

assessment, earthquake, gravemarkers or sinkhole collapse.

Your Policy Covers Losses Caused by	Your Policy Does Not Cover Losses Caused by
Fire and lightning	Flooding including tidal surge (Note: Flood insurance may be available through the National Flood Insurance Program (www.floodsmart.gov))
Sudden and accidental damage by smoke	Earthquakes, earth movement, landslides, mudslides & sinkholes
Explosion	Termites, insects, rats, mice, birds or other vermin
Damage by Burglar	Freezing pipes (unless water was shut off or building was heated)
Vandalism and malicious mischief	Losses if your dwelling is vacant for the number of days specified by your policy
Falling Objects	Wear and tear, rotting, maintenance and pollution
Aircraft and vehicles	Wind or hail damage to trees and shrubs
Windstorm or hail	Mold, unless it is as a result of a covered loss (for example, mold damage due to flood would not be covered)
Sudden and accidental water damage	Water damage resulting from continuous and repeated seepage
Weight of ice, snow or sleet	Liability which results from the ownership or use of an automobile and other types of motorized land vehicles, aircraft or certain watercraft
Riot and civil commotion	Intentional acts caused by you or a resident of your home
	War or Nuclear Hazard

**SUBCHAPTER 42. HOMEOWNERS INSURANCE:
STANDARD HURRICANE DEDUCTIBLES AND
EXPEDITED PROCESS FOR HOMEOWNERS
INSURANCE RATE CHANGES**

11:2-42.1 Purpose and scope

(a) This subchapter sets forth the expedited process for a homeowner’s insurer or rating organization to file changes to its rating system; sets forth the uniform policy language that may be used with respect to hurricane deductibles; and sets forth information that shall be included in notices provided to insureds by insurers regarding hurricane deductibles, pursuant to N.J.S.A. 17:36-5.33 to 5.36.

(b) This subchapter shall apply to all insurers writing or transacting homeowner’s insurance in this State, rating organizations, and the FAIR Plan.

(c) These rules shall apply to base rate changes by form, territorial relativities, deductibles, protection/construction

class factors, “coverage A” and “coverage C” amount of insurance factors, homeowner’s liability rates and associated liability increased limit factors, minimum premiums, and other factors and credits.

11:2-42.2 Definitions

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

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

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

“Earned premium” or “EP” means direct, earned premium net of dividends paid or incurred.

“FAIR Plan” means the New Jersey Insurance Underwriting Association established pursuant to N.J.S.A. 17:37A-1 et seq.

“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.

“Homeowners insurance” means personal lines insurance provided against loss to real and personal property as defined in the standard fire policy and extended coverage endorsement thereon, a dwelling policy, the homeowners multiple peril policy, insurance against the perils of vandalism, malicious mischief, burglary, or theft, or liability insurance or any combination thereof, or any other such policy delivered, issued, or renewed or approved by the Commissioner for issuance, delivery, or renewal in this State.

“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.

Amended by R.2014 d.089, effective May 19, 2014.
See: 45 N.J.R. 1217(a), 46 N.J.R. 858(a).
Added definition "Homeowners insurance".

11:2-42.3 Expedited rate filings; general requirements

(a) All filings shall meet the following requirements and shall be submitted to the Department through the use of the NAIC electronic filing system SERFF (System for Electronic Rate and Form Filing).

1. 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;

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

3. 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;

4. The most recent accident year data used in the filing shall end no more than 15 months prior to the date of submission of the filing. An accident year need not coincide with a calendar year; and

5. 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 SERFF Filing's General Information Filing Description Section 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 premium 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.

Amended by R.2009 d.190, effective June 15, 2009.

See: 41 N.J.R. 365(a), 41 N.J.R. 2486(a).

Rewrote the introductory paragraph of (a); deleted former (a)1 and (a)2; recodified former (a)3 through (a)7 as (a)1 through (a)5; and in (b)1, substituted "SERFF Filing's General Information Filing Description Section" for "Filing Description" of the NAIC Uniform Property and Casualty Transmittal Document is".

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: