	-0.10	OR	-10.0%	(3:8-2e)
F.	MARITIME COVERAGE-SEP MIN CHARGE	=	150			(TABLE 3:6-14)	AA.	TERRORISM CHARGE	=	0.03	OR	\$0.03	(2:1-3)
G.	EXPENSE CONSTANT	=	160			(2:1-2 & 5)	AB.	CATASTROPHE CHARGE	=	0.01	OR	\$0.01	(2:1-3)
H.	PREMIUM DISCOUNT	=	N/A	OR	N/A	(TABLE 2:3-2)	AC.	SCHEDULE RATING	=	0.05	OR	5.0%	(3:10C)

CLASS	COVERAGE	EXPOSURE	RATE	PREMIUM
7027	MARITIME	1,000	4.61	N. 46
7350F	USL	1,000	6.64	O. 66
6003	STATE	1,000	10.17	P. 102
8810	STATE	1,000	0.18	Q. 2
		4,000		

6198	SEPARATE INCR LIMITS CHARGE MARITIME/FELA ONLY (E x N)	R. 32	MAR/FELA INCR LIMITS CHARGE % x MAR/FELA PREMS;	(3:6-13)
6199	E.L. PART II INCR LIMITS CHARGE A x (O+P+Q)	S. 2	E.L. INCR LIMITS CHARGE % x NON-MAR/FELA PREMS;	(3:3-73)
9848	PREM TO EQUAL E.L. PART II INCR LIMITS MIN CHARGE (B-5)	T. 148	BASED ON NON-MARITIME/FELA PREMS; WHEN NJ IS HIGHEST EL MIN CHARGE	(3:3-73)
	TOTAL SUBJECT PREMIUM	U. 398		
	MODIFIED PREMIUM (U x V)	V. 1,000	EXPERIENCE RATING MODIFICATION, IF APPLICABLE	(3:3-56 & 3:11-23)
		W. 398		
0910	OCCASIONAL PRIVATE RESIDENCE EXPOSURE	X. 1	PER CAPITA EXPOSURE - NOT SUBJECT TO MODIFICATION	(3:3-56)
6197	SEPARATE INCR LIMITS CHARGE FOR PRIVATE RESIDENCE	Y. 1	INCR LIMITS FOR EXCLUSIVE PRIVATE RESIDENCE RISKS ONLY	(2:2-3)
9849	ADD'L PREM TO = SEP MARITIME/FELA MIN CHARGE (F) - [(N+R) x (V)]	72	MARITIME/FELA MIN CHARGE - MOD MARITIME/FELA PREMS	(3:6-10)
0990	ADD'L PREM TO EQUAL POL MP (C+B-G) - [(O+P+Q+S+T) x (V)] - [(X)+(V)]	618	MP & MIN CHARGE-EXP CON - (MOD NON-MAR/FELA PREMS)-PC; WHEN NJ IS HIGHEST MP	(3:3-64 & 66)
9046	N.J.C.C.P.A.P. CREDIT NOT APPLICABLE ON MP POLICIES	0	NJ CONSTRUCTION CLASS PREM ADJUSTMENT PROGRAM, IF APPLICABLE	(3:8-5)
9874	MANAGED CARE PREMIUM CREDIT NOT APPLICABLE ON MP POLICIES	0	REDUCTION FOR APPROVED MANAGED CARE PROGRAM, IF APPLICABLE	(3:10B-5)
9887	SCHEDULE RATING DEBIT NOT APPLICABLE ON MP POLICIES	0	SCHEDULE RATING ADJUSTMENT, IF APPLICABLE	(3:10C-3)
	TOTAL STANDARD PREMIUM	1,090		
0063	PREMIUM DISCOUNT NOT APPLICABLE ON MP POLICIES	0	PREMIUM DISCOUNT, IF APPLICABLE	(3:3-78)
0942	PLAN PREM ADJ PROGRAM NOT APPLICABLE ON MP POLICIES	0	ADD'L PREM FROM PLAN POLICIES, IF APPLICABLE	(3:14-8(13))
9663	DEDUCTIBLE PREMIUM CREDIT NOT APPLICABLE ON MP POLICIES	0	LARGE RISK-LARGE DEDUCTIBLE PROGRAM CREDIT, IF APPLICABLE	(3:10A-11)
0900	EXPENSE CONSTANT (G)	160	APPLICABLE TO ALL POLICIES; WHEN NJ IS HIGHEST EXPENSE CONSTANT CHARGE	(3:3-57)
9740	TERRORISM INSURANCE CHARGE (TOTAL EXPOSURE/100) x (AA)	1	TERRORISM INSURANCE CHARGE	(3:9-1)
9741	CATASTROPHE INSURANCE CHARGE (TOTAL EXPOSURE / 100) x (AB)	0	CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) INS CHARGE	(3:9-8)
	TOTAL ESTIMATED PREMIUM	1,251		
0935	SECOND INJURY FUND SURCHARGE (K) x [(W)-(V x [(1+A) x O+N+R])]	14	APPLICABLE TO MOD PREM LESS MOD USL AND MARITIME/FELA PREMS	(3:3-60A)
0936	UNINSURED EMPLOYERS FUND SURCHARGE (L) x [(W)-(V x [(1+A) x O+N+R])]	0	APPLICABLE TO MOD PREM LESS MOD USL AND MARITIME/FELA PREMS	(3:3-60A)
	TOTAL ESTIMATED COST	1,265		

