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for approval with the Department their rates, rules and policy forms for a basic automobile insurance policy to be issued in accordance with N.J.S.A. 39:6A-3.1 and this subchapter.

(b) An insurer shall make available the basic policy at either a single tier rate or at multiple tier rates, consistent with its tier rating system filed and approved pursuant to N.J.A.C. 11:3-19A. If more than one basic policy rate is offered, each shall be identified as part of a standard, non-standard or preferred tier.

(c) If a named insured has elected basic automobile insurance coverage and other immediate family members or resident relatives of the named insured have higher policy limits under a standard policy, the provisions of N.J.S.A. 39:6A-4.2 shall apply and the named insured shall only be entitled to the coverages provided under his or her basic policy.

(d) Basic policies shall provide the tort option provided under N.J.S.A. 39:6A-8a.

(e) Initial rates by coverage for basic policies filed in accordance with this subchapter shall demonstrate consistency with the rates in the insurer's standard policy, adjusted for reduced coverage limits.

(f) Insurers shall file for approval an initial basic policy rating system by January 20, 1999.

(g) An insurer may write basic policies through a basic policy servicing carrier.

Amended by R.2007 d.151, effective May 7, 2007.
See: 38 N.J.R. 2376(a), 39 N.J.R. 1731(a).
Added (g).

11:3-3.4 Coverages; mandatory and optional

(a) The following coverages shall be included in all basic policies:

1. Personal injury protection medical expense benefits coverage in an amount not to exceed \$15,000 per person, per accident; except that all medically necessary treatment of permanent or significant brain injury, spinal cord injury or disfigurement or medically necessary treatment of other permanent or significant injuries rendered at a trauma center or acute care hospital immediately following the accident and until the patient is stable, no longer requiring critical care and can be safely discharged or transferred to another facility in the judgment of the attending physician shall be covered in an amount not to exceed \$250,000, including the \$15,000 above. The medical expense benefits provided herein shall be in accordance with N.J.A.C. 11:3-4; and

2. Liability insurance coverage insuring against loss resulting from liability imposed by law for property damage sustained by any person arising out of the ownership, maintenance, operation or use of an automobile in an amount or

limit of \$5,000, exclusive of interest and costs, for damage to property in any one accident.

(b) Insurers shall also make available in the basic policy, at the option of the insured, liability insurance coverage for bodily injury or death in an amount or limit of \$10,000, exclusive of interest and costs, on account of the injury or death of one or more persons in any one accident.

(c) Insurers may make available with the basic policy, at the option of the insured, comprehensive and collision coverage with deductibles filed and approved pursuant to N.J.A.C. 11:3-13.

(d) Basic policies shall not contain any other coverages, options, limits or deductibles other than those which are set forth in (a) through (c) above. Increased policy limits, the health insurance primary option for automobile medical expense coverage and uninsured/under-insured motorist coverages shall not be provided in basic policies.

11:3-3.5 Election of basic automobile insurance policy coverage and reporting

No insurer shall issue a basic automobile insurance policy unless the named insured has signed a written document entitled "basic automobile insurance policy coverage selection form" set forth in N.J.A.C. 11:3-15.7.

Amended by R.2003 d.95, effective March 3, 2003.
See: 34 N.J.R. 3470(a), 35 N.J.R. 1289(a).

In (b), deleted "as of December 31" following "exposures", deleted "and filed no later than the next occurring February 15" following "Commissioner" and added a N.J.A.C. reference.
Amended by R.2006 d.243, effective July 3, 2006.
See: 37 N.J.R. 4162(a), 38 N.J.R. 2828(c).
Deleted designation (a) and deleted (b).

11:3-3.6 Filing requirements

(a) Insurers initially filing basic policy rating systems shall include the following:

1. A complete set of policy forms and endorsements that provide the mandatory and optional coverages as set forth in this subchapter;
2. Rates and rules as necessary;
3. An actuarial memorandum that supports the rate differentials from the insurer's standard policy rates;
4. The declaration page;
5. The rating information form; and
6. The personal lines filing forms as set forth in N.J.A.C. 11:3-16.3(f) and (g).

(b) Subsequent amendments to the rating systems shall be filed pursuant to N.J.A.C. 11:3-16 and other applicable statutes and rules.

**SUBCHAPTER 3A. REPORTING REQUIREMENTS
AND FILING DEADLINES**

11:3-3A.1 Purpose and scope

(a) This subchapter consolidates reporting obligations from various rules into one subchapter to result in one efficient, time-saving procedure.

(b) This subchapter applies to all insurers that write private passenger automobile insurance in this State as defined in N.J.A.C. 11:3-3A.2.

11:3-3A.2 Definitions

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

“Insurer” means any person authorized to write automobile insurance in New Jersey, including any residual market mechanism, and includes all affiliated companies with a group.

“Private passenger automobile” means a vehicle that meets the definition of “automobile” set forth at N.J.S.A. 39:6A-2.

11:3-3A.3 Report requirements

(a) All private passenger automobile insurers are required to file the following reports on a semi-annual basis, reflecting data from the last 12 months, and showing the residual market separately from the voluntary data, for the evaluation dates of December 31 and June 30 of each year:

1. The Consolidated Report;
2. The Limits of Liability Report;
3. The Coverage Option Survey—Personal Injury Protection (“PIP”) Deductibles, Threshold Options; and
4. PIP Medical Expense Limits Report.

(b) The Consolidated Report shall include the following reports: In Force Exposures; Primary Classification; Tier Report; and Basic versus Standard Exposures.

1. The Consolidated Report shall be filed in accordance with the template found at <http://www.state.nj.us/dobi>. The Consolidated Report forms shall be filed for the following four subheadings:

- i. Voluntary Standard Policy In-Force Exposure and Written Premiums;
- ii. Voluntary Basic Policy In-Force Exposures and Written Premiums;
- iii. PAIP Standard Policy In-Force Exposures and Written Premiums; and
- iv. PAIP Basic Policy In-Force Exposures and Written Premium.

2. The Consolidated Report shall:

- i. Include the total number of exposures for each report itemized by classification, tier and territory;
- ii. Be completed for each of the company’s rating tiers as well as a summary of all tiers combined;
- iii. Include in-force exposure and written premium for each of 12 classifications based on age, gender and use; and
- iv. Not be modified in any way except to include extra tiers within the original spreadsheet for insurers who have additional tiers not listed on the template.

(c) The Limits of Liability Report shall be provided on seven separate spreadsheets and shall be filed in accordance with the template found at <http://www.state.nj.us/dobi> which itemizes limits of liability by territory for the following subheadings:

1. Standard policy no threshold—bodily injury split limits of liability;
2. Standard policy verbal threshold—bodily injury split limits of liability;
3. Standard policy verbal threshold—property damage split limits of liability;
4. Standard policy no threshold—property damage split limits of liability;
5. Standard policy verbal threshold—combined single limit;
6. Standard policy no threshold—combined single limit; and
7. Basic policy—liability limits.

(d) The Coverage Option Survey—PIP Deductibles, Threshold Options Report shall be filed in accordance with the template found at <http://www.state.nj.us/dobi>, and shall:

1. Be filed for both standard policies and basic policies;
2. Reflect the total number of automobiles with inforce coverage; and
3. Indicate the named driver exclusion, medical expense only, personal injury protection deductible, health primary or automobile primary and lawsuit threshold or no threshold options selected with respect to each automobile by territory and total.

(e) The PIP Medical Expense Limits Report shall be filed in accordance with the template found at <http://www.state.nj.us/dobi>, listing the total number of standard and basic combined in-force exposures for the six standard medical expense limits (\$15,000; \$50,000; \$75,000; \$150,000; \$250,000; and excess of \$250,000) and total by territory.

(f) Reports with an evaluation date of December 31 shall be due by January 31.

(g) Reports with an evaluation date of June 30 shall be due by July 31.

(h) Reports shall be submitted using the Excel templates, available on the Department's website at <http://www.state.nj.us/dobi> on one of the following media:

1. E-mail (preferred media);

2. CD-ROM; or
3. Floppy Diskette.

(i) The Excel templates shall not be modified by the user in any way except as stated above in (b)2iv above.

(j) Reports shall be submitted to:

New Jersey Department of Banking and Insurance
Office of Property and Casualty
PO Box 325
Trenton, NJ 08625-0325
E-mail: reports@dobi.state.nj.us

Amended by R.2006 d.243, effective July 3, 2006.

See: 37 N.J.R. 4162(a), 38 N.J.R. 2828(c).

Substituted "http://www.state.nj.us/dobi" for "http://www.state.nj.us/dobi".

11:3-3A.4 Penalties

Failure to comply with the provisions of this subchapter may result in the imposition of penalties pursuant to N.J.S.A. 17:33-2 and as otherwise authorized by law.

SUBCHAPTER 4. PERSONAL INJURY PROTECTION BENEFITS; MEDICAL PROTOCOLS; DIAGNOSTIC TESTS

11:3-4.1 Scope and purpose

(a) This subchapter implements the provisions of N.J.S.A. 39:6A-3.1, 39:6A-4 and 39:6A-4.3 by identifying the personal injury protection medical expense benefits and emergency personal injury protection coverage for which reimbursement of eligible charges will be made by automobile insurers under basic, standard and special automobile insurance policies and by motor bus insurers under medical expense benefits coverage.

(b) This subchapter applies to all insurers that issue policies of automobile insurance containing PIP coverage, emergency personal injury protection coverage and policies of motor bus insurance containing medical expense benefits coverage.

(c) This subchapter shall apply to those policies that are issued or renewed on or after March 22, 1999.

Amended by R.2004 d.218, effective June 7, 2004 (operative October 27, 2004).

See: 35 N.J.R. 3072(a), 36 N.J.R. 2890(a), 36 N.J.R. 4319(a).

In (a), inserted "and emergency personal injury protection coverage" following "medical expense benefits"; deleted "and" following "automobile insurers under basic"; inserted "and special automobile insurance" preceding "policies and by motor bus insurers"; in (b), inserted "emergency personal injury protection coverage" following "automobile insurance containing PIP coverage".

