

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF THE ASSESSMENT )  
FOR THE STOCK WORKERS' ) ORDER  
COMPENSATION SECURITY FUND )

This matter having been opened by the Commissioner of Banking and Insurance (“Commissioner”) pursuant to the authority of N.J.S.A. 17:1-8.1, 17:1-15e, and 34:15-103 et seq., and all powers expressed or implied therein; and

IT APPEARING that N.J.S.A. 34:15-103 et seq. established the Stock Workers’ Compensation Security Fund (“Stock Security Fund” or “Fund”) for the purpose of paying valid claims for compensation or death benefits pursuant to N.J.S.A. 34:15-1 et seq. or 33 U.S.C. § 901 et seq., and remaining unpaid, in whole or in part, by reason of the default, after March 26, 1935, of an insolvent stock carrier; and

IT FURTHER APPEARING that, to provide for initial funding of the Stock Security Fund, pursuant to N.J.S.A. 34:15-107, every stock carrier was required to pay to the Fund on September 1, 1935, an amount equal to one percent of its net written premiums as shown on its financial statements for the period ending June 30, 1935; and thereafter, an amount equal to one percent of its net written premiums for each six-month period as reported in its semi-annual financial statement; and

IT FURTHER APPEARING that pursuant to N.J.S.A. 34:15-108, if the aggregate amount of all such payments into the Stock Security Fund, together with interest thereon, less all

of its expenditures and known liabilities, becomes equal to five percent of the loss reserves of all stock carriers for the payment of benefits under N.J.S.A. 34:15-1 seq. or 33 U.S.C. § 901 et seq., no further contributions are required to be made; and

IT FURTHER APPEARING that N.J.S.A. 34:15-108 provides that whenever thereafter the amount of the Fund is below five percent of such loss reserves, contributions to the Fund may be resumed and continued until the balance in the Fund, over and above its known liabilities, shall be equal to not less than three percent nor more than five percent of such reserves; and

IT FURTHER APPEARING that as of December 31, 2003, the amount of loss reserves of workers' compensation insurers for the payment of benefits under the applicable Federal and State statutes was approximately \$2,808,845,046, and the amount in the Stock Security Fund was approximately \$39,138,436, which is 1.39 percent of the loss reserves for all stock workers' compensation insurers; and

IT FURTHER APPEARING that, therefore, the amount currently in the Stock Security Fund is below the three percent minimum required by N.J.S.A. 34:15-108 for the maintenance of the Fund; and

IT FURTHER APPEARING that additional payments from the Stock Security Fund will be required to be made as a result of recent insolvencies of stock workers' compensation insurers; and

IT FURTHER APPEARING that, pursuant to N.J.S.A. 34:15-105, the Fund shall be administered by the Commissioner; and

IT FURTHER APPEARING that, on the basis of the foregoing, it is necessary and appropriate that, pursuant to N.J.S.A. 34:15-108, stock workers' compensation insurers be

assessed in an amount equal to one percent of their net written premiums as reported on their annual statement as of December 31, 2003, to be paid no later than July 1, 2004.

THEREFORE IT IS on this 11<sup>th</sup> day of May, 2004

ORDERED that every stock workers' compensation insurer authorized or admitted to transact workers' compensation insurance in this State pursuant to Title 17 of the Revised Statutes shall, no later than July 1, 2004, pay an amount equal to one percent of its net written premiums as reported in its annual statement as of December 31, 2003. Payments shall be made payable to "Treasurer, State of New Jersey" and remitted to:

New Jersey Department of Banking and Insurance  
Attn.: Fiscal Office, Stock Security Fund  
P.O. Box 325  
Trenton, NJ 08625-0325

Failure to comply with the terms of this Order may result in the imposition of penalties as authorized by law.

/s/ Holly C. Bakke  
Holly C. Bakke  
Commissioner

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