

*A Policy of Mutual Trust & Respect*



# NJ Temporary Disability Benefits

Coverage for New Jersey Temporary Disability Benefits (NJTDB) is mandatory for most companies with employees in New Jersey and the state provides this coverage automatically. However, employers have the choice to secure coverage from a private insurance carrier. Why would employees want this coverage provided by a private carrier and not the state plan?

- On average, the state pays claims in two weeks: Zurich pays its claims in five days or less.
- Receiving your benefits sooner can be critical when you have no other income but still have to pay bills.
- You can initiate your claim with an e-mail or fax for fast, efficient service.
- Zurich provides your company with a team of dedicated claims examiners who will answer your questions and walk you through the entire claim process.

Call today for you free no, obligation quote!

3155 Route 10, Ste.204  
Denville, NJ 07834  
Phone: 888-550-6116 ext. 102  
Fax: 973-556-1600  
E-mail: [info@hanlonins.com](mailto:info@hanlonins.com)

## 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.

- 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](mailto:james.iannicelli@zurichna.com) or call Catherine Janusee at 973-394-5163 or email [kate.janusee@zurichna.com](mailto:kate.janusee@zurichna.com).

### Contact:

→ Craig E. Hanlon, CPCU

Hanlon Insurance Agency, LLC

973.442.0550 x102

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#### Zurich

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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.

Insurance coverages underwritten by member companies of Zurich in North America, including Zurich American Insurance Company. Certain coverages not available in all states. Some coverages may be written on a nonadmitted basis through surplus lines brokers.

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Here to help your world.

 **ZURICH**<sup>®</sup>  
*Because change happenz*<sup>SM</sup>

FAX A COPY OF THIS FORM TO :

Hanlon Insurance Agency, LLC  
Attn. Craig E. Hanlon, CPCU  
Fax: 973.556.1600



# Sample of New Jersey form AC-174.1

**Sample  
AC 174.1**

STATE OF NEW JERSEY  
DEPARTMENT OF LABOR  
EMPLOYMENT SECURITY AGENCY  
NOTICE OF EMPLOYER  
CONTRIBUTION RATES

This determination shall be final  
if not protested in writing within  
30 days (N.J.A.C. 12:16-22.2)

**ABC Company**

EMPLOYER ACCOUNT NO: \_\_\_\_\_  
MAILING DATE: \_\_\_\_\_  
FISCAL YEAR: \_\_\_\_\_

THIS IS NOT A BILL

UNEMPLOYMENT INSURANCE CONTRIBUTION RATE CALCULATION	
A. EMPLOYER CONTRIBUTIONS PAID FOR ALL PAST YEARS.....	00
B. BENEFITS CHARGED FOR ALL PAST YEARS.....	00
C. RESERVE BALANCE AS OF JANUARY 31, 2003.....	00
D. AVERAGE OF WAGES UPON WHICH EMPLOYER CONTRIBUTIONS FOR UNEMPLOYMENT INSURANCE HAVE BEEN PAID	
LAST 3 YEARS.....	00
LAST 5 YEARS.....	00
E. UNEMPLOYMENT TRUST FUND RATIO.....	0%
F. IF A NUMBER IS SHOWN IN THE BOX TO THE RIGHT, YOUR RATE IS NOT BASED UPON A RESERVE RATIO (SEE NOTE BELOW)	<input type="text"/>
<small>1. THE BASIC RATE HAS BEEN ASSIGNED BECAUSE YOU HAVE NOT BEEN SUBJECT TO THE LAW DURING SOME PERIOD OF THE LAST THREE (3) CALENDAR YEARS.</small>	
<small>2. YOUR RATE HAS BEEN ASSIGNED BECAUSE, DURING THE PAST THREE (3) CALENDAR YEARS, THERE HAS BEEN AT LEAST ONE (1) CALENDAR YEAR WITH RESPECT TO WHICH NO CONTRIBUTIONS WERE PAID.</small>	
G. RESERVE RATIO.....	0%
<b>FINAL UNEMPLOYMENT EXPERIENCE RATE.....</b>	<b>0%</b>
DISABILITY INSURANCE CONTRIBUTION RATE CALCULATION	
H. EMPLOYER AND WORKER DISABILITY CONTRIBUTIONS PAID FOR ALL PAST YEARS.....	0
I. DISABILITY BENEFITS CHARGED FOR ALL PAST YEARS.....	0
J. RESERVE BALANCE AS OF JANUARY 31, 2003.....	0
K. AVERAGE OF WAGES UPON WHICH EMPLOYER CONTRIBUTION FOR DISABILITY INSURANCE HAVE BEEN PAID:	
LAST 3 YEARS.....	0
LAST 5 YEARS.....	0
L. IF A NUMBER IS SHOWN IN THE BOX TO THE RIGHT, YOUR RATE IS NOT BASED UPON A RESERVE RATIO (SEE NOTE BELOW)	<input type="text"/>
<small>1. THERE WERE ONE OR MORE YEARS DURING THE LAST THREE (3) CALENDAR YEARS WITH RESPECT TO WHICH YOU PAID NO CONTRIBUTIONS TO THE DISABILITY BENEFIT FUND.</small>	
<small>2. YOUR EXCESS OR DEFICIT BALANCE IS \$500.00 OR LESS.</small>	
M. EXCESS OR DEFICIT RESERVE BALANCE.....	0.0%
N. PRELIMINARY RATES:	
UNADJUSTED CURRENT YEAR.....	0.0%
UNADJUSTED PRIOR YEAR.....	0.0%
ADJUSTED CURRENT YEAR.....	0.0%
O. DISABILITY BENEFITS FUND	
RESERVE.....	0.0%
FACTOR.....	0.0%
<b>FINAL DISABILITY INSURANCE RATE.....</b>	<b>0.100%</b>