Case Notes

Statute and the regulations promulgated by the Commissioner represented a complex legislative and regulatory package designed to reform automobile insurance law in New Jersey, and the courts of New Jersey were in the best position to consider the validity of the applicable regulations under state law. *Chiropractic America v. Lavachchia*, 180 F.3d 99 (3rd Cir. N.J. 1999).

Associations representing personal injury attorneys and health-care providers for automobile accident victims had standing to challenge approval of automobile policies by the commissioner of Banking and Insurance. *Quality Health Care v. DOBI*, 348 N.J.Super. 272, 791 A.2d 1085.

11:3-4.2 Definitions

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

"Basic automobile insurance policy" or "basic policy" means those private passenger automobile insurance policies issued in accordance with N.J.S.A. 39:6A-3.1 and N.J.A.C. 11:3-3.

"Clinically supported" means that a health care provider prior to selecting, performing or ordering the administration of a treatment or diagnostic test has:

1. Personally examined the patient to ensure that the proper medical indications exist to justify ordering the treatment or test;
2. Physically examined the patient including making an assessment of any current and/or historical subjective complaints, observations, objective findings, neurologic indications, and physical tests;
3. Considered any and all previously performed tests that relate to the injury and the results and which are relevant to the proposed treatment or test; and
4. Recorded and documented these observations, positive and negative findings and conclusions on the patient's medical records.

"Decision point" means those junctures in the treatment of identified injuries indicated by hexagonal boxes on the Care Paths where a decision must be made about the continuation or choice of further treatment. The determination whether to administer one of the tests listed in N.J.A.C. 11:3-4.5(b) is also a decision point for both identified and all other injuries.

"Decision point review" means the procedures in an insurer's approved decision point review plan for the insurer to receive notice and respond to requests for proposed treatment or testing at decision points.

"Diagnostic test" means a medical service or procedure utilizing biomechanical, neurological, neurodiagnostic, radiological, vascular or any means, other than bioanalysis, intended to assist in establishing a medical, dental, physical therapy, chiropractic or psychological diagnosis, for the purpose of recommending or developing a course of

treatment for the tested patient to be implemented by the treating practitioner or by the consultant.

“Eligible charge” means the treating health care provider’s usual, customary and reasonable charge or the upper limit of the medical fee schedule as found in N.J.A.C. 11:3-29.6, whichever is lower.

“Emergency care” means all medically necessary treatment of a traumatic injury or a medical condition manifesting itself by acute symptoms of sufficient severity such that absence of immediate attention could reasonably be expected to result in: death; serious impairment to bodily functions; or serious dysfunction of a bodily organ or part. Such emergency care shall include all medically necessary care immediately following an automobile accident, including, but not limited to, immediate pre-hospitalization care, transportation to a hospital or trauma center, emergency room care, surgery, critical and acute care. Emergency care extends during the period of initial hospitalization until the patient is discharged from acute care by the attending physician. Emergency care shall be presumed when medical care is initiated at a hospital within 120 hours of the accident.

“Emergency personal injury protection coverage” means the coverage provided by a Special Automobile Insurance Policy pursuant to section 45 of P.L. 2003, c.89.

“Health care provider” or “provider” means those persons licensed or certified to perform health care treatment or services compensable as medical expenses and shall include, but not be limited to:

1. A hospital or health care facility that is maintained by State or any political subdivision;
2. A hospital or health care facility licensed by the Department of Health and Senior Services;
3. Other hospitals or health care facilities designated by the Department of Health and Senior Services to provide health care services, or other facilities, including facilities for radiological and diagnostic testing, free-standing emergency clinics or offices, and private treatment centers;
4. A nonprofit voluntary visiting nurse organization providing health care services other than a hospital;
5. Hospitals or other health care facilities or treatment centers located in other States or nations;
6. Physicians licensed to practice medicine and surgery;

7. Licensed chiropractors;
8. Licensed dentists;
9. Licensed optometrists;
10. Licensed pharmacists;
11. Licensed chiropodists (podiatrists);
12. Registered bioanalytical laboratories;
13. Licensed psychologists;
14. Licensed physical therapists;
15. Certified nurse mid-wives;
16. Certified nurse practitioners/clinical nurse-specialist;
17. Licensed health maintenance organizations;
18. Licensed orthotists and prosthetists;
19. Licensed professional nurses;
20. Licensed occupational therapists;
21. Licensed speech-language pathologists;
22. Licensed audiologists;
23. Licensed physicians assistants;
24. Licensed physical therapy assistants;
25. Licensed occupational therapy assistants; and
26. Providers of other health care services or supplies, including durable medical goods.

“Identified injury” means those injuries identified by the Department in the subchapter Appendix as being suitable for medical treatment protocols in accordance with N.J.S.A. 39:6A-3.1a and 39:6A-4a.

“Insurer” means any person or persons, corporation, association, partnership, company, reciprocal exchange or other legal entity authorized or admitted to transact private passenger automobile insurance in this State, or any one member of a group of affiliated companies that transacts business in accordance with a common rating system. Insurer does not include an entity that is self-insured pursuant to N.J.S.A. 39:6-52. For purposes of communicating with insureds and providers concerning the administration of decision point review plans, “insurer” also means the insurer’s PIP vendor.

4. Driver D: 0 MVR points, 1 accident.

SUBCHAPTER 20. REPORTING FINANCIAL DISCLOSURE AND EXCESS PROFITS

11:3-20.1 Purpose

This subchapter sets forth the financial disclosure and excess profits reporting requirements pursuant to N.J.S.A. 17:29A-5.6 to 17:29A-5.16.

Amended by R.1996 d.58, effective February 5, 1996.
See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

Case Notes

Insurance commissioner failed to utilize statutory rule-making procedures in changing evaluation of excess profits. *American Employers' Ins. Co. v. Commissioner of Ins., Dept. of Ins., State of N.J.*, 236 N.J.Super. 428, 566 A.2d 202 (A.D.1989).

11:3-20.2 Scope

The provisions of this subchapter apply to all insurers authorized to transact private passenger automobile insurance business in this State.

11:3-20.3 Definitions

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

"Actual investment income" means that portion of income generated by investment of policyholder-supplied funds.

"Actual loss" includes all losses and expenses except additional allowable expenses, additional non-excessive profit allowance, and holding company non-excessive subsidization. For the purposes of this calculation, additional development adjustment shall be split equally among all years used in the excess profit calculation.

"Actuarial gain" means the remainder obtained by subtracting the allowance for profit and contingencies from underwriting income, which remainder may be positive or negative.

"Allowance for profit and contingencies" means the amount that is determined by the Return on Equity formula in accordance with N.J.A.C. 11:3-16.10(a)1.

"AIRE Allocation" means the amount received exclusive of the company's share of Investment Income from the New Jersey Automobile Insurance Risk Exchange pursuant to N.J.S.A. 39A:6A-22.

"AIRE Assessment" means the amount paid to the Automobile Insurance Risk Exchange pursuant to N.J.S.A. 39:6A-22.

"AIRE Investment Income" means the company's share of Investment Income received from the New Jersey Automobile Insurance Risk Exchange pursuant to N.J.S.A. 39:6A-22.

"ALAE" means Defense and Cost Containment Expense as stated on the statutory annual statement, formerly identified as Allocated Loss Adjustment Expense.

"AY" means Accident Year.

"CY" means Calendar Year.

"Calendar-accident year" means the period from January 1 to December 31, during which, in the appropriate context:

1. Premium or investment income was earned;
2. Expenses were incurred; or
3. Accidents occurred which resulted in losses, loss adjustment expenses, and/or net AIRE compensation (allocation and investment income or assessments).

"Car year" means the unit of exposure equivalent to the insuring of one automobile for 12 months, or two automobiles for six months each.

"Combined profit report" means the excess profit report consisting of the aggregated results of all members within an insurance holding company system.

"Commissioner" means the Commissioner of Banking and Insurance.

"Development adjustment" means the difference obtained by subtracting:

1. Loss and loss adjustment expenses for that calendar accident year, developed to an ultimate basis and evaluated as of March 31 of the year preceding the year in which the profit report required by N.J.A.C. 11:3-20.5 is due, plus net AIRE compensation for that calendar-accident year, developed to an ultimate basis and evaluated as of March 31 of the year in which the profit report is due; from
2. Losses and loss adjustment expenses for the calendar-accident year, developed to an ultimate basis and evaluated as of March 31 of the year in which the profit report is due, plus net AIRE compensation for that calendar-accident year, developed to an ultimate basis and evaluated as of March 31 of the year in which the profit report is due.

"Direct business" means policies written by the insurer as the primary carrier, and does not reflect premiums ceded to or losses recovered from other carriers on account of rein-

insurance ceded, premiums received from or losses paid to other carriers on account of reinsurance assumed, or any expenses paid or incurred as a result of a reinsurance transaction.

“Excess liability” means personal catastrophe endorsements that may be purchased to cover excess personal automobile and homeowner’s losses.

“Exempted types” are those kinds of coverage arising out of a specialty program which uses its own rates, rules, and policy forms which have been filed with and approved by the Department and does not include private passenger automobile insurance coverage. “Exempted types” include, but are not limited to, motorcycles, “off-road” vehicles, motor homes, antique automobiles and excess liability.

“Extraordinary loss” means that portion of actual loss above five percent of earned premium, determined for each individual calendar-accident year on all coverage combined basis.

“IBNR” means Incurred but Not Reported.

“Insurance holding company system” for the purpose of the excess profits report means two or more insurers under the same ultimate common ownership each of whom writes private passenger automobile insurance in New Jersey.

“Insurer” means an entity authorized or admitted to transact private passenger automobile insurance in New Jersey. Insurer does not include any residual market mechanism for automobile insurance for the purposes of this subchapter.

“LAD fees” mean a buy-out fee as defined in the New Jersey Personal Automobile Insurance Plan, Plan of Operation, Article 5, D8.

“Non-excessive subsidization” means the number of dollars of excess profit, as calculated pursuant to this subchapter, for an individual insurer within an insurance holding company system, that is less than or equal to .5 percent (one half of one percent) of its earned premiums for the three calendar-accident years immediately preceding the year in which the excess profit report is due to the extent that this excess profit has not been refunded or credited to policyholders.