Effective January 1, 2021

INFORMATION PAGE ALGORITHM
OTHER THAN MINIMUM PREMIUM POLICY

A.	E.L. PART II INCR LIMITS CHARGE	=	0.014	OR	1.40%	(INCR LIMITS IN ITEM 3B – TABLE 2:2-1)	I.	MANAGED CARE REDUCTION	=	-0.12	OR	-12.0%	(3:10B)
B.	E.L. PART II INCR LIMITS MIN CHARGE	=	150			(TABLE 2:2-1)	J.	PPAP	=	0.20	OR	20.0%	(3:14-8(13))
C.	POLICY MIN PREM	=	950			INCLUDES EXPENSE CONSTANT (2:1-2)	K.	SECOND INJURY FUND SURCHARGE	=	0.0534	OR	5.34%	(2:1-7)
D.	USL NON "F" FACTOR	=	1.50	OR	150.0%	(2:1-4a)	L.	UNINSURED EMPLOYERS FUND	=	0.0000	OR	0.00%	(2:1-7)
E.	MARITIME INCR LIMITS CHARGE	=	0.70	OR	70.0%	(INCR LIMITS IN WC00201-TABLE 3:6-14)	M.	N.J.C.C.P.A.P.	=	-0.10	OR	-10.0%	(3:8-2e)
F.	MARITIME COVERAGE-SEP MIN CHARGE	=	150			(TABLE 3:6-14)	AA.	TERRORISM CHARGE	=	0.03	OR	\$0.03	(2:1-3)
G.	EXPENSE CONSTANT	=	160			(2:1-2 & 5)	AB.	CATASTROPHE CHARGE	=	0.01	OR	\$0.01	(2:1-3)
H.	PREMIUM DISCOUNT	=	-0.031	OR	-3.1%	(TABLE 2:3-2)	AC.	SCHEDULE RATING	=	0.05	OR	5.0%	(3:10C)

CLASS	COVERAGE	EXPOSURE	RATE	PREMIUM
7027	MARITIME	20,000	4.61	922
7350F	USL	100,000	6.64	6,640
6003	STATE	140,000	10.17	14,238
8810	STATE	50,000	0.18	90
		310,000		

6198	SEPARATE INCR LIMITS CHARGE MARITIME/FELA ONLY (E x N)	R.	645
6199	E.L. PART II INCR LIMITS CHARGE A x (O+P+Q)	S.	294
9848	PREM TO EQUAL E.L. PART II INCR LIMITS MIN CHARGE (B-S)	T.	0
	TOTAL SUBJECT PREMIUM	U.	22,829
	MODIFICATION	V.	0.800
	MODIFIED PREMIUM (U x V)	W.	18,263

0910	OCCASIONAL PRIVATE RESIDENCE EXPOSURE	X.	1
6197	SEPARATE INCR LIMITS CHARGE FOR PRIVATE RESIDENCE	Y.	1
9849	ADD'L PREM TO = SEP MARITIME/FELA MIN CHARGE (F) - [(N+R) x (V)]		0
0990	ADD'L PREM TO EQUAL POL MP (C+B-G) - [(O+P+Q+S+T) x (V)] - [(X)+(Y)]		0
9046	N.J.C.C.P.A.P. CREDIT (M) x (W)		(1,826)
9874	MANAGED CARE PREMIUM CREDIT (I) x (W)		(2,192)
9889	SCHEDULE RATING CREDIT (W) x (AC)		913
	TOTAL STANDARD PREMIUM		15,160

0063	PREMIUM DISCOUNT (H) x STD PREM APPLICABLE WHEN STD PREM > \$10,000		(470)
0942	PLAN PREM ADJ PROGRAM (J) x [TOTAL STD PREM - (X) - (Y)]		3,032
9663	DEDUCTIBLE PREMIUM CREDIT AVAILABLE ONLY WHEN STD PREMIUM > \$200,000		0
0900	EXPENSE CONSTANT (G)		160
9740	TERRORISM INSURANCE CHARGE (TOTAL EXPOSURE/100) x (AA)		93
9741	CATASTROPHE INSURANCE CHARGE (TOTAL EXPOSURE / 100) x (AB)		31
	TOTAL ESTIMATED PREMIUM		18,006

0935	SECOND INJURY FUND SURCHARGE (K) x [(W)-(V) x [(1+A) x O+N+R]]		621
0936	UNINSURED EMPLOYERS FUND SURCHARGE (L) x [(W)-(V) x [(1+A) x O+N+R]]		0
	TOTAL ESTIMATED COST		18,627

Effective January 1, 2021

displayed for sale, or to which the purchaser customarily brings the product from another area for payment.

