



NJM *your partner in*
SAFETY

Summer 2014

Consistency in Mission

Since 1913, NJM has operated exclusively for policyholders ...

... with a focus on promoting workplace safety, careful management of expenses and delivering high levels of customer satisfaction. As we embrace the technology that provides added convenience to our customers, one tenet that will never change is our commitment to dependable, personalized service to policyholders, which was acknowledged again earlier this year when J.D. Power named NJM a Customer Champion for the third consecutive time. Please refer to the back page for more information about this distinction.

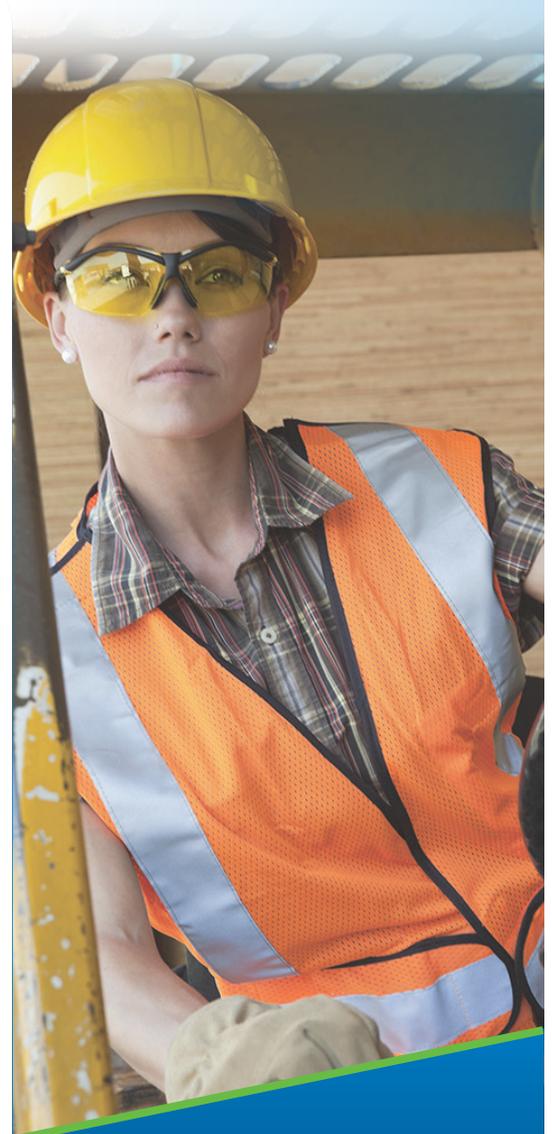
Since 1918, NJM also has returned dividends to policyholders — not stockholders — even during some of the most challenging economic times in our country's history, including the Great Depression and Great Recession. This 96-year streak has amounted to over \$5.5 billion put back into the hands of our policyholders, including \$143.3 million in 2013 alone. In addition to dividends, we also are committed to helping policyholders control costs through a dedication to:

- Loss prevention
- Medical cost containment in workers' compensation claims
- Combating fraud

Our efforts in these areas are highlighted in this newsletter.

NJM's underwriting requirements and emphasis on maintaining long-standing relationships with policyholders have also remained largely unchanged. Our high-quality book of business, coupled with customized loss prevention initiatives, contributed to NJM's low combined expense ratio. At just 34.1%, this ratio is far below the industry average and affirms NJM's well-established reputation for cost effectiveness.

Over the last 100 years, as New Jersey's economic landscape has evolved, so too has our ability to insure the businesses that employ our residents and help make our state prosperous. The founding principles on which our company was built — Stewardship, Integrity and Service — will continue to guide us long into the future.



NJM Insurance
Group



NJM's commercial lines staff, above, includes 15 loss prevention representatives.

Loss Prevention

NJM Team is Dedicated to Loss Control and Employee Safety

As New Jersey's leading workers' compensation provider, NJM actively works with policyholders to control costs and keep their employees safe.

The Team

Our Loss Prevention team of 15 professionals represents fields as diverse as engineering, industrial hygiene, retail/wholesale, and healthcare. Each member has attained at least one of the following professional credentials: Certified Industrial Hygienist (CIH); Occupational Health and Safety Technologist (OHST); and/or Registered Nurse (RN).

Our team's mission is to partner with policyholders to help reduce workplace accidents and injuries, with the goal of keeping their employees safe, costs down and productivity high.

The Programs — All at No Cost!

In addition to our professional staff, NJM offers a number of Safety Awareness Programs, including strain injury prevention; safe driving; powered industrial truck training; and supervisor safety awareness. Our workplace evaluation program helps policyholders identify and address potential hazardous conditions.

Our Loss Prevention team can also perform industrial hygiene surveys (air sampling/sound dosimetry) and identify ergonomic concerns at workstations to reduce disorders associated with cumulative trauma.

NJM also offers a large selection of safety-related pamphlets and booklets in both English and Spanish, as well as a videotape/DVD library.

For more information, visit njm.com or call us at **1-888-NJM-4-INS** (1-888-656-4467) x6410.

Combating Fraud

NJM's Special Investigations Unit Plays a Leading Role

According to the FBI, insurance fraud is estimated to exceed \$40 billion nationally each year — a cost that is ultimately borne by policyholders. To identify and combat potential claims and underwriting fraud, NJM maintains a 42-member Special Investigations Unit (SIU) made up of experienced insurance professionals and former police officers who use modern investigative tools to probe fraudulent activity in all lines of insurance.



An investigator from NJM's SIU keeps a watchful eye out for signs of potential fraud.