“Page 14” means statutory Page 14 from the insurer’s annual statement for New Jersey.

“PLIGA” means the New Jersey Property-Liability Insurance Guaranty Association.

“PLIGA assessments” means the amount paid by insurers to the New Jersey Property-Liability Insurance Guaranty Association pursuant to N.J.S.A. 17:30A-8 and 17:16-1b.

“Private passenger automobile insurance business” means direct insurance on private passenger automobiles as defined in N.J.S.A. 39:6A-2, excluding personal excess liability insurance and insurance on commercial vehicles.

“Subsidization” means the number of dollars of excess profit as calculated pursuant to this subchapter, for a member of an insurance holding company system, which has not been refunded or credited to policyholders.

“Total actuarial gain” means the sum of the actuarial gains for the seven calendar-accident years immediately preceding the due date of the profit report required by N.J.A.C. 11:3-20.5, less the development adjustments submitted at the option of the insurer for the calendar-accident years beginning with the 11th calendar-accident year immediately preceding the due date of the profit report and ending with the eighth calendar-accident year immediately preceding the due date of the profit report.

“UCJF” means the Unsatisfied Claim and Judgment Fund.

“ULAE” means Adjusting & Other Expense as stated on the statutory annual statement, formerly identified as Unallocated Loss Adjustment Expense.

“Underwriting income” means the remainder obtained by subtracting the sum of all losses developed to an ultimate basis, all loss adjustment expenses developed to an ultimate basis, and all other expenses exclusive of UCJF assessments, from the sum of premiums earned and net AIRE compensation developed to an ultimate basis, which remainder may be positive or negative.

“UCJF assessments” means amounts paid by insurers to the Unsatisfied Claim and Judgment Fund pursuant to N.J.S.A. 39:6-63.

“UCJF reimbursements” means amounts received by an insurer from the Unsatisfied Claim and Judgment Fund as a result of excess medical expense benefit payments by the insurer pursuant to N.J.S.A. 39:6-73.1.

Amended by R.1991 d.17, effective January 7, 1991.
See: 22 N.J.R. 2082(b), 23 N.J.R. 106(a).

Definitions added for “combined profits report”, “non-excessive subsidization” and “subsidization”.

Amended by R.1991 d.45, effective February 4, 1991.
See: 22 N.J.R. 1678(a), 23 N.J.R. 306(b).

Revised “Insurer” definition by deleting NJAFIUA reference and added “. . . any residual market mechanism for automobile insurance . . .” to text.

Amended by R.1996 d.58, effective February 5, 1996.
See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

Amended “Anticipated investment income” and “Development adjustment”.

Amended by R.1996 d.312, effective July 15, 1996.
See: 28 N.J.R. 1616(a), 28 N.J.R. 3627(b).

Amended by R.2001 d.44, effective February 5, 2001.
See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

Amended by R.2002 d.386, effective December 2, 2002.
See: 34 N.J.R. 1093(a), 34 N.J.R. 4053(a).

Rewrote the section.
Amended by R.2004 d.97, effective March 15, 2004.
See: 35 N.J.R. 3098(a), 36 N.J.R. 1426(a).

Rewrote the section.
Administrative correction.
See: 36 N.J.R. 2482(a).
Amended by R.2004 d.338, effective September 7, 2004.
See: 36 N.J.R. 1279(a), 36 N.J.R. 4147(a).

Added "Actual loss", "PLIGA", and "PLIGA assessments"; amended "Extraordinary loss".

11:3-20.4 General reporting requirements

(a) The data in the reports required by this subchapter shall be for New Jersey voluntary private passenger automobile insurance and the Personal Automobile Insurance Plan only.

(b) Each private passenger automobile insurer, except as provided in (e) and (f) below, shall annually file with the Commissioner the data and information required by this subchapter on or before July 1 of each year. Filings shall be sent to the following address:

ATTENTION: Excess Profit Report
New Jersey Department of Banking and Insurance
Office of Property and Casualty
20 West State Street
PO Box 325
Trenton, New Jersey 08625-0325

(c) The data required by this subchapter shall be submitted either on a CD-ROM or e-mailed to the Department at the address identified either on the Department's website (www.state.nj.us/DOBI) or by telephone call to the Department's main number, (609) 292-5360, and the Exhibits shall be submitted in written copy by using the forms and record layouts contained in the Appendix to this subchapter. The information shall be presented in a Microsoft Excel 97 or compatible spreadsheet. The written copy of the Exhibits shall include in the left and top margins the row and column location, respectively, to all the data in the worksheets. Each page shall also display in the bottom right corner the name of the computer file on which it is contained. All calculated values shall be given as a formula in the spreadsheet. Data shall be submitted in the format set forth in Exhibits found in the Appendix to this subchapter, incorporated herein by reference. Companies may download from the Department web site or submit a blank CD-ROM and self-addressed, stamped mailer to receive copies of the Microsoft Excel spreadsheets for current and future use in the excess profit reports required pursuant to this subchapter.

(d) The information shall be provided with respect to the insurer's New Jersey private passenger automobile insurance business separately for each of the following coverages:

1. Personal injury protection, including all options;
2. Bodily injury liability, including uninsured and underinsured motorist coverages, all reported at total limits;

3. Property damage liability reported at the total limits; and

4. Physical damage, consisting of comprehensive and collision coverages, including all deductibles.

(e) Any insurer having fewer than 150 earned car years of exposure in New Jersey during the three calendar-accident years immediately preceding the date the profit report is due shall file a certification to that effect, in lieu of all other requirements of this subchapter.

(f) If an insurer's sole activity in New Jersey is exempted types of insurance, as defined in N.J.A.C. 11:3-20.3, and does not include any private passenger automobile insurance, such insurer shall file a certification to that effect, in lieu of all other requirements of this subchapter.

Amended by R.1996 d.58, effective February 5, 1996.
See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).
Amended by R.1996 d.312, effective July 15, 1996.
See: 28 N.J.R. 1616(a), 28 N.J.R. 3627(b).
Amended by R.2001 d.44, effective February 5, 2001.
See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).
Amended by R.2002 d.386, effective December 2, 2002.
See: 34 N.J.R. 1093(a), 34 N.J.R. 4053(a).

Rewrote (c).
Amended by R.2004 d.97, effective March 15, 2004.
See: 35 N.J.R. 3098(a), 36 N.J.R. 1426(a).

In (c), substituted "(www.dobi.state.nj.us)" for "(www.state.nj.us/DOBI)" following "Department's website" in the first sentence; in (d)2, inserted "all" following "motorist coverages".

11:3-20.5 Excess profit report

(a) Each insurer shall submit a complete and accurate profit report in the format of the exhibits appended to this subchapter, which exhibits are hereby incorporated by reference as part of these rules.

(b) The excess profit report shall contain the following information for each of the 12 most recent calendar-accident years, with an evaluation date as of March 31 of the year in which the excess profit report is due.

1. Paid, unpaid and incurred loss;
2. Case incurred loss developed to an ultimate basis;
3. Paid, unpaid and incurred ALAE;
4. Case incurred ALAE developed to an ultimate basis;
5. AIRE Allocation and investment income received;
6. AIRE Allocation and investment income developed to an ultimate basis;
7. AIRE Assessment; and
8. AIRE Assessment developed to an ultimate basis.

(c) In addition to the requirements in (b) above, each insurer shall file in the format of the exhibits appended to this subchapter, the following information of the calendar-

accident year ending December 31 immediately preceding the date the excess profit report is due:

1. Premiums written;
2. Premiums earned;
3. Unallocated loss adjustment expense incurred;
4. Other expenses incurred, itemized separately as follows:
 - i. Commissions and brokerage fees;
 - ii. Taxes, licenses and fees;
 - iii. AIRE charges;
 - iv. UCJF assessments;
 - v. Other acquisition costs and general expenses;
 - vi. All policyholder dividends incurred by the insurer, including any excess profit refunded or credited to policyholders;
 - vii. The net of all catastrophe reinsurance premiums incurred to unaffiliated catastrophe reinsurers and all sums paid or owed by unaffiliated catastrophe reinsurers for losses that occurred during the calendar-accident year; and
 - viii. All expenses incurred for the services of a limited assignment distribution center pursuant to N.J.S.A. 17:29D-1 et seq.
5. Actual investment income; and
6. UCJF and PLIGA assessments.

(d) The excess profit report shall include a calculation of each of the following items in the format of the exhibits appended to this subchapter:

1. Underwriting income for each of the seven calendar-accident years immediately preceding the date of the profit report;
2. Actuarial gain for each of the seven calendar-accident years immediately preceding the date of the profit report;
3. Actual investment income for each of the seven calendar accident years immediately preceding the date of the excess profit report;
4. Development adjustment for the calendar-accident years beginning with the 11th calendar-accident year immediately preceding the due date of the profit report and ending with the eighth calendar-accident year immediately preceding the due date of the profit report;
5. Total actuarial gain;
6. Monies spent and monies encumbered to fund reinvestments by the insurer in the New Jersey private passenger automobile insurance market; and

7. Excess profit.

(e) An officer of the insurer shall certify on the profit report forms that the report complies with all statutory and regulatory requirements to the best of his or her information, knowledge and belief. The officer shall sign his or her name and provide title, date, and phone number.

Amended by R.1992 d.254, effective June 15, 1992.

See: 24 N.J.R. 529(a), 24 N.J.R. 2264(a).

Text added at (e) regarding Excess Profits Report expenses.

Amended by R.1994 d.24, effective January 3, 1994.

See: 25 N.J.R. 1829(a), 26 N.J.R. 241(a).

Amended by R.1996 d.58, effective February 5, 1996.

See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

Amended by R.1996 d.312, effective July 15, 1996.

See: 28 N.J.R. 1616(a), 28 N.J.R. 3627(b).

Amended by R.2001 d.44, effective February 5, 2001.

See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

Rewrote (e).

Amended by R.2002 d.386, effective December 2, 2002.

See: 34 N.J.R. 1093(a), 34 N.J.R. 4053(a).

Inserted "excess" preceding "profit" throughout; rewrote (b); in (c), deleted former 5 and 6 and recodified former 7 and 8 as new 5 and 6; in (d)3, substituted "Actual" for "Excess"; deleted (g).

Amended by R.2004 d.97, effective March 15, 2004.

See: 35 N.J.R. 3098(a), 36 N.J.R. 1426(a).

In (b), substituted "12" for "eight" in the introductory paragraph; in (c)4, added new iii, recodified existing iii to v as iv and vi. added a new vii, viii, substituted "assessments" for "reimbursements received"; rewrote (d); deleted existing (e); recodified (f) as (e).

Amended by R.2004 d.338, effective September 7, 2004.

See: 36 N.J.R. 1279(a), 36 N.J.R. 4147(a).

In (c), inserted "and PLIGA" following "UCJF" in 6.

Law Review and Journal Commentaries

Auto Insurance. Steven P. Bann, 137 N.J.L.J. No. 16, 50 (1994).

Case Notes

Challenge to validity of regulation was justiciable. Matter of Commissioner of Insurance's Issuance of Orders A-92-189 and A-92-212, 274 N.J.Super. 385, 644 A.2d 616 (A.D.1993), affirmed 137 N.J. 93, 644 A.2d 576.

Commissioner of Insurance did not exceed his authority in prohibiting automobile insurers from deducting surtaxes and assessments under Fair Automobile Insurance Requirement Act as expenses. Matter of Commissioner of Insurance's Issuance of Orders A-92-189 and A-92-212, 274 N.J.Super. 385, 644 A.2d 616 (A.D.1993), affirmed 137 N.J. 93, 644 A.2d 576.

Insurance commissioner failed to utilize statutory rule-making procedures in changing evaluation of excess profits. American Employers' Ins. Co. v. Commissioner of Ins., Dept. of Ins., State of N.J., 236 N.J.Super. 428, 566 A.2d 202 (A.D.1989).

11:3-20.6 Reporting requirements for insurance holding company systems

(a) All private passenger automobile insurers that are part of an insurance company holding system shall file one combined excess profit report under N.J.S.A. 17:29A-5.7 and N.J.A.C. 11:3-20.5. In compliance with this obligation, separate certifications and individual excess profit reports may be filed for each insurer in an insurance holding company system and included with the combined excess profit report filed by the insurance company holding system.

(b) The Commissioner may order a complete excess profit report for any insurer in an insurance holding company system if, in his or her judgment, one or more of the insurers in that system are excessively subsidizing other insurers in that system. Excessive subsidization may exist if the number of dollars of excess profit, as calculated pursuant to this subchapter, for an individual insurer within an insurance holding company system, exceeds .5 percent (one half of one percent) of its earned premiums for the three calendar-accident years immediately preceding the year in which the excess profits report is due to the extent that this excess profit has not been refunded or credited to policyholders.

(c) Notwithstanding any provision of this section to the contrary, for purposes of evaluating the excess profit reports, the excess profit computation shall be performed solely on the insurance holding company system's combined excess profit report.

Amended by R.1991 d.17, effective January 7, 1991.
See: 22 N.J.R. 2082(b), 23 N.J.R. 106(a).

New subsection (c) added, provision for determining excessive subsidization.

Amended by R.1994 d.425, effective August 15, 1994.

See: 26 N.J.R. 1938(b), 26 N.J.R. 3441(b).

Amended by R.1996 d.312, effective July 15, 1996.

See: 28 N.J.R. 1616(a), 28 N.J.R. 3627(b).

Amended by R.2002 d.386, effective December 2, 2002.

See: 34 N.J.R. 1093(a), 34 N.J.R. 4053(a).

Rewrote (a); in (c), substituted "profit" for "profits" and inserted "excess" following "combined"; deleted (d), (e).

Amended by R.2004 d.97, effective March 15, 2004.

See: 35 N.J.R. 3098(a), 36 N.J.R. 1426(a).

11:3-20.7 Determination of an excess profit

The existence of an excess profit shall be determined based upon calculations made in accordance with the Exhibits set forth in the Appendix to this subchapter for the seven calendar-accident years immediately preceding the date the excess profit report is due. An excess profit shall be deemed to exist when an insurer's total actuarial gain for all private passenger automobile coverages combined exceeds 2.5 percent of earned premium, or 3.85 percent on a pre-tax basis, using the Federal corporate tax rate of 35 percent.

Amended by R.1996 d.312, effective July 15, 1996.

See: 28 N.J.R. 1616(a), 28 N.J.R. 3627(b).

Amended by R.2002 d.386, effective December 2, 2002.

See: 34 N.J.R. 1093(a), 34 N.J.R. 4053(a).

Rewrote the section.

Amended by R.2004 d.97, effective March 15, 2004.

See: 35 N.J.R. 3098(a), 36 N.J.R. 1426(a).

Rewrote the section.

Case Notes

Insurance commissioner failed to utilize statutory rule-making procedures in changing evaluation of excess profits. *American Employers' Ins. Co. v. Commissioner of Ins., Dept. of Ins., State of N.J.*, 236 N.J.Super. 428, 566 A.2d 202 (A.D.1989).

11:3-20.8 Refund or credit of an excess profit

(a) If the Commissioner determines that an insurer is required to refund excess profits, the Commissioner shall issue written notice to the insurer of his or her determination. The notice shall contain a written explanation of the basis on which such a determination was made and shall advise the insurer that it may request a reevaluation of the determination as set forth at (b) below.

(b) An insurer may request a reevaluation of the determination that it is required to refund an excess profit by submitting a written request to the Department within 30 days of the receipt of the notice in (a) above.

1. The written request shall set forth the legal or factual basis for the requested reevaluation.

2. If the basis for the requested reevaluation is good faith error or excusable mistake, the request shall be accompanied by a written request to make a supplemental filing pursuant to N.J.A.C. 11:3-20.11.

3. The Commissioner shall notify the insurer in writing of his or her determination within 60 days, which shall constitute an initial agency decision. If no written request for a reevaluation is made as set forth in (b)1 and 2 above, the original notice of determination shall constitute a final agency decision.

(c) The insurer shall submit to the Commissioner a fair, practicable and nondiscriminatory plan to refund or credit to policyholders the excess profit within 30 days after receipt of the written notice referenced in (a) above or, if an insurer requests a reevaluation, within 30 days after notification, in accordance with (b)3 above, is made to the insurer that it is required to refund an excess profit subsequent to the reevaluation having been performed.

1. The refund or credit plan shall be subject to approval by the Commissioner. Any refund or credit plan shall provide for the refund or credit to such group or groups of policyholders as the Commissioner may determine to be reasonable in consideration of the insurer's financial and business circumstances.

2. If the refund or credit plan is disapproved, the Commissioner shall issue a written notice to the insurer containing the reasons for disapproval, and specifications for corrections of the plan.

(d) Upon approval of the insurer's refund or credit plan, the Commissioner shall issue an order requiring the insurer to distribute all excess profit according to the approved plan.

(e) Within 15 days after the excess profit has been refunded or credited to policyholders, the insurer's corporate official shall certify that such refund or credit has occurred.

(f) Any refund or credit shall be deemed a policyholder dividend applicable to the year in which it is incurred for reporting in subsequent excess profit reports.

Amended by R.1991 d.17, effective January 7, 1991.
See: 22 N.J.R. 2082(b), 23 N.J.R. 106(a).

Provision at (a) added to require certain information in notice; new (b) added describing procedure and content of request for reevaluation.
Amended by R.2002 d.386, effective December 2, 2002.

See: 34 N.J.R. 1093(a), 34 N.J.R. 4053(a).

In (b)3, substituted "an initial" for "a final" following "constitute".
Amended by R.2004 d.97, effective March 15, 2004.

See: 35 N.J.R. 3098(a), 36 N.J.R. 1426(a).

In (c), rewrote the introductory paragraph, and inserted the last sentence in 1; in (e) substituted "profit has" for "profit have".

11:3-20.9 Excess profit, extraordinary loss, carry forwards

(a) In the event an excess profit is returned by an insurer in accordance with this subchapter and subsequent reports demonstrate and additional excess profits are indicated, an excess profit carry forward shall be established.

(b) In the event an extraordinary loss has been incurred by an insurer and subsequent excess profit reports demonstrate that an excess profit is indicated, an extraordinary loss carry forward shall be established.

(c) Excess profit and/or extraordinary loss, carry forwards shall be applied by such insurer as an allowance against future determinations of excess profits. The allowance shall only be applied in the filing year that generates an excess profit. In such filing year, the insurer shall assign the carry forward or a portion thereof to the latest three AYs of that filing. Once a carry forward is assigned to an AY, it shall remain with that AY until it is no longer displayed in subsequent filings. Once a carry forward or a portion thereof is assigned to a particular AY, that portion of the carry forward amount is exhausted and shall not be applied as an allowance against any other AY. The carry forward may be used until such allowance is exhausted or the end of a 15 year period from the date the excess profit was paid and/or extraordinary loss was incurred, whichever occurs first.

Amended by R.1990 d.470, effective September 17, 1990.
See: 22 N.J.R. 1025(a), 22 N.J.R. 2969(c).

New (c) added providing procedure by which insurer establishes "excess profit carry forward" credit.

Amended by R.1996 d.312, effective July 15, 1996.

See: 28 N.J.R. 1616(a), 28 N.J.R. 3627(b).

Amended by R.2002 d.386, effective December 2, 2002.

See: 34 N.J.R. 1093(a), 34 N.J.R. 4053(a).

Rewrote (a) and (b); deleted (c).

Amended by R.2004 d.97, effective March 15, 2004.

See: 35 N.J.R. 3098(a), 36 N.J.R. 1426(a).

Added a new (b); recodified former (b) as new (c); in new (c) substituted "Excess profit and/or extraordinary loss, carry forwards" for "This excess", and substituted "allowance" for "credit" throughout.

11:3-20.10 Order for further information

(a) If, after examination of the insurer's excess profit report, the Commissioner finds that any information or calculation in such report contains, results in, or is based upon aberrant, unusual or irregular data, the Commissioner shall issue an order to such insurer directing that the information or calculation be altered in a manner necessary to eliminate the effect of the aberrant, unusual or irregular data.

(b) Such insurer shall submit the revised information to the Commissioner within 15 days after receiving an order pursuant to (a) above.

