

New Jersey Temporary Disability Benefits Law (NJTDB) Frequently Asked Questions

General questions

What is TDB?

NJTDB stands for New Jersey Temporary Disability Benefits Law. This state-mandated Short Term Disability plan provides a benefit of 66 2/3 percent of average weekly salary to a maximum of \$561 per week for 2010 to eligible New Jersey employees who are unable to work due to a non-occupational illness or injury. Even employers who are located outside of New Jersey but have New Jersey employees must provide TDB insurance to their New Jersey workers. New Jersey allows employers to privatize their TDB coverage, so employers can opt to have coverage through the State plan or with a private insurance carrier.

What types of groups are covered under TDB?

In general, all employer groups who are covered under Unemployment Compensation must also offer TDB to their employees. Exceptions to this rule include certain government entities. In most cases, however, employers who have at least one employee and pay wages of \$1,000 or more per calendar year are subject to TDB.

Who is eligible for TDB benefits?

In order to be eligible for TDB benefits, an employee must have had at least 20 base weeks of New Jersey-covered employment or earned at least \$7,300 in covered employment during the 52-week period immediately preceding the week in which the disability began.

A base week is a calendar week in the base year during which the employee earned \$145 or more in covered earnings (this equates to 20 times the State minimum wage).

Do employees have to live in New Jersey to receive TDB?

No, where employees live has no bearing on whether they can receive TDB benefits. Employees must work for a New Jersey covered employer in order to be eligible for TDB benefits.

Who pays for New Jersey TDB?

Generally, the plan is funded by both employer and employee contributions.

Employees contribute the first 0.50 percent up to the taxable wage base. For 2010, the maximum taxable wage base is \$29,700, making the maximum employee contribution for this year \$148.50.

Employers contribute premium in excess of 0.50 percent. For plans insured through the State, the employer rate ranges from 0.10 percent to 0.75 percent.

An employer has the option to waive employee contributions when insuring through a private plan.

Questions about Private Plans

What are the rules for establishing a Private Plan?

Employers automatically participate in the State TDB plan, unless they elect coverage through an approved private plan. The State must approve all such plans. Zurich is on file with the State of New Jersey as an approved insurance carrier for NJ TDB.

The private plan cannot be more restrictive, offer lower benefits, or require more employee contributions than the State plan. A TDB plan can only move from the State on calendar quarters: January 1st, April 1st, July 1st or October 1st.

The State must be notified of the potential move prior to the effective date of the move. The employer must complete the State's form DP-1. Zurich will provide assistance with the completion of this form. If employee contributions are to be continued, an election must be held and 50 percent plus one employee must agree to the private plan on a consent form. Zurich will mail the original consent form and DP-1 to the State of New Jersey on the employer's behalf. In addition, Zurich will mail a copy of the prepared TDB policy and Notice of Compliance to both the State and the employer. The employer must post the Notice in a conspicuous location at the worksite. The State will review all documents and notify the employer and Zurich of approval. Once approved, the State will issue a Certificate of Approval and assign a private plan number. In the unlikely event that the State does not approve the plan, Zurich will work with the employer to resubmit the documents for approval.

Can an employer insure some employees through a Private Plan and others through the State?

Yes, provided that the criteria for determining the split is not discriminatory. For example, an employer could elect to insure a union group through a private plan and keep the non-union employees insured with the State. However, the employer cannot, for example, elect to cover employees under age 55 privately and 55 or older through the State plan, as that would be discriminatory.

What if a group is already insured with a private carrier?

The process to move from one private carrier to another is similar to the process of moving from the State plan to a private plan. However, no election is necessary provided the plan of benefits is remaining the same.

What if the employer wants to go back to the State plan?

Any employer may terminate its insured private plan by providing 30 days notice to the State of New Jersey. Re-enrollment in the State plan is automatic and no new forms will need to be completed.

Questions about Zurich

Who is Zurich?

Zurich is an insurance-based financial services provider and a leader in the statutory Disability marketplace. We have over 50 years experience writing statutory Disability coverages. We have an AA rating from Standard & Poor's, and an A (Stable) rating from A.M. Best. Please consult our website, www.zurichna.com, for the most recent ratings.