A "P" IN THE BOX TO THE RIGHT INDICATES A CONSOLIDATED RATE

This is a sample of New Jersey's AC-174.1 form, issued by the State of New Jersey after the close of the fiscal year, which is sent directly to employers.

Lines A through G pertain to Unemployment Insurance.

This is the employer's final disability rate for TDB insurance. This rate does NOT include the employee's rate, which is typically an additional 0.50% of taxable wages.



ZURICH®

## Disability Quick tips

Helpful information about  
statutory disability insurance

**Our intention is strictly to offer a Paid Family Leave coverage option to any existing or new Disability policyholder not wishing to utilize the default State Plan Paid Family Leave coverage**

As you may know, on May 2, 2008 New Jersey Governor Corzine signed into law Senate Bill 786 making New Jersey the third state in the country to provide Paid Family Leave benefits for employees. The following are answers to frequently asked questions regarding this bill:

### What does the bill do?

The bill will allow for up to six weeks of paid family leave for care of a newborn or adopted child (within 12 months of birth or adoption) or for care of a sick family member at a benefit rate matching the NJ TDB rate. The 2009 TDB benefit is 66 2/3 percent of salary to \$546 weekly maximum.

TDB law indicates Disability benefits and Paid Family Leave benefits must be completely segregated from one another both in premium billing and claim paying and reporting aspects. Billing for Paid Family Leave will appear as a separate item on the employer's State of New Jersey quarterly billing report (form NJ-927).

### Important:

The Paid Family Leave benefits for care of a newborn are completely separate from Disability benefits and are applied for only after the claim for Disability benefits has completely ended. A separate claim form will be required by the State when the employee applies for Paid Family Leave benefits.

### When will the benefits begin?

The bill is written into law effective January 1, 2009. The first benefit payment date is for claims beginning on or after July 1, 2009.

### How is New Jersey Paid Family Leave funded?

Paid Family Leave benefits will be funded completely by New Jersey employees. The initial employee contribution will be .09 percent of the State set 2009 Taxable Wage Base or approximately \$25 annually and increasing to .12 percent of the Taxable Wage Base or approximately \$33 annually in 2010. Funding will begin effective January 1, 2009.

### I have an approved Private Plan for TDB Disability Benefits through Zurich: What should I do to provide the required Paid Family Leave Benefits to my employees?

**Paid Family Leave coverage will automatically default to State of New Jersey Plan coverage.** The bill allows for Private Plan coverage as an alternative to State coverage as long as the private coverage does not charge the employees more or is more restrictive in benefit payments to the employee. Due to 100 percent employee contributions for Paid Family Leave, a new and separate employee consent election (50 percent + 1 must sign) will be required to move paid Family Leave Coverage to a private carrier. The new employee election is required even if the group already has Private Plan Disability coverage.

## 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](http://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

# 2010 State Disability Guide

Zurich is a leader in the statutory disability insurance market. Our experience spans more than 50 years for New York Disability Benefits Law (NYDBL) and we are considered one of the leading private carriers for New Jersey Temporary Disability Benefits Law (NJTDB).

Demonstrating our commitment to the disability marketplace, we've created this chart to provide comparison information about the statutory disability benefits laws in states where the coverage is mandated.

Zurich offers experience, competitive rates and a high level of service to support our customers' needs. For more information about our statutory disability programs please contact us at 866-860-7292.