Amended by R.2002 d.386, effective December 2, 2002.

See: 34 N.J.R. 1093(a), 34 N.J.R. 4053(a).

In (a), substituted "profit" for "profits", deleted "contained" following "calculation" and "in writing" following "shall issue".

Amended by R.2004 d.97, effective March 15, 2004.

See: 35 N.J.R. 3098(a), 36 N.J.R. 1426(a).

11:3-20.11 Supplemental filings

(a) An insurer may request permission to supplement its excess profit report filing due to good faith error or excusable mistake by submitting a written request to the Department containing the following:

1. The reasons why the insurer believes that a supplemental filing is necessary;
2. A brief but complete description of the nature of the information to be contained in the supplemental filing (Note: The actual supplemental filing should not be submitted until the insurer is notified that the request has been approved); and
3. The reasons why the insurer failed to provide this information in its initial excess profit report filing.

(b) The Commissioner shall either approve or disapprove the request, in writing, within 30 days after the request is received by the Department. If the insurer is notified that its request is approved, the insurer shall submit the supplemental filing to the Department within 10 days after the receipt of such notification.

New Rule, R.1991 d.17, effective January 7, 1991.

See: 22 N.J.R. 2082(b), 23 N.J.R. 106(a).

Old 20.11, Compliance dates, has been recodified to 20.12.

Amended by R.2004 d.97, effective March 15, 2004.

See: 35 N.J.R. 3098(a), 36 N.J.R. 1426(a).

11:3-20.12 (Reserved)

Recodified from 11:3-20.11, by R.1991 d.17, effective January 7, 1991.

See: 22 N.J.R. 2082(b), 23 N.J.R. 106(a).

Repealed by R.1996 d.58, effective February 5, 1996.

See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).

Section was "Compliance dates".

11:3-20.13 Penalties

Failure to file a complete and accurate excess profit report so that it is received by the Commissioner on or before July 1 shall constitute a violation of this subchapter, and may result in the imposition of penalties as provided by statute.

Recodified from 11:3-20.12, by R.1991 d.17, effective January 7, 1991.

See: 22 N.J.R. 2082(b), 23 N.J.R. 106(a).

Amended by R.2004 d.97, effective March 15, 2004.

See: 35 N.J.R. 3098(a), 36 N.J.R. 1426(a).

APPENDIX

EXCESS PROFIT EXHIBITS—INSTRUCTIONS

In all Exhibits, dollars are stated as whole numbers, and ratios are expressed as decimals to the third decimal place. Where a sum is expressed as a ratio, the ratio required is the ratio of the years' dollar figures and not the sum of the individual years' ratios. The Exhibits attached are 2004 exhibits. Where exhibits for later years must be reported, the filer is required to submit Exhibits which are substantially similar to the attached Exhibits to report the later years' data and which contain all information, including dates, adjusted accordingly.

INPUT SHEET

The Input Sheet consists of four sections:

Section A is for the Bodily Injury Liability coverage (BI).

Section B is for the other Liability coverages, including Property Damage Liability coverage and uninsured and underinsured motorist coverages (PD).

Section C is for the Personal Injury Protection and Medical Payments coverages (PIP).

Section D is for Comprehensive, Collision and other miscellaneous Physical Damage coverages (Phys Dam).

Enter the data in the appropriate sections as described below. The instructions apply uniformly to each of the four sections except where noted.

In this appendix, "Year 0" refers to the year in which the report is filed, "Year -1" refers to the first year prior to the year the report is filed, "Year -2" refers to the second year prior to the year the report is filed, and so on. For example, for reports filed in 2004, "Year -1" is 2003 and "Year -2" is 2002.

Exhibit One

All data in Exhibit One is from statutory Page 14 for CY Year -1 through Year -9.

- Col (1): Direct Written Premium

Item 1: Written Premium.

Items 2a through 2f: Data for Motorcycles, Off-Road Vehicles, Motor Homes, Antique Autos, Excess Liability and Finance & Service Charges, respectively. This data shall be listed only if it is included as part of Item 1 above.

Item 4: That portion of assessments paid by the company to the UCJF relating to private passenger automobile insurance (applicable for PIP only).

- Col (2): Direct Earned Premium

Item 1: Earned Premium.

Items 2a through 2f: same definition as in Col (1).

Item 4: same definition as Col (1).

- Col (3A): Paid Dividends

Item 1: Paid Dividends, including Excess Profit Refunds.

Items 2a through 2e: Data for Motorcycles, Off-Road Vehicles, Motor Homes, Antique Autos and Excess Liability, respectively. This data shall be listed only if it is included as part of Item 1 above.

- Col (3B): Declared, but Unpaid Dividends

Item 1: Declared, but Unpaid Dividends, including Excess Profit Refunds.

Items 2a through 2e: same definition as in Col (3A).

- Col (4): Direct Unearned Premium Reserve

Item 1: Unearned Premium Reserve.

Items 2a through 2e: same definition as in Col (3A).

- Col (5): Direct Paid Loss

Item 1: Paid Loss.

Items 2a through 2e: same definition as in Col (3A).

Item 4: Excess Medical Benefits reimbursed to the company from the UCJF relating to private passenger automobile insurance (applicable for PIP only).

- Col (6): Direct Incurred Loss

Item 1: Incurred Loss (Case plus Bulk/IBNR).

Items 2a through 2e: same definition as in Col (3A).

Item 4: Excess Medical Benefits reimbursed to the company from the UCJF relating to private passenger automobile insurance (applicable for PIP only).

- Col (7): Direct Unpaid Loss

Item 1: Unpaid Loss (Case plus Bulk/IBNR).

Items 2a through 2e: same definition as in Col (3A).

Item 4: Excess Medical Benefits reimbursed to the company from the UCJF relating to private passenger automobile insurance (applicable for PIP only).

- Col (8): Direct Paid ALAE

Item 1: Paid ALAE

Items 2a through 2e: same definition as in Col (3A).

- Col (9): Direct Incurred ALAE

Item 1: Incurred ALAE (Case plus Bulk/IBNR).

Items 2a through 2e: same definition as in Col (3A).

- Col (10): Direct Unpaid ALAE

Item 1: Unpaid ALAE (Case plus Bulk/IBNR).

Items 2a through 2e: same definition as in Col (3A).

Exhibit Two, Part One

All data in Exhibit Two, Part One is the allocation of CY data from statutory Page 14 to AYs Year -1 through Year -9.

- Col (1): Incremental Direct Paid Loss, by AY paid during each CY. The total of each column must equal Exhibit 1, Col (5), Item 1 less the sum of Items 2a-2e for each corresponding CY.
- Col (3A): Direct Unpaid Case Loss by AY as of each CY end.
Col (3B): Direct Unpaid Bulk/IBNR Loss by AY as of each CY end. The total of each column for Col (3A) and Col (3B) combined must equal Exhibit 1, Col (7), Item 1 less the sum of Items 2a-2e for each corresponding CY.
- Col (5): Incremental Direct Paid ALAE by AY paid during each CY. The total of each column must equal Exhibit 1, Col (8), Item 1 less the sum of Items 2a-2e for each corresponding CY.
- Col (7A): Direct Unpaid Case ALAE by AY as of each CY end.
Col (7B): Direct Unpaid Bulk/IBNR ALAE by AY as of each CY end. The total of each column for Col (7A) and Col (7B) combined must equal Exhibit 1, Col (10), Item 1 less the sum of Items 2a-2e for each corresponding CY.

Exhibit Two, Part Two

All data in Exhibit Two, Part Two is the allocation of data from the first calendar quarter to AY Year 0 through Year -8.

- Col (10): Incremental Direct Paid Loss by AY paid during the first calendar quarter of each year.
- Col (12A): Direct Unpaid Case Loss by AY as of the end of the first calendar quarter of each year.
Col (12B): Direct Unpaid Bulk/IBNR Loss by AY as of the end of the first calendar quarter of each year.
- Col (14): Incremental Direct Paid ALAE by AY paid during the first calendar quarter of each year.
- Col (16A): Direct Unpaid Case ALAE by AY as of the end of the first calendar quarter of each year.
Col (16B): Direct Unpaid Bulk/IBNR ALAE by AY as of the end of the first calendar quarter of each year.

Exhibit Two, Part Three

Supp. 9-7-04

All data in Exhibit Two, Part Three is from Part III of the countrywide Insurance Expense Exhibit (IEE) for CYs Year -1 through Year -9 and is for BI/UM/PD/PIP and Phys Dam coverages only.

- Col (19): Direct Incurred Loss
- Col (20): Direct Incurred ALAE
- Col (22): Direct Incurred ULAE

Exhibit Three

Enter the tail factor for Incurred Loss and ALAE @ 99 months to ultimate, for BI and PIP coverages only. If the tail factor is greater than 1.000, provide documentation.

Enter the development adjustment for Year -8 to Year -11. If the adjustment is greater than zero, justification must be provided.

Exhibit Four

All data in Exhibit Four, Col (1) except for Net Catastrophe Reinsurance Expense is from Part III of the countrywide Insurance Expense Exhibit (IEE) for CYs Year -1 through Year -7 and is for BI/UM/PD/PIP and Phys Dam coverages only.

- Col (1), Item 1: Direct Written Premium
- Col (1), Item 2: Direct Earned Premium
- Col (1), Item 3: Direct Other Acquisition Expense
- Col (1), Item 4: Direct General Expense
- Col (1), Item 5: Direct Commission & Brokerage Expense
- Col (1), Item 7: Direct Taxes, Licenses & Fees
- Col (1), Item 9: Net Catastrophe Reinsurance Expense (provide an exhibit to substantiate the expense)

State the insurer's marketing method, "D" for a direct writer, "C" for a captive agency, and "I" for an independent agency. If multiple marketing methods are used within a group, use the method of the largest company within the group.

All data in Exhibit Four, Col (3) is from statutory Page 14 for CYs Year -1 through Year -7. For the BI and PD coverages, data reported on Line 19.2 is to be split and listed under the appropriate section.