- ★ (a.1) **Clerical Telecommuter Employees**—Code 8871 – applicable when clerical operations are not included in other classes assigned to the policy and not included by other special rules, may qualify for inclusion in standard exception code 8871; provided 50% or more of the duties are performed in a residence clerical work area, the operation is not based at the residence, and the definitions of clerical office duties and the definition of clerical office as described above are both met.

- (b) **Drafting Employees** defined as those employees whose duties are limited to office work only and who are engaged strictly as drafting employees in such a manner that they are not exposed to the operative hazard of the business.

If any drafting employee is exposed to any operative hazard of the business, his entire payroll shall be assigned to the highest rated classification of work to which he is exposed.

- (c) **Salespersons—Outside** are defined as those employees engaged principally in any such duties away from the premises of the employer. It does not apply to any such employee whose duties include the delivery of any merchandise handled, treated or sold. Such employees whose duties include delivery even though they may also collect or solicit, shall be rated:

- (i) as Drivers, if they use motor vehicles or bicycles.
- (ii) under the governing classification if they use public means of transportation or walk.

The statement of payroll shall include the entire payroll of all outside salespersons, including those whose duties take them outside the State of New Jersey.

- (d) **Drivers or Chauffeurs and their Helpers** defined as those employees who perform their principal duties with motor vehicles in either capacity, and also includes incidental garage employees or employees using bicycles in the service of the employer.

27. Classification Headings. The language of any group heading preceding two or more indented classifications shall be shown in the policy as part of each such classification.

28. Classification Notes. Notes appearing in connection with classifications in this Manual are a part of the classification phraseology. Those which defined the scope or availability of the classifications need not be shown in the policy.

29. Classification Phraseologies Defined. The

following paragraphs define certain words, phrases or abbreviations used in the classification phraseologies.

- (a) **"NOC"** This expression is an abbreviation of the words "not otherwise classified." No classification so qualified shall be applied in any case where any other manual classification more accurately describes the enterprise or where the language of any manual classification so qualified prescribes other treatment.
- (b) **"NPD"** This expression is an abbreviation of the words "no payroll division." A classification so restricted may be used for division of payroll only in accordance with the following provisions:
 - (i) A classification which carries an **NPD restriction applying only to specific classifications** shall not be used for division of payroll in connection with any of the classifications specified in the restriction unless the operation described by the restricted classification constitutes a separate and distinct enterprise having no connection with the operations covered by any of the classifications specified in the restriction.
 - (ii) A classification which carries an **unqualified NPD restriction** shall not be used for division of payroll in connection with any manual classification (other than the Standard Exceptions or General Exclusions) unless the operation described by the restricted classification constitutes a separate and distinct enterprise having no connection with the operations covered by any other classification applicable to the risk.
 - (iii) **Application to Mercantile, Mining, Construction and Erection Operations.** Rules (i) and (ii) above, in the case of classifications applicable to mercantile or mining operations, apply only to the operations comprising each separate location and, as to construction or erection operations, apply only to the operations comprising each separate job or location.
- (c) **"NO" or "NOT."** A classification which carries a restrictive phrase beginning with "no" or "not," shall not be applied to any risk which conducts any operation described in such restrictive phrase. This restriction, in the case of classifications applicable to mercantile or mining operations, applies only to the operations comprising each separate location and to construction or erection operations applies only to the operations comprising each separate job or location.
- (d) **"INCLUDING."** If a classification carries a descriptive phrase "including" or "&" certain operations or employees, division of payroll shall not be made for such operations or employees even

Effective January 1, 2021

PART THREE

SECTION 5. PRIVATE RESIDENCES, ESTATES AND FARMS

1. Application of the Manual. The General Rules of this Manual shall apply, except as may otherwise be provided or supplemented in this Section.

2. Private Residences—Definition. Private Residences as used in this Manual shall mean an establishment consisting of:

A tenement, flat or apartment definitely described as a part of any building if occupied exclusively as a residence by not more than one family.

A building designed for and occupied exclusively as a residence by not more than two families, together with the land upon which it is situated, including barns, stables, garages and customary outbuildings used for household purposes and provided that no farming or dairying operations are carried on for commercial purposes. If, however, such an establishment comprises a tract of land exceeding five acres and more than five full-time servants are employed (whether inside or outside), it shall be treated as a "private estate."

