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NEWS RELEASE

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New Jersey Businesses to Save \$22 Million on Worker Compensation Insurance Unprecedented Five-year Consecutive Reduction in Rates

Gov. Christie Whitman today announced a reduction in premiums for worker compensation insurance for an unprecedented fifth consecutive year, a \$22 million cost savings to about 65,000 New Jersey businesses in the year 2000. And while premiums are being reduced for employers, benefits for injured workers continue to increase.

"This good news is another illustration that New Jersey is a good place to do business. It is good news for employers and good news for the workers who need assistance after an injury on the job," said Gov. Whitman.

The cumulative five-year reduction in worker compensation insurance premiums for New Jersey businesses is 28 percent. This year's reduction of 2.4 percent will become effective for new and renewal policies on January 1, 2000 and follows decreases of 5.2 percent for 1999, 9.3 percent for 1998, 11.2 percent for 1997 and 3.6 percent for 1996. Also beginning next January, weekly benefits for workers will range from a maximum of \$568 to a minimum of \$144, a 5 percent increase over the benefits for 1999.

The New Jersey workers compensation system is the joint responsibility of the Departments of Banking and Insurance and Labor. The Department of Labor administers the processing of claims for benefits. The Compensation Rating and Inspection Bureau within the Department of Banking and Insurance sets rates and oversees rules and regulations governing workers compensation and employer liability insurance.

"Claims for workers compensation have been reduced by \$200 million between the years 1994 and 1998. Employers and insurers continue to work together to improve work-place safety and to reduce medical expenses through the use of managed care. Their efforts have been rewarded with yet another decrease in premiums," said Banking and Insurance Commissioner Jaynee LaVecchia.

Commissioner LaVecchia noted that the overall reduction of 2.4 percent includes changes for individual businesses based on designated business classifications. Of 598 business classifications, rates for 401 classes will decrease, 186 will increase and 11 will remain unchanged. The overall reduction also includes a slight increase in the Second Injury Fund surcharge from 8.2 percent to 8.8 percent. The Second Injury Fund is administered by the Department of Labor and provides benefits in the event a second work-related injury leaves a worker permanently and totally disabled

Commissioner of the Department of Labor Mel Gelade said, "New Jersey is enjoying a strong economy and steady job growth. With the increased number of workers in New Jersey, employers know that safety directly effects their bottom line and have maintained a commitment to workplace safety."

Approximately 350 companies are authorized to issue worker compensation insurance policies, which are standardized and provide coverage required by statute. Worker compensation insurance provides lifetime benefits to permanently and totally disabled workers, including unlimited medical benefits without co-payments or deductibles, as well as benefits to spouses of deceased workers. The insurance also provides weekly benefits for permanent partial disabilities with the benefit related to the extent of impairment resulting from the injury.