State and year of enactment	Title of law and agency	Weekly disability income	Duration of benefits	Waiting period	Employee contribution	Employer contribution	Employers covered	Eligibility: minimum earnings	Types of plans allowed
California 1948	<b>Unemployment Compensations Disability Benefits:</b> Employment Development Department 800 Capitol Mall Sacramento, CA 95814 800-480-3287	55 percent of average weekly earnings in highest quarter of base period. \$50 minimum; \$987 maximum.	52 weeks per disability.	7 days	1.1 percent of wages up to a cap of \$93,316 (\$1,026.48 annual maximum).	All employers who pay more than \$300 in wages in any calendar quarter and employ one or more employees.	Employers with one or more employees and a quarterly payroll of \$100 or more.	\$300 in wages during base period.	State or private voluntary, insured or self-insured. Voluntary plans must exceed minimum requirements of statute in at least one respect and majority of employees must consent in writing.
Hawaii 1969	<b>Temporary Disability Insurance law:</b> Department of Labor and Industrial Relations Disability Compensation Division 830 Punch Bowl Street Honolulu, HI 96813 808-586-9188	58 percent of weekly wage. Minimum of \$14; maximum of \$523.	26 weeks disability per 52 weeks.	7 days	Up to half of plan costs. Maximum, .5 percent of wages not to exceed \$4.51 per week. (Taxable wage base is \$901.70 per week).	Employer may pay entire cost or balance of cost.	All employers with one or more employees.	\$901.70 in wages in 4 completed calendar quarters prior to 1st day of disability, with 14 weeks in covered employment, 20 hours or more of paid work in each week.	Private, insured, or self insured or acceptable collectively bargained sick leave plan. No state plan exists. Plan must provide statutory benefits judged by Disability Compensation Division to be equivalent of statutory benefits.
New Jersey 1948	<b>Temporary Disability Benefits Law:</b> Department of Labor and Industry Division of Unemployment and Disability Insurance CN387 Trenton, NJ 08625-0387 609-292-7060	2/3 of average weekly wage, to a maximum of 66 2/3 percent of statewide average for preceding calendar year. No minimum; maximum of \$561 per week. Changes annually.	26 weeks per disability.	7 days but payment is retroactive after 3 consecutive weeks of benefits paid.	.5 percent of first \$29,700 annual earnings; maximum contribution of \$148.50. Changes annually.	Balance of cost.	All employers of one or more employees. Program is optional for state entities.	\$145 in each of 20 weeks of covered employment during preceding 52 weeks, or earnings of \$7,300 or more in preceding 52 weeks.	State or private, insured or self-insured. Private plan must be as liberal as state plan; and if employees contribute to premium, must be approved by majority of employees.
New York 1949	<b>Disability Benefits Law:</b> State of New York Workers Compensation Board Disability Benefits Bureau 100 Broadway – Menands Albany, NY 12241-0005 800-353-3092	50 percent of average weekly wage. Maximum of \$170; minimum of \$20 or employees average weekly wage if less.	26 weeks per disability during any consecutive 52 week period.	7 days (if unemployed, 1st day disqualified for unemployment compensation).	.5 percent of first \$120 in weekly wages. Maximum of \$.60 per week.	Balance of cost.	All employers who have employed 1 or more employees for at least 30 days. An employer becomes "covered" 4 weeks after the 30th day of employment; employer liability continued for 4 weeks after an employee's termination of employment.	4 weeks covered employment. Unemployment must meet requirements for unemployment insurance.	State or private, insured or self-insured. Private plan must provide benefits determined to be at least as favorable as those of state plan.
Puerto Rico 1968	<b>Disability Benefits Act:</b> Department of Labor and Human Resources, Bureau of Employment Security Prudencio Rivera Martinez Bldg, 505 Munoz Rivera Ave Hato Rey, PR 00918 787-754-5353	65 percent of weekly earnings. Minimum of \$12 per week; maximum of \$113 (\$55 for agricultural workers).	26 weeks disability benefit per year. Vacation pay and sick leave payments are excluded from maximum.	7 days unless hospitalized.	.6 percent of first \$9,000 in wages.	Same as employee contribution. Employer may choose to pay a portion of the employee contribution.	Any employer who during any day of the current or preceding calendar year, has/had 1 or more employees in employment.	\$150 in wages during base year.	State or private, insured or self-insured. Private plan must be as liberal as state plan. Management and majority of employees must agree on plan.
Rhode Island 1942	<b>Temporary Disability Insurance Act:</b> Department of Labor and Training TDI Division PO Box 20100 Cranston, RI 02920 401-462-8420	4.62 percent of wages in the base period quarter in which wages were the highest. Maximum of \$694 per week. Additional \$10 per week or 7 percent of the employee's benefit rate, if greater for each dependent under 18, up to 5 children.	Up to 30 weeks of benefits or until benefits equal 36 percent of base period wage.	7 days, reimbursed after 28 consecutive days of disability.	1.5 percent up to a taxable wage base of \$56,000.	None mandated.	All employers except federal and state governments and employers of domestic workers who earn more than \$1,000 per calendar quarter. Program is optional for local government.	\$8,880 in either base period or alternate base period. If employee did not earn this amount, then still eligible if employee earned: 1. At least \$1,480 in 1 of the base quarters, and 2. Total base period wages of at least 1.5 times highest single quarter earnings, and 3. Total base period wages of at least \$2,960.	State plans only.