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**APPENDIX**

## SUBCHAPTER 1. ADMISSION REQUIREMENTS FOR FOREIGN AND ALIEN LIFE AND HEALTH INSURERS

### 11:2-1.1 Purpose

This subchapter establishes the procedures, requirements and standards which govern the application of foreign and alien insurers engaged in the business of life and health insurance for a certificate of authority to transact the business of insurance in this State.

### 11:2-1.2 Scope

This subchapter applies to all foreign and alien insurers that apply for a certificate of authority to transact the business of life and health insurance in this State. The filing requirements contained in this subchapter shall not apply to the continuation, renewal or timely reinstatement of existing certificates of authority except where the Commissioner, pursuant to law, shall otherwise require.

### 11:2-1.3 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

“Commissioner” means the Commissioner of the Department of Banking and Insurance of this State.

“Committee on Admissions” means the advisory committee within the Department appointed by the Commissioner to aid in the review of applications for admission to transact the business of insurance in this State and to render to the Commissioner recommendations as to the disposition of such applications.

“Department” means the Department of Banking and Insurance of this State.

“IRIS” means the NAIC Insurance Regulatory Information System.

“NAIC” means National Association of Insurance Commissioners.

Amended by R.2001 d.6, effective January 2, 2001.

See: 32 N.J.R. 3530(a), 33 N.J.R. 85(a).

Amended “Commissioner” and “Department”.

### 11:2-1.4 General eligibility requirements

(a) In order for a foreign or alien insurer to be admitted as a life and health insurer in this State, the requirements in this section shall be satisfied in addition to any other requirements in this subchapter or any other provision of law.

1. The applicant shall satisfy the Commissioner that its condition or methods of operation are not such as would render its operation hazardous to the public or its policyholders in this State. In determining whether a hazardous financial condition exists, the factors identified

in N.J.A.C. 11:2-27.3 shall be considered. A hazardous financial condition shall exist when those factors indicate, either singly or in combination of two or more, that the financial condition of any applicant which has applied to transact, or is already transacting the business of insurance in any jurisdiction, is considered by the Commissioner to be hazardous to the policyholders, stockholders, claimants, creditors, or the general public. The Commissioner shall further consider any other fact or circumstance that indicates that an insurer’s operations may be hazardous.

2. The applicant shall satisfy at least the minimum capital and surplus requirements of a similar domestic insurer of this State for all lines of insurance that it is authorized to write pursuant to the certificate of authority issued by its place of domicile, whether or not the applicant desires to transact any of those lines of insurance in this State, subject to the following:

i. In determining whether an applicant meets the minimum capital and surplus requirements, the following shall be deducted from unassigned funds:

(1) The statement value of any and all special deposits not held for the protection of all policyholders;

(2) Reserves and losses reinsured with companies not authorized in New Jersey, accredited as reinsurers in New Jersey, or otherwise in compliance with N.J.S.A. 17:51B-1 et seq., net of any offsets;

(3) The statement value for the portion of assets held in excess of investment limitations for life and health insurers pursuant to N.J.S.A. 17B:20-1 et seq.;

(4) Reserve shortfalls caused by the company holding reserves weaker than those mandated by N.J.S.A. 17B:19, or such other standards provided by administrative rule, actuarial guidelines, or determined necessary by actuarial analysis;

(5) The excess of the statement value over the market value of bonds held by the applicant; and

(6) Off balance sheet guarantees and contingent liabilities for which the company has not previously established a liability in an appropriate amount.

ii. Capital and surplus requirements may be reduced to the level required for the kinds of insurance actually being marketed if the applicant:

(1) Does not transact one or more of the kinds of insurance contained in the certificate of authority issued by its state or country of domicile; and

(2) Submits a resolution by its board of directors stating that it will refrain from transacting the kind(s) of insurance permitted by the certificate of authority issued by its state or country of domicile.