- Col (3), Item 5: Direct Commission & Brokerage Expense
- Col (3), Item 7: Direct Taxes, Licenses & Fees
- Col (3), Item 9: Net Catastrophe Reinsurance Expense
- Col (3), Item 10: LAD Fees Paid

For filings made in 2004, only the most recent four (2001-2004) years of expense information shall be required. For filings made in 2005, only the most recent five years (2001-2005) of expense information shall be required. For filings made in 2006, only the most recent six years (2001-2006) of expense information shall be required. For calendar-accident years for which expense information is not submitted in accordance with this clause, the expense provisions shall be calculated as the average of the years submitted.

Exhibit Five

All data in Exhibit Five is countrywide for CYs Year -1 through Year -7 and is not split by coverage.

- Part 1, Item 1: Agents Balance
- Part 1, Item 2: Unearned Premium Reserve
- Part 2, Item 1: Interest, Dividends and Real Estate Income
- Part 2, Item 2.1: Investment Expense Incurred
- Part 2, Item 2.2: Depreciation on Real Estate
- Part 2, Item 2.3: Unaffiliated Preferred Stock
- Part 2, Item 2.4: Affiliated Preferred Stock
- Part 2, Item 2.5: Unaffiliated Common Stock
- Part 2, Item 2.6: Affiliated Common Stock
- Part 2, Item 2.7: Other Invested Assets
- Part 2, Item 2.8: Real Estate for Company's Own Occupancy
- Part 2, Item 4.1: Bonds Acquired
- Part 2, Item 4.2: Mortgage Loans on Real Estate
- Part 2, Item 4.3: Real Estate Acquired (except that portion acquired for the insurer's own occupancy)
- Part 2, Item 4.4: Collateral Loans
- Part 2, Item 4.5: Cash on Hand and on Deposit
- Part 2, Item 4.6: Short Term Investments
- Part 2, Item 4.7: Derivative Investments

For filings made in 2004, only the most recent four (2001-2004) years of information shall be required. For filings made in 2005, only the most recent five years (2001-2005) of information shall be required. For filings made in 2006, only the most recent six years (2001-2006) of information shall be required. For calendar-accident years for which information is

not submitted in accordance with this clause, the provisions shall be calculated as the average of the years submitted.

Exhibit Six

All data in Exhibit Six is for the New Jersey Automobile Insurance Risk Exchange (NJ AIRE) and is AYs Year -1 through Year 7, evaluated @ 15 months and an estimate for AY Year 0 (applicable for BI only).

- Part 1: AIRE Allocation by AY received during the CY, as reported on the NJ AIRE Form 3 Reimbursement Report. Data for the latest AY shall be the company's best estimate; plus AIRE Investment Income by AY received during the CY, as reported on the NJ AIRE Annual Cash Settlement True-Up Report. Data for the latest AY shall be the company's best estimate.
- Part 4: AIRE Assessment by AY paid during the CY, as reported on the NJ AIRE Form 3 Reimbursement Report. Data for the current AY shall be the company's best estimate.

Exhibit Seven

All data in Exhibit 7 is for New Jersey business only and is for the CYs Year 0 through Year -16.

Item 1: List any excess profit refund paid in the applicable CYs

Item 2: List any excess profit carry forward used in the applicable AYs.

Exhibit Eight

All data in Exhibit 8 is for the New Jersey business only and is for the CY Year 0 through Year 16 and is for all coverages combined.

Item 1: List any extraordinary loss incurred in the applicable CYs.

Item 2: List any extraordinary loss carry forward used in the applicable AYs.

Item 4: List any funds reinvested into New Jersey in the applicable CYs.

Item 5: List any reinvestment carry forward used in the applicable AYs.

Exhibit Nine

All data on Exhibit 9, except for Items 19 and 23, is generated from other exhibits.

- Item 19: State the profit and contingencies provision on a pre-tax basis from the insurer's last approved New Jersey rate filing.
- Item 23: State whether or not the insurer is part of an insurance company holding system.

EXHIBIT ONE

Exhibit One removes UCJF and PLIGA Assessments, Excess Medical Benefit Reimbursements and other exclusions from Statewide premiums, losses and allocated loss adjustment expenses. Exhibit One consists of 36 sheets, one for each coverage for each of 9 CYs, beginning the year immediately prior to the year of submission and is uniform across all coverages.

For all columns, Item 2 is the sum of Items 2a-2f for premiums and Items 2a-2e for loss and ALAE from the Input Sheet. Item 2 is Item 1-Item 2.

For Col. (3), Item 5A is the sum of the excess profit refund paid, extraordinary loss incurred, and reinvestment into New Jersey listed in the Exhibits Seven and Eight portion of the Input Sheet.

Item 5B=Item 3-Item 5A.

EXHIBIT TWO

Exhibit Two allocates CY Case Incurred Loss and ALAE to AYs and is uniform across all coverages.

Col (1) is the incremental Paid Loss for each AY in that CY only, taken from the Input Sheet.

Col (2) is the cumulative Paid Loss for each AY up to and including that CY.

Col (3) is the Case Unpaid Loss for each AY as of the end of that CY, taken from the Input Sheet.

Col (4) = Col (2) + Col (3).

Col (5) is the incremental Paid ALAE for each AY in that CY only, taken from the Input Sheet.

Col (6) is the cumulative Paid ALAE for each AY up to and including that CY.

Col (7) is the Case Unpaid ALAE for each AY as of the end of that CY, taken from the Input Sheet.

Col (8) = Col (6) + Col (7).

Col (9) = Col (4) + Col (8).

Col (10) is the incremental Paid Loss for each AY in the first quarter of that CY only, taken from the Input Sheet.

Col (11) = Col (2) + Col (10). For the most recent accident quarter, it is simply Col (10).

Col (12) is the Case Unpaid Loss for each AY as of the end of the first calendar quarter, taken from the Input Sheet.

Col (13) = Col (11) + Col (12).

Col (14) is the incremental Paid ALAE for each AY in the first quarter of that CY only, taken from the Input Sheet.

Col (15) = Col (6) + Col (14). For the most recent accident quarter, it is simply Col (14).

Col (16) is the Case Unpaid ALAE for each AY as of the end of the first calendar quarter, taken from the Input Sheet.

Col (17) = Col (15) + Col (16).

Col (18) = Col (13) + Col (17).

Col (19) through Col (23) are applicable only for Sheets 1 through 7 for each coverage.

Col (19) is the countrywide Direct Incurred Loss for that CY, taken from the Input Sheet.

Col (20) is the countrywide Direct Incurred ALAE for that CY, taken from the Input Sheet.

Col (21) = Col (19) + Col (20).

Col (22) is the countrywide Direct Incurred ULAE for that CY, taken from the Input Sheet.

Col (23) = Col (22) ÷ Col (21). The ULAE factor is the sum of one and the straight three-year average of the ratios, limited by a minimum of 1.05 and a maximum of 1.30.

EXHIBIT THREE

Exhibit Three shows the “development triangles” of Case Incurred Loss and ALAE for each coverage.

For each Part 2, any development factor that results in a division by zero shall instead not be considered in the calculation of loss development factors.

Part 1

Evaluations are at 15, 27, 39, 51, 63, 75, 87 and 99 months for BI and PIP coverages and at 15, 27, 39 and 51 months for PD and Phys Dam coverages.

This part is derived from Exhibit 2, Col (18).

- AY Year -1 @ 15 months = Sheet 1, AY Year -1.
- AY Year -2 @ 15 months = Sheet 2, AY Year -2.
- AY Year -2 @ 27 months = Sheet 1, AY Year -2.
- AY Year -3 @ 15 months = Sheet 3, AY Year -3.
- AY Year -3 @ 27 months = Sheet 2, AY Year -3.
- AY Year -3 @ 39 months = Sheet 1, AY Year -3.
- And so on through AY Year -8 @ 99 months for BI and PIP coverages and through AY Year -8 @ 51 months for PD and Phys Dam coverages.

Part 2

Development factors are through 87-99 months for BI and PIP coverages and through 39-51 months for PD and Phys Dam coverages.

- AY Year -2 @ 15-27 months = Part 1, AY Year -2 @ 27 months ÷ Part 1, AY Year -2 @ 15 months.
- AY Year -3 @ 15-27 months = Part 1, AY Year -3 @ 27 months ÷ Part 1, AY Year -3 @ 15 months.
- AY Year -3 @ 27-39 months = Part 1, AY Year -3 @ 39 months ÷ Part 1, AY Year -3 @ 27 months.
- And so on through AY Year -8 @ 87-99 months for BI coverages and through AY Year -8 @ 39-51 months for PD and Phys Dam coverages.

For BI and PIP coverages:

- Col (A), is the straight average of all non-zero development factors, excluding the maximum and minimum for 15-27, 27-39, 39-51 and 51-63 months and the straight average of all non-zero development factors for 63-75, 75-87 and 87-99 months.
- Col (A), Tail Factor @ 99 months to ultimate factor entered in the Input Sheet, if greater than one, otherwise it is the greater of one and the square root of the product of Col (A) @ 75-87 months and Col(A) @ 87-99 months.
- Col (B) Tail Factor = Col (A), Tail Factor.
- Col (B) @ 87 months to ultimate = Col (B), Tail Factor x Col (A) @ 87-99 months.
- Col (B) @ 75 months to ultimate = Col (B) @ 87 months to ultimate x Col (A) @ 75-87 months.
- Col (B) @ 63 months to ultimate = Col (B) @ 75 months to ultimate x Col (A) @ 63-75 months.
- And so on through 15 months to ultimate.

For PD and Phys Dam coverages:

- Col (A) is the straight average of all non-zero development factors, excluding the maximum and minimum.
- Col (B) @ 39 months to ultimate = Col (A) @ 39-51 months.
- Col (B) @ 27 months to ultimate = Col (B) @ 39 months to ultimate x Col (A) @ 27-39 months.
- Col (B) @ 15 months to ultimate = Col (B) @ 27 months to ultimate x Col (A) @ 15-27 months.

Part 3

Development is for AYs Year -1 through Year -7 for BI and PIP coverages and for AYs Year -1 through Year -4 for PD and Phys Dam coverages.