The SIU's goal is to prevent and help recover fraudulent insurance payments and deter fraud by working closely with state prosecutors to thoroughly and fairly punish wrongdoers. The unit is headed by an attorney who served as a Deputy Attorney General for the New Jersey Division of Criminal Justice and Assistant County Prosecutor.

The SIU's activities supplement the investigations of our in-house claims professionals, and aggressive legal defense is managed by staff attorneys. The Workers' Compensation Claims Department has 18 staff attorneys, many of whom are certified as experts by the New Jersey Supreme Court and who dedicate their practice to the Division of Workers' Compensation.

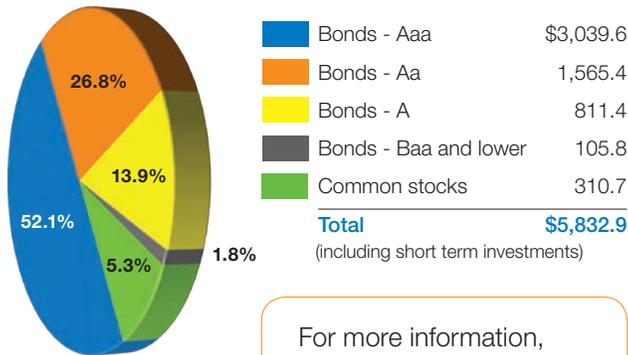
NJM's Financial Strength

Reaffirmed February 27, 2014

A.M. Best Company, the nation's leading insurance services credit rating agency, has reaffirmed NJM's financial strength rating of A++ (Superior). This is the highest rating available and shared by only 2.3% of property/casualty insurance companies nationwide.

NJM Insurance Group — Investment Portfolio

as of December 31, 2013 - amounts in millions of dollars



For more information, visit njm.com/financials

New Jersey 350 Years of History

Did you know ... ?

The colors of the New Jersey state flag — the same colors used by New Jersey troops in the American Revolution — were chosen by General George Washington in 1779.

The women on either side of the flag are goddesses representing "Liberty" and "Prosperity," which together form New Jersey's state motto.



The State Flag of New Jersey

New Jersey's coat of arms appears in the middle of the flag. The horse's head and helmet signify that our state governs itself, while the three plows on a shield highlight New Jersey's agricultural tradition, giving rise to the nickname "Garden State."

Making official a design that had been in use since Revolutionary days, the New Jersey General Assembly approved the flag as the state emblem on March 11, 1896.

Medical Cost Containment in Workers' Compensation Claims

A particularly noteworthy, ongoing area of emphasis for cost control has been medical services. Nearly two decades ago, NJM was the first workers' compensation carrier in New Jersey to be state-certified as its own Managed Care Organization (MCO). Today, the MCO includes a network of hospitals, physicians and many other health care providers accessible to policyholders throughout the state. Significant cost savings are realized because of pre-negotiated rates and economies of scale.

In 2013, NJM modified its system of paying medical claims by partnering with two organizations to establish a more robust network of health care providers to serve the needs of injured workers. The network includes many hospitals, physicians, rehabilitation and skilled nursing facilities.

NJM has realized sizable savings in workers' compensation medical costs as a result of these partnerships. Both partners specialize in workers' compensation networks, allowing NJM to continue to use reliable, experienced health care professionals to provide the highest quality service to our policyholders and their employees.

In addition, NJM retains control of all claims, allowing our claims representatives to keep a careful eye on each case.

The upgrades typify the NJM value proposition — enhancing service while consistently exercising prudent stewardship of policyholder funds.



NJM's extensive network of care providers benefits injured workers and their employers.

Summer 2014 Newsletter

Contents include:

- Consistency in Mission
- Loss Prevention
- Combating Fraud
- NJM's Financial Strength
- New Jersey: 350 Years of History
- Medical Cost Containment in Workers' Compensation Claims
- NJM is a J.D. Power 2014 Customer Champion

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J.D. POWER SPECIAL POWER REPORT *NJM*

March 2014

NJM is a J.D. Power 2014 Customer Champion

Insurance Provider Excels in All Critical-to-Customer Drivers of Satisfaction

NJM has been recognized as a J.D. Power Customer Champion for a third consecutive time. It is one of 50 companies nationwide to have earned this distinction in 2014. To be recognized as a J.D. Power 2014 Customer Champion, companies must not only excel within their own industry, but also must stand out among leading brands across all industries J.D. Power observes. Among the five critical-to-customer drivers of satisfaction measured—People, Presentation, Price, Process, and Product—NJM distinguishes itself among industry peers in all five.

In addition to NJM's distinction as a 2014 Customer Champion, the company also demonstrates strong performance in the *J.D. Power 2013 U.S. Auto Insurance Study*.SM NJM performs significantly higher than the Mid-Atlantic region average in each of the five factors that comprise customer satisfaction with the auto insurance experience, including Interaction, Policy Offerings, Price, Billing and Payment, and Claims.

At NJM, People Are the Difference

J.D. Power 2014 Customer Champions—including NJM—depend on their employees to satisfy customer needs and create lasting relationships that promote customer loyalty. Additionally, Customer Champions typically have strategies in place that ensure they hire the right employees to engage their customers. They understand what their customers want and anticipate their needs, as well as industry trends as they evolve. This means that the J.D. Power 2014 Customer Champions have the right measurements and problem-resolution procedures in place, conduct the right analyses, and are quick to take action to ensure customer concerns are fully addressed.



The Special Power Report • Published by J.D. Power • Published March 2014

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