3. An applicant which has total adjusted capital of less than its company action level risk-based capital or which has

1. On or before March 1, or as prescribed by the state of domicile, a statement of financial condition for the preceding calendar year ended December 31. The state-

ment shall be on a form as prescribed by the state of domicile;

2. On or before June 1, a statement of opinion on loss or loss adjustment expense reserves made by a member of the American Academy of Actuaries, or a qualified loss reserve specialist;

3. By June 30, a report of financial condition, certified by an independent public accountant;

4. Within 30 days after filing in its state of domicile, a copy of each examination of the risk retention group as certified by the chartering state's commissioner or public official conducting the examination;

5. Upon request of the Commissioner, a copy of any information or document pertaining to any outside audit performed with respect to the risk retention group;

6. Such information as may be required to verify its continuing qualification as a risk retention group under N.J.A.C. 11:2-36.2, including, but not limited to, a certification of an officer that the group is composed of members whose business or activities are similar or related with respect to liability; and

7. Payment of the \$100.00 Annual Statement filing fee in accordance with N.J.A.C. 11:1-32.

(e) Failure by any currently registered risk retention group either to file a statement of registration, to complete all information requested pursuant to this subchapter or to update changes in the statement of registration may result in suspension or forfeiture of the risk retention group's registration status with the Department.

(f) Any person wishing to establish a risk retention group chartered and licensed to write only liability insurance in this State shall, in addition to meeting the requirements pursuant to N.J.S.A. 17:17-1 et seq., submit to the Department a plan of operation or feasibility study. The risk retention group shall submit an appropriate revision in the event of any subsequent material change in any item of the plan of operation or feasibility study, within 10 days of any such change. The group shall not offer any additional kinds of liability insurance in this State, or in any other state, until a revision of such plan or study is approved by the Commissioner. Additionally, the risk retention group shall adhere to the requirements of N.J.S.A. 17:47A-1 et seq. and (b)1 through 5 above.

(g) Each risk retention group, its agents and representatives shall comply with the Unfair Claims Settlement Practices Act of this State, N.J.S.A. 17:29B-1 et seq., and any other State law regarding deceptive, false or fraudulent acts or practices.

(h) Each risk retention group must submit to an examination by the Commissioner to determine its financial condition if the commissioner of the jurisdiction in which the group is chartered and licensed has not initiated an examination or does not initiate an examination within 60 days after a request by the Commissioner of this State. The

risk retention group shall pay the reasonable expenses of such an examination upon presentation by the Commissioner of a detailed account of the expenses.

(i) Each risk retention group shall comply with any lawful order issued in a voluntary dissolution proceeding or in a delinquency proceeding commenced by the Commissioner if there has been a finding of financial impairment after an examination pursuant to this section.

(j) Each risk retention group shall comply with any injunction issued by a court of competent jurisdiction upon a petition by the Commissioner alleging that the group is in a hazardous financial condition or is financially impaired.

Amended by R.1993 d.558, effective November 15, 1993.

See: 25 N.J.R. 4298(a), 25 N.J.R. 5197(a).

Amended by R.1996 d.3, effective January 2, 1996.

See: 27 N.J.R. 3278(b), 28 N.J.R. 152(b).

Amended by R.2001 d.6, effective January 2, 2001.

See: 32 N.J.R. 3530(a), 33 N.J.R. 85(a).

In (a)4, substituted "An Application for Registration" for "A statement of registration"; rewrote (c).

#### **11:2-36.4 Additional risk retention groups requirements**

(a) Any risk retention group which is registered in this State and chartered and licensed under the laws of any other state and which wishes to do business in this State, in addition to the requirements of N.J.A.C. 11:2-36.3, shall distribute its annual statement of operations to its members.

#### **11:2-36.5 Notice and registration requirements of purchasing groups**

(a) No purchasing group shall do business in this State as a purchasing group until it has complied with the requirements of this subchapter and received notification from the Department that it has been registered to do business in this State.

(b) Any group of persons with similar exposure to risk may form a purchasing group for the purpose of purchasing liability insurance.

1. Any purchasing group with members located in this State shall submit to the Department an Application for Registration (as set forth in Appendix C and incorporated herein by reference), a Notice of Appointment (as set forth in Appendix D and incorporated herein by reference) and a Policy Form Certification (as set forth in Appendix E and incorporated herein by reference) which shall be accompanied by a registration fee in accordance with N.J.A.C. 11:1-32.

2. Each purchasing group registered pursuant to this section shall submit to the Department from time to time, as it may require, reports relative to the group's operations.

3. Each purchasing group with members in this State registered pursuant to this subsection is subject to audits or examination as the Commissioner may deem necessary.

(c) Any purchasing group which was doing business in this State prior to August 16, 1993 shall submit to the Department a statement of registration (as set forth in Appendix C) and a Notice of Appointment (as set forth in Appendix D). The statement of registration must be filed no later than November 8, 1993. The purchasing group shall notify the Commissioner of any change in the information in the statement of registration within 30 days of any change.

(d) Failure of any currently registered purchasing group either to file a statement of registration, to complete all information requested pursuant to this subchapter or to update changes in the statement of registration, may result in suspension or forfeiture of the purchasing group's registration status with the Department.

Amended by R.2001 d.6, effective January 2, 2001.  
See: 32 N.J.R. 3530(a), 33 N.J.R. 85(a).

In (b)1, deleted "and" prior to ", a Notice of Appointment", and inserted "and a Policy Form Certification (as set forth in Appendix E and incorporated herein by reference)" preceding "which shall be accompanied by a registration fee".

### 11:2-36.6 Surplus lines coverage

(a) Where a purchasing group obtains a group policy from an insurer that is eligible as a surplus lines insurer in this State pursuant to N.J.S.A. 17:22-6.40 et seq., and the policy covers members in this State, it shall be deemed that a diligent effort has been made to procure such coverage from among insurers authorized to transact business in this State, provided the producer obtains declination of such coverage based on the group policy issued to the purchasing group. Such declinations may be for the benefit of all members of the purchasing group located in this State that may become members of the purchasing group under the group policy.

(b) For purposes of determining whether coverage obtained by a purchasing group constitutes a "large risk" pursuant to N.J.A.C. 11:1-34.6(a)16, the amount of premium to be considered shall include premiums paid for the particular coverage for all members under the group policy, rather than the premium for coverage of any individual member of the purchasing group.

New Rule, R.2001 d.6, effective January 2, 2001.

See: 32 N.J.R. 3530(a), 33 N.J.R. 85(a).

Former N.J.A.C. 11:2-36.6, Fines and penalties, recodified to N.J.A.C. 11:2-36.7.

### 11:2-36.7 Fines and penalties

(a) Each risk retention group, whether chartered in this State or otherwise, is subject to the same fines and penalties to which insurers licensed in this State are subject for any violation of this subchapter or any other applicable law.

(b) Failure of a risk retention group or purchasing group doing business in this State to comply with the provisions of this section may, after notice and a hearing in accordance with the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules,

N.J.A.C. 1:1, result in the revocation or suspension of its registration in this State.

Recodified from N.J.A.C. 11:2-36.6 by R.2001 d.6, effective January 2, 2001.

See: 32 N.J.R. 3530(a), 33 N.J.R. 85(a).

## APPENDIX A

### STATEMENT OF REGISTRATION STATE OF NEW JERSEY APPLICATION FOR REGISTRATION AS A RISK RETENTION GROUP

(All information should be typed)

1. List the corporate name of the Risk Retention Group.

\_\_\_\_\_  
(Name must include the phrase "Risk Retention Group")

2. The Risk Retention Group is chartered and licensed as a liability insurance company under the laws of the State of \_\_\_\_\_, and is authorized to engage in the following lines of insurance under the laws of its chartering State:  
  
\_\_\_\_\_  
\_\_\_\_\_

3. Ownership of the Risk Retention Group consists of one of the following (check one):

- ☐ the owners of the Group are the only persons who comprise the membership of the Group and who are provided insurance by the Group;
- ☐ the sole owner of the Group is \_\_\_\_\_

\_\_\_\_\_  
(Give name and address of organization)

an organization whose members only comprise the membership of the Group, and whose owners are only persons who comprise the membership of the Group and who are provided insurance by the Group.