The private residence of a physician, surgeon or dentist in which office quarters are maintained for professional purposes (no other portion of the residence except such office being so used) shall qualify as a private residence under these rules.

3. Private Estates—Definition. Private Estates as used in this Manual shall mean a private residence as defined above which occupies a tract of land exceeding five acres and in connection with which more than five full-time servants are employed.

4. Farm—Definition. Farm as used in this Manual shall mean any tract of land, with or without a private residence, operated in whole or in part for commercial agriculture, horticulture, dairying or viticulture.

5. Inservants—Definition. Inservants shall mean all employees, by whatever name they may be designated, engaged in household or domestic service whose principal duties are performed inside the residence. The term includes but is not limited to such employees as cooks, laundresses, maids, butlers, seamstresses, nurses, companions, governesses and housekeepers.

6. Outservants—Definition. Outservants shall mean all employees engaged exclusively in household or domestic service whose duties are performed principally outside the residence. The term includes but is not limited to private chauffeurs (not chauffeurs of public or commercial motor vehicles); employees engaged in cultivating flowers, vegetables or other agricultural products for noncommercial purposes or employees

engaged in the care of lawns, shrubs or grounds surrounding the residences and maintained exclusively for appearance.

7. Occasional Servants. The term occasional servants as used in this Manual shall mean all outservants or inservants whose employment is not continuous but whose duties are a regular and continuing part of the customary household or domestic duties. This definition applies only where a fair estimate of the time during which an occasional servant is employed is less than 40 hours per week. Under all other circumstances such a servant shall be classified as a full-time servant and rated accordingly. The term "Occasional Servants" includes such employees as a laundress for certain days in the week or a choreperson who takes care of the furnace, removes ashes, shovels snow in season or does other work of this character using as much time at frequent intervals as the requirements of the work make necessary.

8. Policy Forms. Coverage for residence employees shall be provided 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. Where necessary such coverage may be written upon the Standard Provisions Workers Compensation and Employers Liability Policy.

9. Husband and Wife as Insured. A policy may be issued to cover both husband and wife as insured without additional charge.

10. Scope of Classifications. The classifications covering Private Residences, Estates and Farms include all operations involving the use and occupancy and maintenance of the premises.

11. Farms—Classifications & Rates. The phraseologies for the various Agricultural and Horticultural classifications are set forth in 4:1 of this Manual. The rates for these classifications are set forth in 2:1-2 of this Manual.

★ **12. Special Classifications and Charges.**

	Class Code	Rate or Annual Charge	Minimum Premium* (includes expense constant)
Occasional Servants	0910	\$1 per policy	\$161
Servants—full time	0913	\$60 per person	\$220

*For Workers Compensation and Employers Liability Insurance Policies only

The annual policy charge of \$1 shall be applicable with Homeowners policies or other policies providing Comprehensive Personal Liability Insurance.

Effective January 1, 2021

- ★ When coverage for residence employees is to be written upon a Workers Compensation and Employers Liability Insurance Policy, the above charges shall be applicable in addition to the annual expense constant.

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.

13. Cancellation by the Insured—Private Residence Policies. Adjustment of premium shall be made by applying the appropriate short-rate percentage corresponding to the time the policy was in force to the per capita premium charge, and adding thereto the entire expense constant. If, however, the final premium so computed is less than the specified minimum premium, the minimum premium shall be charged.

14. Cancellation by the Insurance Company—Private Residence Policies. Adjustment of premium shall be based on the actual exposure for the period the policy was in force, and added thereto, the pro rata portion of the expense constant. If, however, 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.

Effective January 1, 2021

month nearest the policy expiration date, the experience modification applicable to the policy shall apply for its entire term. The expiration month, day and year of the policy shall then become the new rating effective date.

The Rating Bureau shall establish the rating effective date in all other cases.

26. Application of the Experience Modifications to Multiple Policies.

- (a) If a risk is covered by several policies which differ as to expiration date, a single experience modification shall be computed once every twelve months on the rating effective date to be determined by the Rating Bureau and shall be applicable to all policies during the ensuing twelve months. At the end of the twelve-month period a new modification shall be computed to apply to the unexpired term of any outstanding policy and to be effective for policies issued within the next twelve months until the next rating effective date. The experience modification so calculated shall be based upon the rates and factors in force as of the rating effective date.
- (b) If the policy controlling the rating effective date established by the Rating Bureau has been terminated by cancellation, or is not renewed, a new rating effective date shall be established in accordance with paragraph (a) above.

27. Promulgation of Experience Modification.

Experience modifications are promulgated on a daily basis and released to the carrier of record as promptly as possible.

28. Source of Data for Rating. The data used for experience rating shall be the individual risk experience data reported and valued in accordance with the provisions of the Statistical Plan, 3:13 of this Manual.

