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NEWS RELEASE

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GOV. CHRISTIE WHITMAN ANNOUNCES WORKERS' COMPENSATION INSURANCE PREMIUMS TO BE REDUCED FOR THIRD STRAIGHT YEAR

Gov. Christie Whitman today announced for the third consecutive year, premiums paid by New Jersey employers for workers' compensation insurance will be reduced, and at the same time benefits paid to injured workers will increase. The three- time reduction in costs to businesses occurs for the first time since 1983 through 1985.

Beginning in January, 1998, workers' compensation premiums will be reduced by an average of 9.3 percent for about 167,000 businesses for a total industry savings of about \$113 million.

"New Jersey is a good place to do business and keeps getting better," Whitman said. "The savings from this reduction will be enjoyed from the smallest to the largest companies in the state, from a modest \$36 premium savings to more than \$8,000 for the largest premium payers."

Three factors contributed to the reduced workers' compensation premium: Employers stepped up work-place safety efforts to reduce the number and severity of work-related injuries; insurers reduced the cost of providing medical services through the use of quality managed care, and greater employment through an improved economy has improved loss results.

The workers' compensation system in New Jersey is the joint responsibility of the Department of Banking and Insurance and Labor. The Department of Labor administers the processing and adjudication of claims for benefits and the Department of Banking and Insurance administers all of the elements dealing with required insurance.

"Workers' compensation is a lifeline for our wage earners when they need it, but it must be carefully managed to stay sound and keep costs controlled," said Banking and Insurance Commissioner Elizabeth Randell. "This

reduction reinforces the fact that New Jersey's program is a strong one, and good for employers and employees."

The Compensation Rating and Inspection Bureau, an arm of the Department of Banking and Insurance, recommended the decrease based on improved loss ratios -- the comparison of losses paid to premiums collected.

Workers' compensation insurance is required by law and about 350 insurers in New Jersey are authorized to issue policies. Every policy is standard and provides for unlimited medical benefits without co-payments or deductibles and weekly benefits for time lost from work. Beginning next January, those weekly benefits will increase to a maximum of \$516 from \$496 and a minimum of \$138 from \$132.

The law further requires that lifetime compensation benefits be paid to employees in cases involving permanent total disabilities to spouses of deceased workers. The policy also must provide payments for partial disabilities, with benefits tied to the extent of the impairment resulting from the injury.

"This significant premium reduction of 9.3 percent for 1998, following reductions of 11.2 percent in 1997 and 3.6 percent in 1996, is a sign that New Jersey businesses, in cooperation with this administration, are working to reduce workers' compensation costs," said Labor Commissioner Mel Gelade. "New Jersey's rates are among the third lowest in the nation. We are helping to reduce the cost of doing business here, and at the same time we see that companies are making workplace safety a priority. Everybody wins."

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