4. Give a general description of business or activities engaged in by Group members:  
  
\_\_\_\_\_  
\_\_\_\_\_

5. List the name, address, fax number and telephone number of each officer of the Risk Retention Group and the key officer or staff person (Not an employee of the group's management company) responsible for overseeing "hands on management" of the group. (Attach additional pages if necessary.)  
  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. A. List the home office address of the Risk Retention Group:  
  
\_\_\_\_\_  
\_\_\_\_\_

“Form” means:

1. Owners forms, including, but not limited to, HO-1, HO-2, HO-3, HO-3 w/15, HO-5, and HO-8;
2. Tenants forms, including, but not limited to, HO-4;
3. Condominium forms, including, but not limited to, HO-6;
4. Dwelling;
5. Extended Coverage; and
6. Mobile Home Owners.

“ISO” means the Insurance Services Office, Inc.

“NAIC” means the National Association of Insurance Commissioners.

“Qualified actuary” is as defined in N.J.A.C. 11:1-21.1(a)2.

“Rate change” means a rate increase of no more than five percent overall. Rate change also means any decrease in rates or a change in rates that is revenue neutral.

“Written premium (WP)” means direct written premium net of dividends paid or incurred.

### 11:2-42.3 Expedited rate filings; general requirements

(a) All filings shall meet the following requirements and shall be submitted to the Department at the following address:

1. New Jersey Department of Banking and Insurance

Office of Property and Casualty  
PO Box 325  
Trenton, New Jersey 08625-0325;

2. All filings shall be accompanied by a NAIC Uniform Property and Casualty Transmittal Document as identified in N.J.A.C. 11:1-2.2(b), incorporated herein by reference, signed by an officer of the filer and a qualified actuary;

3. The margin at the top of each page shall show the filer’s name, filer’s identifying number for this filing, NAIC company number(s) and NAIC group number. The right hand side of the page shall show the section, exhibit and sheet number;

4. All data shall be reported on a direct basis exclusive of business ceded to reinsurers or reinsurance assumed from other companies;

5. Data submitted in any prior approval rate or loss cost filing shall report only voluntary market experience and shall not include experience derived from risks insured through any assigned risk plan, except for filings submitted by the FAIR Plan;

6. The most recent accident year data used in the filing shall end no more than 15 months prior to the date of sub-

mission of the filing. An accident year need not coincide with a calendar year; and

7. Three copies of the filing shall be submitted.

(b) An insurer and/or rating organization, pursuant to N.J.S.A. 17:36-5.35 may file for a rate change in accordance with this subchapter. The filer shall provide the following information in support of its filing:

1. A cover letter notifying the Department of its intention to make a rate change according to the provisions of this subchapter; a completed Exhibit C in the subchapter Appendix incorporated herein by reference; a statement containing the effective date of the change; and the name, telephone number and mailing address of the company officer familiar with the filing to whom further inquiries regarding the filing may be directed. Filers may choose to eliminate the submission of a cover letter provided that the “Filing Description” of the NAIC Uniform Property and Casualty Transmittal Document is fully completed with a clear and precise description of the filing;

2. A checklist that sets forth the information in Exhibit A in the subchapter Appendix incorporated herein by reference;

3. The manual rating pages containing the territorial base rates by form to be implemented, accompanied by an explanatory memorandum showing the calculation of the new rates by form, using the existing rates by form as the starting point in the calculation. The memorandum shall also include the company’s file number and effective dates for new and renewal policyholders;