What are the advantages of selecting Zurich for my TDB business?

Zurich offers several key advantages over the State plan:

- Zurich offers competitive rates
- We have a reputation for claims excellence, with a dedicated and highly professional staff whose members are focused on timely and accurate claim payments

- Zurich pays TDB-related assessment charges
- We are easy to do business with, guiding you through the TDB process every step of the way
- Plan enhancements, such as higher maximum benefits, longer durations or shorter elimination periods can be considered
- Zurich offers superior customer service

How do I request a quote from Zurich?

In order to provide a quote, Zurich will require at least one AC-174.1 form. An AC-174.1 is a form issued by the State of New Jersey that contains an employer's Unemployment and TDB information. Please see the attached sample AC-174.1 for further detail.

Depending on the characteristics of the employer, the group may qualify for our E-Z Program.

What is the E-Z Program?

The E-Z Program is available to groups who fit the following criteria:

- New Jersey employee count of 25 to 300 lives
- Proposed effective date of January 1st, April 1st, July 1st or October 1st
- Most recent employer renewal rate on AC-174.1 of 0.25 percent or less

Zurich will offer a guaranteed savings for groups who fit the above criteria, as follows:

Employer's Rate (% TW) from AC-174.1	Zurich's Rate	% Savings
0.25	0.20	20%
0.20	0.15	25%
0.15	0.10	33%
0.10	0.00	100%

The most recent AC-174.1 is required to issue a quote. The most recent form is currently for fiscal period 7/09-6/10. The form for fiscal period 7/10-6/11 will be required when issued by the State of New Jersey in July of 2010.

What if my group does not fit the E-Z Program criteria?

Zurich can still provide competitive quotes on groups that do not fit the E-Z Program criteria. Specifically, if the group falls into one of the following categories, we can still issue a quote:

- Group size greater than 300 lives
- Rate higher than 0.25 percent taxable wage
- Group currently with another private carrier
- Employer requesting an enhanced TDB plan
- Employer with out of state lives also requesting coverage

We will need a minimum of 3, but preferably 4, AC-174.1 forms in order to produce a quote.

Or, if the group is with a private carrier currently, we will need 2 to 3 years of premium, claims and rate history in lieu of the AC-174.1's.

What if an employer has fewer than 25 employees to insure?

Our minimum for TDB coverage is 25 lives.

Questions about claims

Is there a time limit for filing a Disability claim?

Yes, you have 30 days from the first day of Disability in which to file your claim. If received after 30 days you must show good cause as to why the claim was not filed on time.

Can I have more than one Disability claim during the year?

Yes, you can have more than one claim during the year.

Can I file my Disability claim in advance?

No. Even in the event of a scheduled surgery, you cannot file your claim until you actually stop working.

Are alcoholism and alcoholism-related Disabilities covered under TDB?

Yes, alcoholism-related Disabilities are eligible for coverage under TDB provided the claimant is under the care of a licensed physician and meets all other eligibility requirements.

Are drug-related Disabilities covered under TDB?

Yes, as long as the claimant is no longer using illegal drugs and is being treated for the substance abuse.

May an employee collect TDB benefits if he/she was injured on the job?

No, TDB covers non-occupational illnesses or injuries only. Please refer to your Workers' Compensation coverage to determine benefit eligibility under that program.

Are Disability benefits taxable?

The taxability of TDB benefits depends on the employer/employee contribution arrangement. The portion of premium that employees contribute is non-taxable. For example, if employees contribute 50 percent of the premium, then 50 percent of their benefit is non-taxable.

What if I still have questions?

Call Jim Iannicelli at 973-394-5886 or email james.iannicelli@zurichna.com or call Catherine Janusee at 973-394-5163 or email kate.janusee@zurichna.com.

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This is intended as a general description of certain types of insurance and services available to qualified customers through the companies of Zurich in North America. Your policy is the contract that specifically and fully describes your coverage. The description of the policy provisions gives a broad overview of coverages and does not revise or amend the policy.

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