29. Rating Forms. To determine the experience modification the prescribed data shall be tabulated by the Rating Bureau on approved experience rating forms.

30. Payrolls—Tabulation. The actual audited payroll for each classification for the experience period shall be tabulated by policy year.

31. Losses—Tabulation. Incurred losses paid and outstanding shall be tabulated by policy year according to the following divisions between "Minor" and "Serious" cases as required for the rating procedure.

- (a) The indemnity cost of all cases which are reported as closed and which individually do not involve excess indemnity or excess medical shall be grouped and tabulated as minor indemnity losses.
- (b) The total medical cost of all cases which are reported as closed and which individually do not involve excess medical or excess indemnity shall be grouped and tabulated as minor medical losses.

- (c) Any case which involves excess indemnity or excess medical shall be individually tabulated.
- (d) Death and permanent total disability (D. & P.T.D.) cases shall be identified as such and individually tabulated.
- (e) Any case reported as open, regardless of amount, shall be individually tabulated.

Exception: All claims reported with Catastrophe Number 12 shall be excluded from experience rating calculations. For a definition of losses included under Catastrophe Number 12, see 3:13-55 of this Manual.

32. Employers Liability Cases. All Employers Liability cases (those settled under Part Two of the policy contract) shall be individually tabulated on an actual cost basis and so identified. The actual incurred settlement cost shall be employed in the experience rating calculations uniformly modified by the factor of 1.12 set forth in Table A, 2:5-1 of the Manual.

In no event shall any claim be included in a rating at an amount greater than the applicable basic limit provided under Part Two of the Standard Provisions Policy.

Claims shall be divided to Normal and Excess in accordance with the values in Table A, 2-5:1 of the Manual. The limiting loss values indicated in Table A, 2-5-1 apply to all claims except Admiralty or Federal Employers' Liability Act.

For Admiralty or Federal Employers' Liability Act claims, a maximum per claim limiting value of \$100,000 applies. The medical portion of each claim shall not exceed 25%, or \$25,000.

33. Reserved for Future Use

34. Fees. Whenever the award of the Compensation Referee includes the cost of witness fees, attorney's fees, or expert medical testimony to the injured, pursuant to N.J.S.A. 34:15-64, the amount so awarded shall be considered as part of the indemnity cost and so included in the tabulation of losses.

35. Final Award. Where a final award has been made prior to the date of experience valuation, the actual loss incurred as determined by such award shall be included in the experience data.

36. Moral Responsibility. No loss shall be excluded from the experience of a risk on the ground that the employer was not morally responsible for the accident that caused such loss.

- ★ **37. Revision of Ratings—Losses.** It shall not be permissible to revise the rating of an insured to increase or reduce values because of developments in the nature of injury or because of departmental or judicial decision made subsequent to the date of valuation.

The carrier shall promptly file and submit, without delay, a correction report in compliance with 3:13-78 of the

Effective January 1, 2021

Manual. A complete statement may be submitted by the carrier in each case followed by a correction report and ratings shall be revised:

- (a) If loss values are included or excluded through mistake other than error of judgment, or if loss values are included, and
- (b) The claimant has recovered in an action against a third party, provided the reported net loss is less than the total incurred loss previously used in the rating, or
- (c) A claim has been officially dismissed by judicial or appropriate departmental ruling (1) as non-compensable or (2) for lack of prosecution where the statute of limitations has expired, or
- (d) The statute of limitations has expired and the claim has been closed with no payment other than medical.
- (e) A settlement has been approved in accordance with N.J.S.A. 34:15-20 of the New Jersey Workers' Compensation Law where the issue involves question of jurisdiction, disability, causal relationship or dependency of the petitioner.
- (f) A claim valued on a life pension basis is settled on a basis other than a life pension.
- (g) A claim should have been reported with Catastrophe Number 12. For a definition of losses included under Catastrophe Number 12, see 3:13-55 of this Manual.

Revisions in accordance with the above shall be made during the effective period of the rating or within three years thereafter. The Rating Bureau, however, may defer any revision of the insured's rating until the time of the preparation of the next renewal rating unless immediate revision is requested by the insured or the carrier.

★ **38. Revision of Ratings—Payroll.** The carrier shall promptly file and submit, without delay, a correction report in compliance with 3:13-78 of the Manual. A complete statement may be submitted by the carrier in each case followed by a correction report and ratings shall be revised:

- (a) If payroll amounts are included or excluded through clerical error, or if payrolls are included, and
- (b) The amounts have been revised to reflect an audit or re-audit, or
- (c) If the amounts have been reassigned to other classifications as a result of inspection or correction error.

Revisions in accordance with the above shall be made during the effective period of the rating or within three years thereafter. The Rating Bureau, however, may defer any revision of the insured's rating until the time of the preparation of the next renewal rating unless

immediate revision is requested by the insured or the carrier.

39. Third Party Cases. In cases where the carrier has received reimbursement under subrogation rights or where the injured employee or his dependents have recovered from a third party, the reported net loss shall be used in experience rating. The net loss shall include allocated claim expense incurred in obtaining recovery. In cases where the claim expense incurred in connection with such recovery exceeds the amount recovered, the net loss tabulated shall not exceed the gross amount of loss prior to recovery.

40. Losses—Treatment in Ratings. The reported losses shall be tabulated by year of issue and shall be modified by the appropriate loss modification factors set forth in Table A, 2:5-1 of this Manual. The indicated "excess" loss and the indicated "normal" loss shall be developed separately as follows:

- (a) The medical loss per case shall be divided between "normal" and "excess" and limited in accordance with the amounts provided in Table A.
- (b) The indemnity loss per case shall be divided between "normal" and "excess" and limited in accordance with the amounts provided in Table A.
- (c) **Catastrophes—Accidents involving two or more persons.** In the case of an accident involving injury or death of two or more persons, the individual losses shall be separately modified and analyzed into the normal and excess divisions as provided above. The normal indemnity and medical losses chargeable to the accident and to be used in the rating shall be limited to twice the individual limiting normal values for indemnity and medical for a single case as provided in Table A.

The excess indemnity and medical chargeable to the accident and to be used in the rating shall be the difference between the total adjusted indemnity and medical losses chargeable to the accident (limited to the maximum indemnity and medical amounts provided in Table A) and the applicable normal indemnity and medical amounts, respectively.

41. Subject Premium. The premium subject to experience rating, hereinafter referred to as the subject premium, shall be computed by segregating the payrolls of the experience period by classification and according to the coverage provided and extending them at the appropriate manual rates.

If the operations of a risk are reclassified other than as a result of a change in operations the payrolls reported under the previous classification(s) and used in the experience rating shall be reassigned to the new classification and the premium subject to experience rating computed on the basis of the new classification(s).

Exception: Subject premiums for Admiralty or Federal Employers' Liability Act exposures shall be

Effective January 1, 2021

determined by segregating the payrolls by Coverage I and II classification and extending them at the appropriate, basic manual rates for \$100,000/100,000 limits.

42. Excess and Normal Subject Premium. The subject premium shall be divided into two parts by the use of the excess elements provided for each classification in Table B, 2:1-2 through 4 of this Manual, the two parts corresponding to the premium to cover:

- (a) Excess indemnity and excess medical.
- (b) Normal indemnity and normal medical.

The expected loss factor provided in Table A, 2:5-1 of this Manual, shall be applied to both excess and normal parts of the subject premium to produce the corresponding expected loss. The expected loss factor has been adjusted to offset the effect of catastrophe and individual loss limitations as prescribed in other sections of this Plan.

43. Catastrophe Element. A list of those classifications for which a catastrophe element has been established are set forth in Table C, 2:5-4 of this Manual. The element shown in Table C is the direct amount that is to be set aside before computing the experience modification. The subject premium shall be determined by using the remaining portion of the rate. The regular rating procedure shall then be observed in establishing the experience modification.

44. Credibility. Credibility shall be based upon the expected losses divided into excess and normal parts.

- (a) **Credibility Formulae.** The credibility factor, limited to 100% (1.000), is determined separately for excess and normal from the following formulae:

$$Z_e = \frac{E_e}{C_e \times E_e + K_e} \quad Z_n = \frac{E_n}{C_n \times E_n + K_n}$$

Where: Z_e = Excess credibility
 Z_n = Normal credibility
 E_e = Excess expected loss
 E_n = Normal expected loss
 C_e & C_n , K_e & K_n are constants, determined as provided in (b) immediately below.

- (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 1.7%.
- ★ (ii) The maximum charge on a risk, which develops subject premium of \$6,000 and incurs a single claim of \$8,500 indemnity and \$8,500 medical shall be 36.3%.
- ★ (iii) The maximum charge on a risk, which develops

subject premium of \$6,000 and incurs a single maximum claim of \$163,000 indemnity and \$223,000 medical shall be 65.3%.

- ★ (iv) A total excess expected loss of \$7,335,000 will produce an excess credibility of 1.000 and a total normal expected loss of \$1,951,110 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.

45. Adjusted Loss. The total adjusted loss for the risk shall be the sum of the "adjusted incurred loss" and the "adjusted expected loss."