4. Completed rating examples using the examples set forth in Exhibits A, B and C in the Appendix to N.J.A.C. 11:4-29, which shows the proposed premium amounts;

5. A completed Exhibit B in the subchapter Appendix incorporated herein by reference;

6. By form on a percentage basis, the maximum increase (or smallest decrease if no insured would receive an increase) and maximum decrease (or smallest increase if no insured would receive a decrease), along with a profile of the insured and the number of insureds that would receive each;

7. A list of territorial definitions. If the filer uses the territorial definitions from the latest approved ISO filing, a statement to that effect may be provided in lieu of a list;

8. A completed Justification for Minimum Premium if a change is being proposed. This form can be found on the Department website at <http://www.nj.gov/dobi/propcas.htm#FORMS>, or will be provided by the Department upon request of the filer;

9. Exhibit(s) showing the effects of each proposed change separately and the overall impact of all changes combined. The exhibit shall include an exposure or pre-

mium distribution by item changed (such as, by territory, amount of insurance, protection/construction classification, etc.), with current and proposed factors and calculated changes, if revisions to these factors are being proposed; and

10. A seven-year rate history with effective dates by form.

(c) The filer may supplement a complete filing in response to questions from the Department about matters that require clarification or additional explanation, provided that the prompt review of the filing within the time frames set forth in this subchapter is not adversely affected.

Amended by R.2007 d.91, effective April 2, 2007.

See: 38 N.J.R. 4976(b), 39 N.J.R. 1313(a).

Rewrote (a)2; and in (b)1, inserted the last sentence.

#### **11:2-42.4 Expedited process calculations for homeowner's insurance rates**

(a) General requirements for expedited rate filings are as follows:

1. Filers shall provide form indications for all forms for which changes are proposed based on five accident years of data; and

2. Form indications shall be calculated as follows:

- i. All Owners forms combined;
- ii. Tenants and Condominiums forms, either combined or separately;
- iii. Dwelling Fire;
- iv. Extended Coverage; and
- v. Mobile Home Owners.

(b) Filers shall provide New Jersey (NJ) earned exposures by form and by accident year.

(c) Trended earned premium at present rates shall be the product of earned premium and the factors calculated below:

1. NJ earned premium by form, by accident year;

2. On-level factors by form, based on company specific historical New Jersey rate changes, along with the calculations thereof;

3. Current amount factors calculated from internal data and showing all calculations, including an amount of insurance distribution and the average relativity by year. The factors may be tempered by a factor of no less than 0.90. In lieu of the preceding, the filer may use selections from the latest approved ISO filing in New Jersey;

4. Premium trend factors calculated from internal data, based on average relativity by year, fitted and projected; factors may be tempered by a factor of no less than 0.90.

The filer may choose to use selections from the latest approved ISO filing in New Jersey instead; and

5. The premium trend period, on a written basis for each year from the beginning of the accident year to six months after the proposed effective date, or on an earned basis from the midpoint of the accident year to one year past the proposed effective date.

(d) Ultimate loss and loss adjustment expense (LAE) shall be determined by the product of incurred loss and ALAE and the factors calculated below:

1. NJ incurred loss and defense/cost containment expense (ALAE), by form, by accident year either combined (loss and ALAE) or developed separately;

2. NJ loss development factors (LDFs) by form, either combined (loss and ALAE) or separately;

i. The selected age-to-age factors shall be based on the latest five-year X HI/LO average, that is, using a straight average of the latest five age-to-age factors, excluding the highest and the lowest; and

ii. If the filer is unable to calculate loss development factors for ALAE, either combined with loss or separately, the filer shall exclude ALAE from the LDF calculation and instead calculate an ALAE factor as a ratio of paid ALAE to paid loss or incurred ALAE to incurred loss based on the latest available three years of the Statutory page 14 of the insurer's latest annual statement filed with the Department;