- Col (1), AY Year -1 = Part 1, AY Year -1 @ 15 months.
- Col (1), AY Year -2 = Part 1, AY Year -2 @ 27 months.
- And so on through AY Year -7 for BI and PIP coverages and through AY Year -4 for PD and Phys Dam coverages.
- Col (2), AY Year -1 = Part 2, Col (B) @ 15 months to ultimate.
- Col (2), AY Year -2 = Part 2, Col (B) @ 27 months to ultimate.
- And so on through AY Year -7 for BI and PIP coverages and through AY Year -4 for PD and Phys Dam coverages.
- Col (3) = Col (1) x Col (2).

EXHIBIT FOUR

Exhibit Four, Part 1 shows countrywide direct premiums and expenses from Part III of the statutory Insurance Expense Exhibit. Exhibit Four includes each of the seven years immediately preceding the year of submission.

Exhibit Four, Part 2 shows New Jersey direct premiums and expenses from statutory Page 14 for each of the seven years immediately preceding the year of submission.

- Part 1, Col (1), Items 1 through 5 are Direct Written Premium, Direct Earned Premium, Direct Other Acquisition Expense, Direct General Expense, and Direct Commission & Brokerage respectively, from the Input Sheet.
- Part 1, Col (1), Item 7 is Direct Taxes, Licenses, & Fees from the Input Sheet.
- Part 1, Col (1), Item 8 = $\frac{1}{2} \times (\text{Item 3} + \text{Item 4}) + \text{Item 6} \times (\text{Item 3} + \text{Item 4}) \div (\text{Item 3} + \text{Item 4} + \text{Item 5}) + \text{Item 5} + \text{Item 7}$.
- Part 1, Col (1), Item 9 is Net Catastrophe Reinsurance Expense from the Input Sheet.
- Part 1, Col (2), Item 3 = Col (1), Item 3 ÷ Col (1), Item 2.
- Part 1, Col (2), Item 4 = Col (1), Item 4 ÷ Col (1), Item 2.
- Part 1, Col (2), Item 5 = Col (1), Item 5 ÷ Col (1), Item 1.
- Part 1, Col (2), Item 7 = Col (1), Item 6 ÷ Col (1), Item 1.
- Part 1, Col (2), Item 8 = Col (1), Item 7 ÷ Col (1), Item 2.
- Part 1, Col (2), Item 9 = Col (1), Item 9 ÷ Col (1), Item 1.
- Part 2, Col (3), Item 1 = Exhibit 1, Col (1), Item 3—Exhibit 1, Col (1), Item 4.
- Part 2, Col (3), Item 2 = Exhibit 1, Col (2), Item 3—Exhibit 1, Col (1), Item 4.
- Part 2, Col (3), Item 3 = Col (3), Item 2 x Col (2), Item 3.
- Part 2, Col (3), Item 4 = Col (3), Item 2 x Col (2), Item 4.
- Part 2, Col (3), Item 5 is from the Input Sheet
- Part 2, Col (3), Item 6a = Part 2, Col (3), Sum of Items 3-5.
- Part 2, Col (3), Item 6b is the expense cap based on the insurer's marketing method calculated in accordance with N.J.A.C. 11:3-16 Appendix H.
- Part 2, Col (3), Item 6 = Item 6b-Item 6a if positive, and zero otherwise.
- Part 2, Col (3), Item 7 is from the Input Sheet.
- Part 2, Col (3), Item 8 = $\frac{1}{2} \times (\text{Item 3} + \text{Item 4}) + \text{Item 6} \times (\text{Item 3} + \text{Item 4}) \div (\text{Item 3} + \text{Item 4} + \text{Item 5}) + \text{Item 5} + \text{Item 7}$.
- Part 2, Col (3), Item 9 + Col (2), Item 9 x Col (1), Item 1.
- Part 2, Col (3), Item 10 is from the Input Sheet.
- Part 2, Col (4), Item 3 = Col (3), Item 3 ÷ Col (3), Item 2.
- Part 2, Col (4), Item 4 = Col (3), Item 4 ÷ Col (3), Item 2.
- Part 2, Col (4), Item 5 = Col (3), Item 5 ÷ Col (3), Item 1.
- Part 2, Col (4), Item 6 = Col (3), Item 6 ÷ Col (3), Item 1.
- Part 2, Col (4), Item 7 = Col (3), Item 7 ÷ Col (3), Item 2.
- Part 2, Col (4), Item 8 = Col (3), Item 8 ÷ Col (3), Item 2.
- Part 2, Col (4), Item 9 = Col (3), Item 9 ÷ Col (3), Item 1.
- Part 2, Col (4), Item 10 = Col (3), Item 10 ÷ Col (3), Item 1.

EXHIBIT FIVE

Exhibit Five, Part One shows actual investment income attributable to New Jersey private passenger auto for the purpose of completing excess profit reports in each of the seven calendar years covered by this report.

- Items 1 and 2 are from the Input Sheet.
- Item 3 = Item 1 ÷ Item 2, with a maximum of 1.0.
- Item 4 = Exhibit 4, Col (3), Item 7.
- Item 5 = Exhibit 4, Col (3), Item 1.
- Item 6 = Item 4 ÷ Item 5, with a maximum of 1.0.
- Item 7a for Year -1 = Exhibit 1, CY Year -2, Col (4), Item 4.
- Item 7a for Year -2 = Exhibit 1, CY Year -3, Col (4), Item 4.
- Item 7a for Year -3 = Exhibit 1, CY Year -4, Col (4), Item 4.
- Item 7b for Year -1 = Exhibit 1, CY Year -1, Col (4), Item 4.
- Item 7b for Year -2 = Exhibit 1, CY Year -2, Col (4), Item 4.
- Item 7b for Year -3 = Exhibit 1, CY Year -3, Col (4), Item 4.
- Item 7 = [Item 7a + Item 7b] / 2.
- Item 8 = Item 7 x [1 — Item 3 — Item 6] if positive, and zero otherwise.
- Item 9a for Year -1 = Exhibit 1, CY Year -2, Col (7), Item 4.
- Item 9a for Year -2 = Exhibit 1, CY Year -3, Col (7), Item 4.
- Item 9a for Year -3 = Exhibit 1, CY Year -4, Col (7), Item 4.
- Item 9b for Year -1 = Exhibit 1, CY Year -1, Col (7), Item 4.
- Item 9b for Year -2 = Exhibit 1, CY Year -2, Col (7), Item 4.
- Item 9b for Year -3 = Exhibit 1, CY Year -3, Col (7), Item 4.
- Item 9 = [Item 9a + Item 9b] / 2.
- Item 10a for Year -1 = Exhibit 1, CY Year -2, Col (10), Item 4.
- Item 10a for Year -2 = Exhibit 1, CY Year -3, Col (10), Item 4.
- Item 10a for Year -3 = Exhibit 1, CY Year -4, Col (10), Item 4.
- Item 10b for Year -1 = Exhibit 1, CY Year -1, Col (10), Item 4.
- Item 10b for Year -2 = Exhibit 1, CY Year -2, Col (10), Item 4.
- Item 10b for Year -3 = Exhibit 1, CY Year -3, Col (10), Item 4.
- Item 10 = [Item 10a + Item 10b] / 2.
- Item 11 = Exhibit 2, Part 3, ULAE Factor.
- Item 12 = [Item 9 + Item 10] x Item 11.
- Item 13 = Item 8 + Item 12.
- Item 14 = Part 2C, Item 8, 7 Year Total.
- Item 15 = Item 13 x Item 14.

Exhibit Five—Part Two. All data is from the countrywide statutory annual statement for investments purchased in each of the seven calendar years covered by this report.

- Part 2A, Items 1 through 2.8 are from the Input Sheet.
- Part 2A, Item 2 = the sum of Part 2A, Items 2.1 through 2.8.
- Part 2A, Item 3 = Part 2A, Item 1-Part 2A, Item 2.
- Part 2B, Items 4.1 through 4.7 are from the Input Sheet.
- Part 2B, Item 4 = the sum of Part 2B, Items 4.1 through 4.7.
- Part 2B, Item 5 = ½ x Part 2B, Item 4.
- Part 2C, Item 6 = Part 2A, Item 3.
- Part 2C, Item 7 = Part 2B, Item 5.
- Part 2C, Item 8 = Part 2C, Item 6 ÷ Part 2C, Item 7.

EXHIBIT SIX

Exhibit Six—Part One shows the accumulated AIRE Allocation and Investment Income received by the insurer for each accident year as of the various stages of development, as derived from the Assessment Allocation column in the State-wide Company Annual Cash Settlement Report issued by ISO to AIRE member companies added to the Investment Income column in the Annual Cash Settlement True-Up Report issued by ISO to AIRE member companies. This exhibit applies only to the BI coverage.

For each Part 2 and 5, any development factor that results in a division by zero shall instead not be considered in the calculation of AIRE development factors.

Part 1

Evaluations are 15, 27, 39, 51, 63, 75 and 87 months.

All values in Part 1 is the cumulative of the Allocation and Investment Income received for the appropriate AYs.

Part 2

Evaluations are through 75-87 months.

- AY Year -2 @ 15-27 months = Part 1, AY Year -2 @ 27 months ÷ Part 1, AY Year -2 @ 15 months.
- AY Year -3 @ 15-27 months = Part 1, AY Year -3 @ 27 months ÷ Part 1, AY Year -3 @ 15 months.
- AY Year -3 @ 27-39 months = Part 1, AY Year -3 @ 39 months ÷ Part 1, AY Year -3 @ 27 months.
- And so on through AY Year -7 @ 75-87 months.
- Col (A) is the straight average of all non-zero development factors, excluding the maximum and minimum for 15-27, 27-39 and 39-51 and the straight average of all non-zero development factors for 51-63, 63-75 and 75-87 months.
- Col (B) @ 75 months to ultimate = Col (A) @ 75-87 months.

- Col (B) @ 63 months to ultimate = Col (B) @ 75 months to ultimate x Col (A) @ 63-75 months.
- And so on through 15 months to ultimate.

Part 3

Evaluations are for AY Year -1, Year -2 and Year -3.