The formulae are:

- (a) The modified incurred losses, excess and normal, multiplied by the credibility factors, produce the "adjusted incurred loss" according to the following formula:

$$L_1 = A_e \times Z_e + A_n \times Z_n$$

- (b) The expected losses, excess and normal, multiplied by the complements of the credibility factors, produce the "adjusted expected loss" according to the following formula:

$$L_2 = E_e (1 - Z_e) + E_n (1 - Z_n)$$

Where L_1 = Adjusted incurred loss
 A_e = Incurred excess modified loss
 Z_e = Excess credibility factor
 A_n = Incurred normal modified loss
 Z_n = Normal credibility factor
 L_2 = Adjusted expected loss
 E_e = Excess expected loss
 E_n = Normal expected loss

46. Experience Modification. The experience modification shall be determined by comparing the total adjusted loss with the total expected loss. The experience modification (M) is defined by the formulae:

$$M = \frac{L}{E} \quad \text{where } L = L_1 + L_2, \text{ and } E = E_e + E_n$$

as defined in paragraph 45 immediately above.

Special Rules

EXPERIENCE UNDER THE UNITED STATES LONGSHORE AND HARBOR WORKERS' COMPENSATION ACT

47. Application of the Manual. The General Rules of this Plan shall apply except as may otherwise be provided or supplemented in this Section.

48. Losses—Unites States Longshore and Harbor Workers' Compensation Act—Treatment in Rating. The reported losses shall be treated in accordance with 3:11-40 of this Manual, except that reference shall be made to Table A1, 2:5-2 of this Manual.

Effective January 1, 2021

debris left by the construction crews after construction has been completed. Refer to Code 9014 for cleaning service contractors who provide clean-up crews to wash windows and sweep and mop floors to prepare a location for its intended use. Refer to the appropriate construction code for laborers who perform work to complete tasks that have been identified as part of a post-construction "punch-out" list.

**CLEANING OR DYEING & ROUTE SUPERVISORS,
DRIVERS 2586**

Includes repairing or pressing. Not textile piece goods. NPJ with 2585 laundry NOC.

**CLEANING OR DYEING COLLECTING OR
DISTRIBUTING STATION 2582**

No cleaning or dyeing at the same location. Drivers to be separately rated as 2586 cleaning or dyeing.

**CLEANING OR RENOVATING BUILDING EXTERIORS—
NO SANDBLASTING OR USE OF SILICEOUS MATERIAL
& DRIVERS 5458**

**CLEANING OR RENOVATING BUILDING EXTERIORS—
NOC & DRIVERS 5459**

CLERICAL OFFICE EMPLOYEES NOC 8810

Subject to the Standard Exceptions Manual Rule.

★ **CLERICAL TELECOMMUTER EMPLOYEES 8871**

Subject to the Standard Exceptions Manual Rule.

CLIPPINGS DEALER & DRIVERS 8103

Applies to a dealer in new textile fabrics only. Not rag or paper stock dealers. Dealers in used fabrics shall be assigned to 8264 paper stock or rag dealer.

CLOCK MFG 3385

**CLOTH PRINTING—SEE "TEXTILE PIECE GOODS
FINISHING"**

CLOTHES POLE ERECTION & DRIVERS 7538

CLOTHING MFG 2501

**CLUB—COUNTRY, GOLF, FISHING OR YACHT &
CLERICAL (PREMIUM BASIS SHALL NOT INCLUDE BOARD,
LODGING OR GRATUITIES) 9060**

The actual remuneration of all caddies shall be included with the payroll of the regular club employees in computing the premium for the risk. In case the actual remuneration is not available, the payroll for caddies shall be taken at \$50 per club member per season subject to a maximum of four hundred fifty members per course of eighteen holes or less, which limit shall be adjusted pro rata for larger courses, provided, however, that if the club is open to the

public, four hundred fifty members per course of eighteen holes shall constitute the minimum number of club members for the purpose of applying this rule.

CLUB RIDING—SEE "EQUINE INDUSTRY"

CLUB—SHOOTING & DRIVERS 9180

**CLUB NOC & CLERICAL. (PREMIUM BASIS SHALL NOT
INCLUDE BOARD, LODGING OR GRATUITIES) 9061**

**CLUB—TENNIS & CLERICAL. (PREMIUM BASIS SHALL
NOT INCLUDE BOARD, LODGING OR GRATUITIES)
..... 9065**

COAL BILLET OR BRIQUET MFG & DRIVERS 1463
Mfg. of by-products to be separately rated.

**COFFEE, TEA OR GROCERY DEALER—RETAIL &
DRIVERS 8753**

Applies to house-to-house sales of coffee, tea or groceries and includes incidental stores or warehouses.

COFFER—DAM WORK 6252

Applicable only where the coffer-dam or other protective structure is located in free water such as bays, rivers or ponds, or requires internal air pressure. Applies to all operations to completion within or upon the coffer-dam or associated with the supervision, operation or maintenance of the coffer-dam including pile driving, excavation, masonry or concrete work.