3. Current cost factors shall be calculated in accordance with standard ISO methodology, calculated either using the Modified Consumer Price Index and Boeckh Residential Index, or using selections from the latest approved ISO filing in New Jersey;

4. Loss trend factors shall be based on annual selections from the latest approved ISO filing in New Jersey, the latest available NJ Fast Track data or the filer's internal trend data, shown separately for severity and frequency by form. If supplying NJ Fast Track trend factors or trend data developed by the company, the filer shall use the 12 quarter-rolling average and provide all data and calculations. NJ Fast Track data shall be calculated based on paid (not arising) claims excluding catastrophes;

5. Adjusting and other claims related expenses (ULAE) shall be determined as a ratio of incurred ULAE to incurred loss plus incurred ALAE from the latest three-year average based on Part 3 of the Countrywide Insurance Expense Exhibit (IEE) in the insurer's annual statement filed with the Department;

6. Filers may exclude wind and water losses and include the wind and water load calculated by ISO and included in its latest approved filing in New Jersey. If such a load is used, an exhibit must be provided detailing the incurred loss by year with and without wind and water losses;

1. The notice shall comply with the readability standards set forth in N.J.A.C. 11:2-18;
2. A notice shall accompany the issuance of each new policy to which a hurricane deductible applies and each subsequent renewal thereof;
3. Where the deductible that applied in the prior policy term is changed at renewal (for example, a new mandatory hurricane deductible program for the insurer has been approved by the Department during the prior policy term), the policyholder notice shall state that the terms of the policy have been changed. The insurer shall use boldface type or other means to draw the reader's attention to this statement. The policyholder notice shall explain the changes made to the policy;
4. The notice must be specific to the policy and identify whether the hurricane deductible applied to the policy is optional or mandatory. If the notice does not set forth the specific flat dollar or percentage deductible applied to the policy, it shall clearly state that this information can be found on the policy declarations page;
5. The notice shall identify the circumstances and conditions under which the hurricane deductible will apply to the policy as set forth in the policy or endorsement, and shall reference where the deductible provision may be found in the policy or endorsement;
6. The notice shall explain how application of the hurricane deductible will affect settlement of a claim, including the coverages to which the hurricane deductible will apply, and shall provide a specific example of such a claim settlement;

7. The notice shall explain the relationship between the hurricane deductible and any other deductible that may apply to the policy;

8. The notice shall reference the consumer information brochure required under N.J.S.A. 17:36-5.36 for more detailed information concerning the insurer's hurricane deductible programs; and

9. If applicable, the policyholder notice shall explain how the insured may qualify for a lower hurricane deductible or the elimination of the hurricane deductible. In this case the policyholder notice shall:

- i. Identify the criteria that must be met in order to qualify for a lower deductible or elimination of the hurricane deductible (for example, through the payment of an additional premium and/or implementation of loss mitigation features);
- ii. Where loss mitigation is a condition, provide a general description or summary of the types of loss mitigation measures included in the insurer's hurricane deductible program and any documentation requirements utilized by the insurer; and
- iii. Instruct the insured as to the process that must be followed to pursue any change or elimination of a hurricane deductible for which the insured may qualify. The instructions shall prominently identify any time limitations that may apply to changing or eliminating the hurricane deductible.

## APPENDIX

### EXHIBIT A

#### Expedited Homeowners Filings

Company/Group: \_\_\_\_\_

Company File No.: \_\_\_\_\_

Section	Item	Page #
11:2-42.3	Filing Requirements	
(a)2	NAIC Uniform Property and Casualty Transmittal Document	
(a)3	Information required on each page	Yes / No
(a)4	All data reported on direct basis exclusive of reinsurance	Yes / No
(a)5	All data from voluntary market only	Yes / No
(a)6	Most recent AY ends no more than 15 months prior to submission date	Yes / No
(a)7	Three copies of filing submitted	Yes / No
(b)1	<ul style="list-style-type: none"> <li>• Cover letter notifying DOBI of intention to modify rates under expedited approval procedure</li> <li>• Exhibit C, Rate change information</li> <li>• Proposed effective date</li> <li>• Name/Telephone/Address of Company officer to whom inquiries about the filing may be directed</li> </ul>	<div style="text-align: right;"> <div style="border-bottom: 1px solid black; width: 100px; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; width: 100px; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; width: 100px;"></div> </div>
(b)2	Exhibit A, this checklist	
(b)3	• Manual rating pages	