- Col (1), AY Year -1 is the sum of the estimated AIRE Allocation and Investment Income @ 15 months as entered on the Input Sheet.
- Col (1), AY Year -2 = Part 1 AY Year -2 @ 15 months.
- Col (1), AY Year -3 = Part 1 AY Year -3 @ 27 months.
- Col (2), AY Year -1 and AY Year -2 = Part 2, Col (B) @ 15 months to ultimate.
- Col (2), AY Year -3 = Part 2, Col (B) @ 27 months to ultimate.
- Col (3) = Col (1) x Col (2)

Exhibit Six—Part Four shows the accumulated AIRE Assessment paid by the insurer for each accident year as of the various stages of development as derived from the Assessments at Present Rate column in the Annual Cash Settlement Report issued by ISO to AIRE member companies.

Parts 4-6

Parts 4-6 are substantially the same as Parts 1-3, with AIRE Assessment substituting for the sum of AIRE Allocation and Investment Income.

Part 7

- Col (1) = Part 3, Col (3)
- Col (2) = Part 6, Col (3)
- Col (3) = Col (1)-Col (2)

EXHIBIT SEVEN

Exhibit Seven shows the excess profit paid in each of the last 17 CYs and carry forward used in each of the last 23 AYs by coverage along with the total.

Item 1 is the excess profit paid by the company as stated in the Input Sheet.

Item 2.1 through 2.23 are the excess profit carry forwards used in the applicable AYs as stated in the Input Sheet.

Item 2 is the total of Items 2.1 through 2.23

Item 3 = Item 1 - Item 2.

EXHIBIT EIGHT

Exhibit Eight shows the extraordinary loss incurred and amount reinvested into New Jersey in each of the last 17 CYs and carry forward used in each of the last 23 AYs by coverage along with the total.

● Item 1 is the extraordinary loss incurred by the company as stated in the Input Sheet. For Year-1 through Year-7,

the values shall be those values calculated in the previous year's report. For Year-8 through Year-15, the value shall be that value calculated when that year was last used in the excess profit calculation.

● Items 2.1 through 2.23 are the extraordinary loss carry forwards used in the applicable AYs as stated in the Input Sheet.

● Item 2 is the total of Items 2.1 through 2.23.

● Item 3 = Item 1 - Item 2.

● Item 4 is the amount reinvested into New Jersey by the company as stated in the Input Sheet.

● Items 5.1 through 5.23 are the reinvestment carry forwards used in the applicable AYs as stated in the Input Sheet.

● Item 5 is the total of Items 5.1 through 5.23.

● Item 6 = Item 4 - Item 5.

EXHIBIT NINE

Exhibit Nine uses the data developed in Exhibits One through Eight to calculate excess profit and any extraordinary loss for AYs Year -3, Year -2 and Year -1, as well as a seven-year total.

The sources of data for Exhibit Nine follow.

- Item 1 = Exhibit 1, Col (1), Item 3.
- Item 2 = Exhibit 1, Col (2), Item 3.
- Item 3 = Exhibit 1, Col (2), Item 4.
- Item 4 = Exhibit 1, Col (3), Item 5b.
- Item 5 = Exhibit 6, Part 7, Col (3) for BI and zero for all other coverages.
- Item 6 = Item 2-Item 3-Item 4 + Item 5.
- Item 7 = Exhibit 3, Part 3, Col (3).
- Item 8 = Exhibit 2, Part 3, ULAE Factor.
- Item 9 = Item 7 x Item 8.
- Item 10 = Item 9 ÷ Item 6.
- Item 11 = Exhibit 4, Col (3), Item 5.
- Item 12 = Exhibit 4, Col (3), Item 3.
- Item 13 = Exhibit 4, Col (3), Item 4.
- Item 14 = Exhibit 4, Col (3), Item 6.
- Item 15 = Exhibit 4, Col (3), Item 7.
- Item 16 = Exhibit 4, Col (3), Item 9.
- Item 17 = Exhibit 4, Col (3), Item 10.
- Item 18 = Sum of Items 11-17.
- Item 19 = Item 6-Item 9-Item 18
- Item 20 = Item 2 x Input Sheet, Item 19
- Item 21 = Exhibit 5, Part 1, Item 15
- Item 22 = Item 19-Item 20 + Item 21
- Item 23 for the seven-year total is from the Input Sheet. Item 23 for each individual year is one-seventh of the seven-year total.
- Item 24 = Item 22-Item 23, for the seven-year total only.
- Item 25 = Item 2 x Additional Non-Excessive Profit Allowance.
- Item 26 = Item 2 x Holding Company Non-Excessive Subsidization.

- Item 27 = Item 24–Item 25–Item 26, for the seven-year total only
- Item 28 = Exhibit 7, Excess Profit Total Column.
- Item 29 = Exhibit 8, Extraordinary Loss Total Column.
- Item 30 = Exhibit 8, Reinvestment Total Column.
- Item 31 is the amount of qualified reinvestment into the New Jersey automobile insurance market on an all coverages combined basis only.
- Item 32 = Item 27 – Item 28 – Item 29 – Item 30, for the seven-year total only.
- Items 33–36 are on an all coverages combined basis only.
- Item 33 = (Item 32 x-1) – Item 31 if Item 32 is less than zero, and zero otherwise.
- Item 34a = Item 14.
- Item 34b = Item 25.
- Item 34c = Item 26.
- Item 34 = Item 34a + Item 34b + Item 34c.
- Item 35 = Item 33 – Item 34 if positive, and zero otherwise.
- Item 36 = Item 35 – Item 2 x 5 percent for each calendar-accident year if positive, and zero otherwise.

APPENDIX**INPUT FORMS AND EXHIBITS****Introduction**

The appendix contains the Input Forms that must be used by insurers in the submission of data as part of the excess profit report. The exact format contained herein must be used. In accordance with N.J.A.C. 11:3-20.4(a), insurers can receive a copy of these forms on a CD-ROM together with the required formulas from the Department. These Input Forms are to be used for the following coverages: BI, PD, PIP and physical damage.

The Appendix also contains copies of Exhibit One to Exhibit Nine of the excess profit report. Once again, the format must be strictly followed. Copies can be obtained in accordance with N.J.A.C. 11:3-20.4(c).

See: 25 N.J.R. 1829(a), 26 N.J.R. 241(a).
 Amended by R.1996 d.58, effective February 5, 1996.
 See: 27 N.J.R. 3682(a), 28 N.J.R. 855(a).
 Repeal and New Rule, R.1996 d.312, effective July 15, 1996.
 See: 28 N.J.R. 1616(a), 28 N.J.R. 3627(b).
 Administrative correction.
 See: 28 N.J.R. 3798(b).
 Amended by R.2002 d.386, effective December 2, 2002.
 See: 34 N.J.R. 1093(a), 34 N.J.R. 4053(a).
 Appendix deleted and replaced with new appendix.
 Amended by R.2004 d.97, effective March 15, 2004.
 See: 35 N.J.R. 3098(a), 36 N.J.R. 1426(a).
 Appendix deleted and replaced with new appendix.
 Amended by R.2004 d.338, effective September 7, 2004.
 See: 36 N.J.R. 1279(a), 36 N.J.R. 4147(a).
 Amended Exhibits One, Seven, Eight, and Nine.
 Amended by R.2006 d.243, effective July 3, 2006.
 See: 37 N.J.R. 4162(a), 38 N.J.R. 2828(c).
 Amended Exhibit One instructions.
 Administrative correction.
 See: 39 N.J.R. 4201(a).

SUBCHAPTER 20A. (RESERVED)

SUBCHAPTER 21. PERSONAL INJURY PROTECTION
 COVERAGE REDUCED PIP PREMIUM CHARGE
 FOR ADDITIONAL AUTOS IN ONE-DRIVER
 HOUSEHOLDS

11:3-21.1 Purpose

The purpose of this rule is to implement N.J.S.A. 39:6A-4.1, which provides for reduced personal injury protection premiums for additional automobiles in one-driver households.

11:3-21.2 Reduction of PIP premium

(a) In any instance where a named insured is the owner, the only designated operator of two or more automobiles insured by the same insurer under one or more policies, and the only licensed driver residing in the household, the full basic PIP rate shall be charged on one automobile, and a percentage discount shall be given on the PIP premium charge on each additional auto. For the three-year period commencing with the operative date of this rule, the premium reduction shall be at least 50 percent of the approved charge for the applicable territory of garaging for the additional automobile(s), exclusive of expense fees and policy constants or residual market equalization charges.

11:3-21.3 Automobiles eligible for premium reduction

(a) Except as provided in paragraph 1 below, the reduced premiums shall only apply to a private passenger automobile

of a private passenger or station wagon type that is owned or hired by an individual or by husband and wife who are residents of the same household and is neither used as a public or livery conveyance for passengers nor rented to others with a driver; and a motor vehicle with a pick-up body, a delivery sedan, a van, or a panel truck or a camper type vehicle used for recreational purposes owned by an individual or by husband and wife who are residents of the same household, not customarily used in the occupation, profession or business of the insured other than farming or ranching. An automobile owned by a farm family copartnership or corporation which is principally garaged on a farm or ranch and otherwise meets the definitions contained in this section, shall be considered a private passenger automobile owned by two or more relatives resident in the same household.

1. The reduced premium shall not apply to automobiles for which the basic PIP premium charge is less than \$25.00, exclusive of expense fees and policy constants or residual market equalization charges, and which are of the following types:

i. Automobiles 10 years or older and maintained primarily for use in exhibitions, parades and club activities, or

ii. A self-propelled vehicle with a living area that is an integral part of the chassis or a pick-up with a permanently attached camper body.

(b) A reduced premium charge for PIP coverage as specified in (a) above shall apply to all policies which are in force, issued or renewed on or after the operative date of this rule.

1. With respect to in force policies, the insurer shall calculate the reduce premium charge in (a) above, and shall issue a refund check in this amount to the insured or apply a credit in this amount to the insured's renewal policy.

i. In the event a policy is nonrenewed or otherwise terminated prior to renewal, the insurer shall calculate a return premium in accordance with the operative date of this rule and the effective termination date of the policy. The insurer shall issue a refund check in this amount to the insured.

11:3-21.4 Filing and statistical requirements

(a) Each automobile filer shall, within 60 days of the effective date of this rule, submit to the Commissioner for approval filings of rates and manual rules for implementing the reduced PIP premium charges for additional automobiles required by this rule.