**COFFIN OR CASKET MFG OR ASSEMBLY—METAL
..... 3076**

**COFFIN OR CASKET UPHOLSTERING AND BURIAL
GARMENT MFG 9522**

**COIN OPERATING OR VENDING MACHINE MFG NOC
..... 3649**

Applies only to risks engaged in the mfg. of electrical coin or electronic vending or coin operated machines.

**COIN OPERATED OR VENDING MACHINES
INSTALLATION SERVICE, REPAIR OR SALESMEN,
DRIVERS 5192**

Includes storage, shop and outside operations.

**COLD STORAGE LOCKER—FROZEN FOODS &
SALESMEN DRIVERS 8031**

Includes incidental preparation of meats and produce. Slaughtering to be separately rated as 2081.

COLLAR MFG 2501

Effective January 1, 2021

PLAYING CARDS MFG 4299
Paper or cardboard mfg. to be separately rated as 4239.

PLUMBERS' SUPPLIES DEALER & DRIVERS NPD.. 8111
No mfg. Applies to wholesale or retail dealers of gas, steam or hot water equipment.

PLUMBERS' SUPPLIES MFG NOC..... 3188
Foundry operations to be separately rated.

PLUMBING NOC & DRIVERS 5183
Applicable to gas, steam, hot water or other pipe fitting. Includes house connections and shop operation. Automatic sprinkler installation to be separately rated as 5188.

POCKETBOOK MFG 2688
Applies to the mfg. of leather or fabric pocketbooks.

POLE, POST OR TIE YARD & DRIVERS..... 2960
Includes preserving operations. NPD with 8232 lumberyard or with 2702 logging or lumbering.

**POLICEMEN, SHERIFF'S OFFICERS OR CORRECTIONAL
INSTITUTIONAL GUARDS—PAID—PUBLIC & DRIVERS
..... 7720**

**POLICEMEN—SPECIAL, RESERVE OR AUXILIARY—
VOLUNTEER—PUBLIC & DRIVERS..... 7728**
Includes authorized construction, installation, alteration, maintenance or repair work upon the premises, apparatus or other equipment owned or used by the special, reserve, auxiliary unit, participating in any authorized public drill, showing exhibition, or parade and when authorized rendering of assistance in connection with events affecting the public health and safety.

The payroll for each active volunteer policeman shall be determined by applying \$1,300 per annum to each active volunteer policeman.

POLISH OR DRESSING MFG 4597
Applies to shoe, stove, harness, furniture, automobile or metal polish or dressing mfg. Can mfg. to be separately rated as 3220.

CHINA TABLEWARE 4053
Mining, quarrying or clay digging to be separately rated.

* Pottery Mfg:

★ **EARTHENWARE—GLAZED OR PORCELAIN—HAND
MOLDED OR CAST 4062**
Mining, quarrying or clay digging to be separately rated.

**PORCELAIN WARE—MECHANICAL PRESS FORMING
..... 4062**
Mining, quarrying or clay digging to be separately rated.

**POULTRY OR EGG PRODUCER—SEE "AGRICULTURE
OR HORTICULTURE"**

POWER PLOW OR TRACTION ENGINE MFG 3507

PRE-CAST FLOOR SLAB INSTALLATION 5022

**PRE-CAST ROOF SLAB INSTALLATION & DRIVERS
..... 5551**

PRECIOUS STONE SETTING NPD 3384

PRINTING 4299
Includes incidental assembling, stapling or binding of circulars, pamphlets or catalogues. Artists, designers, proofreaders, editors or clerical office employees to be separately rated as 8810 clerical; reporters, advertising or circulation solicitors to be separately rated as 8742 salesperson.

PRINTING OR BOOKBINDING MACHINE MFG 3548

**PRIVATE RESIDENCE REPAIRING—MISCELLANEOUS
CARPENTRY & DRIVERS 5645**
Not applicable to siding or re-siding or to roofing or re-roofing specialists.

PROJECTILE OR SHELL MFG—SEE "EXPLOSIVES"

**PUBLIC LIBRARY OR MUSEUM—SEE "LIBRARY" OR
"MUSEUM"**

PUMP MFG 3612
Foundry operations to be separately rated.

QUARRY NOC & DRIVERS..... 1624
Includes: operation of crushers; construction, repair or maintenance of all buildings, structures or equipment; installation of machinery.

QUILT, CUSHION OR PILLOW MFG..... 2501
No mattress or box spring mfg.

**RACETRACK—HORSE—JUDGES, TIMEKEEPERS,
HANDICAPPERS OR THEIR ASSISTANTS..... 8720**
Employees engaged in maintenance work or other manual labor including employees having any direct exposure to the horses in their maintenance, management or handling, including drivers to be separately rated as 9016 amusement park. Pari-mutuel employees to be separately rated as 8810 clerical.

RADIATOR MFG—AUTOMOBILE NPD 3807