- Explanatory memorandum
- Company File #
- New/Renewal Effective Dates

- (b)4 Rating Examples
- (b)5 Exhibit B, rate change distribution by interval
- (b)6 Maximum Increase/Decrease with profile
- (b)7 Territorial Definitions
- (b)8 Justification for Minimum Premium (if changing)
- (b)9 Effects of each change in detail
- (b)10 Seven year rate history

## 11:2-42.4 Premium and Loss Data

All data must be on a direct basis, and must be consistent throughout the filing. All data is to be provided by form by accident year for each of the latest five years.

- (b) NJ Earned Exposures by form and accident year
- (c)1 Earned Premium by form and accident year
- (c)2 On-Level factors
- (c)3 Current Amount factors
- (c)4 Premium Trend factors
- (c)5 Premium Trend period
- (d)1 Incurred Loss and ALAE (separately or combined)
- (d)2 Loss Development Factors—Incurred Loss and ALAE (separately or combined)
- (d)3 Current Cost Factors
- (d)4 Loss Trend Factors
- (d)5 ULAE factor (based on latest three year avg. from IEE Part 3)
- (d)6 Wind & Water Losses (if excluded)
- (d)7 Catastrophe Losses (if excluded)
- (d)8 Hurricane Losses (if excluded)
- (d)9 Excess Losses (if excluded)
- (d)10 Total of (d)6 through 8 does not exceed 20 percent Yes / No
- (d)11 Losses excluded in (d)6 through 9 also excluded from LDFs Yes / No
- (e) Ultimate Loss + LAE ratio weighted 10/15/20/25/30

## 11:2-42.4 Expense Data

- (f)1 Commission & Brokerage Expense based on latest three years of NJ Page 14
- (f)2 General & Other Acquisition Expense based on latest three years of IEE Part 3
- (f)3 Taxes, Licenses, and Fees based on latest three years of NJ Page 14
- (f)4 Profit & Contingency Provision (with explanation if five percent)
- (f)5 Investment Income using Cash Flow or State X
- (f)6 Total Expenses are sum of (f)1 through 4 less (f)5
- (g) Permissible Loss Ratio = 1 Total Expenses

## 11:2-42.4 Indications

- (h) Credibility based on 240,000 exposures per form
- (i) Complement of Credibility
- (j) Indication by form and overall based on five accident years, separated by categories in 4(a).
- (k) Territorial Indications (if non-uniform base rate changes proposed)
- (l) Alternate Methodology (optional)

## 11:2-42.5 Limitation on filer's rate request

Requested increase overall is the lower of indication or five percent Yes / No

Amended by R.2005 d.350, effective October 17, 2005.  
See: 37 N.J.R. 2285(a), 37 N.J.R. 4026(a).  
Amended by R.2007 d.91, effective April 2, 2007.  
See: 38 N.J.R. 4976(b), 39 N.J.R. 1313(a).

In entry (a)2, substituted "NAIC Uniform Property and Casualty Transmittal Document" for "Filing Source Document MARS001 and accompanying certification".

**EXHIBIT B****Size of Rate Change Distribution**

Indicate the number of in-force exposures for each category.

Evaluation Date: \_\_\_\_\_

**Overall**

Rate Change	In Force Exposures	Distribution
Above +40%		
+35% to +40%		
+30% to +35%		
+25% to +30%		
+20% to +25%		
+15% to +20%		
+10% to +15%		
+5% to +10%		
0% to +5%		
No Change		
-5% to 0%		
-10% to -5%		
-15% to -10%		
-20% to -15%		
Below -20%		
TOTAL		

**EXHIBIT C**

Date is as of: \_\_\_\_\_

Form	In-Force Exposures	Latest Year On-Level Premium	Proposed Percentage Change	Proposed Dollar Effect	Current Average Premium	Proposed Average Premium
HO-1						
HO-2						
Ho-3, 3 w/15						
HO-5						
HO-8						
Total Owners						
HO-4						
HO-6						
Total TN/CO						
Overall HO						

Form	In-Force Exposures	Latest Year On-Level Premium	Proposed Percentage Change	Proposed Dollar Effect	Current Average Premium	Proposed Average Premium
DW						
EC						
Total DW Fire						
MHO						

**EXHIBIT D****HURRICANE DEDUCTIBLE**

For the premium charged, we will pay only that part of the total of the loss for all Section I Property Coverages that exceeds the Hurricane Deductible noted below:

This deductible applies, as described below, in the event of direct physical loss to property covered under this policy, caused directly or indirectly in the event of a hurricane named by the National Weather Service or its successor from which sustained hurricane force winds of 74 miles per hour or greater have been measured in New Jersey by the National Weather Service (regardless of whether the sustained hurricane force winds reach the risk insured under the policy) and shall replace any other applicable deductible in that event. In no case will this deductible be less than the Section I deductible amount shown in the Declarations.

The duration of the hurricane includes the time period:

1. Beginning 12 hours prior to the first time that sustained hurricane force winds of 74 miles per hour or greater have been measured in New Jersey by the National Weather Service (regardless of whether the sustained hurricane force winds reach the risk insured under the policy).
2. Continuing for the time period during which the hurricane conditions exist anywhere in New Jersey.
3. Ending 12 hours after the last time the hurricane force winds of 74 miles per hour or greater have been measured in New Jersey by the National Weather Service (regardless of whether the sustained hurricane force winds reach the risk insured under the policy).

This deductible applies regardless of any other cause or event contributing concurrently or in any sequence.

The Hurricane Deductible (% or Stated Amount Deductible) shown in the Declarations applies only for loss or damage to covered property caused by wind, wind gusts, hail, rain, tornadoes, or cyclones caused by or resulting from a hurricane. The Hurricane Deductible also applies to any loss or damage to covered property caused by objects driven by wind, if your covered loss occurs during the time period.

The deductible for loss caused by each hurricane occurrence is the amount determined by applying the

deductible percentage or Stated Amount Deductible shown in the Declarations to the applicable Coverage A—Dwelling limit shown in the Declarations.

This deductible amount does not apply to loss under Coverage D, Loss of Use. Instead the deductible amount that applies to loss under Coverage D will be the same as the deductible amount that would have been applied to the peril of fire.

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**SUBCHAPTER 43. TREATMENT OF ALLOCATED  
DEPOSIT-TYPE DEFERRED ANNUITY  
CONTRACT FUNDS FOR PURPOSES OF  
CALCULATING THE SPECIAL PURPOSE  
APPORTIONMENT AND THE FRAUD  
ASSESSMENT**

**11:2-43.1 Purpose and scope**

(a) This subchapter sets forth procedures for the treatment of allocated deposit-type funds for purposes of determining an insurer's annuity premium subject to the special purpose apportionment and the fraud assessment.

(b) This subchapter shall apply to any insurer seeking to exclude allocated deposit-type funds from application of the special purpose apportionment or fraud assessment.

**11:2-43.2 Definitions**

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Allocated deposit-type funds” means funds received by a life insurance company under deferred annuity contracts that have an identifiable life to which the funds are applied and that contain a mortality or morbidity risk.

“Commissioner” means the Commissioner of the New Jersey Department of Banking and Insurance.