

December 21, 1998, operative March 22, 1999. See: 30 N.J.R. 3211(a), 30 N.J.R. 3748(a), 30 N.J.R. 4401(a).

Subchapter 38, Towing and Storage Fee Schedule, was repealed by R.1999 d.1, effective January 4, 1999. See: 30 N.J.R. 2813(a), 31 N.J.R. 54(c).

Pursuant to Executive Order No. 66(1978), Chapter 3, Automobile Insurance, was readopted as R.2001 d.44, effective January 4, 2001, and Subchapter 2B, Market Transition Facility of New Jersey Payment Prioritization and Claims Payment Deferral, Subchapter 16A, Flex Rate Percentage Calculations for Private Passenger Automobile Insurance, Subchapter 19, Standard/Nonstandard Rating Plans, and Subchapter 42, Producer Assignment Program, were repealed by R.2001 d.44, effective January 4, 2001. See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).

Subchapter 17, Rate Intervenor Rules, was adopted as new rules by R.2001 d.270, effective August 6, 2001. See: 33 N.J.R. 1305(a), 33 N.J.R. 2694(a).

Subchapter 16B, Rate Process For Limited Rate Changes; Calculations for Private Passenger Automobile Insurance Rate Changes, was adopted as new rules, by R.2001 d.481, effective December 17, 2001. See: 33 N.J.R. 2574(a), 33 N.J.R. 4371(a).

Subchapter 3A, Reporting Requirements and Filing Deadlines, was adopted as new rules, by R.2003 d.95, effective March 3, 2003. See: 34 N.J.R. 3470(a), 35 N.J.R. 1289(a).

Subchapter 2A, Special Automobile Insurance Policy, was adopted as new rules, by R.2003 d.497, effective December 15, 2003. See: 35 N.J.R. 3519(b), 35 N.J.R. 5599(a).

Subchapter 47, Insurance Scenarios, was adopted as new rules, by R.2004 d.118, effective March 15, 2004. See: 35 N.J.R. 4434(a), 36 N.J.R. 1587(a).

Subchapter 35A, Private Passenger Automobile Insurance—Use of Alternate Underwriting Rules, was adopted as new rules, by R.2004 d.165, effective April 19, 2004. See: 35 N.J.R. 4429(a), 36 N.J.R. 1929(a).

Subchapter 16A, Private Passenger Automobile Insurance Territorial Rating Plans, was adopted as new rules, by R.2005 d.126, effective April 18, 2005. See: 36 N.J.R. 3979(a), 37 N.J.R. 1197(a).

Chapter 3, Automobile Insurance, was readopted as R.2006 d.243, effective June 7, 2006. See: 37 N.J.R. 4162(a), 38 N.J.R. 2828(c).

Subchapter 12, Automobile Rate Filers: Flattening of Premium Taxes and Assessments Made for Unsatisfied Claim and Judgment Fund, was renamed Automobile Rate Filers: Flattening of Premium Taxes, by R.2006 d.243, effective July 3, 2006. See: 37 N.J.R. 4162(a), 38 N.J.R. 2828(c).

Subchapter 17, Rate Intervenor Rules, was repealed by R.2006 d.243, effective July 3, 2006 (operative July 16, 2006). See: 37 N.J.R. 4162(a), 38 N.J.R. 2828(c).

Subchapter 8, Renewal and Nonrenewal of Automobile Insurance Policies, was renamed Acceptance, Renewal, Nonrenewal and Cancellation of Automobile Insurance Policies; Subchapter 19A, Tier Rating Plans and Underwriting Rules, was renamed Tier Rating Plans and Tier Placement Criteria; and Subchapter 35, Private Passenger Automobile Insurance Underwriting Rules, Subchapter 35A, Private Passenger Automobile Insurance—Use of Alternate Underwriting Rules, Subchapter 40, Insurers Required to Provide Automobile Insurance Coverage to Eligible Persons, Subchapter 44, Special Rules for Effecting Coverage for Private Passenger Automobile Insurance and Subchapter 47, Insurance Scenarios, were repealed by R.2008 d.380, effective December 15, 2008 (operative January 1, 2009). See: 40 N.J.R. 3572(a), 40 N.J.R. 6970(b).

In accordance with N.J.S.A. 52:14B-5.1b, Chapter 3, Automobile Insurance, was scheduled to expire on June 7, 2013. See: 43 N.J.R. 1203(a).

Chapter 3, Automobile Insurance, was readopted as R.2014 d.004, effective December 3, 2013. See: Source and Effective Date. See, also, section annotations.

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SUBCHAPTER 47. (RESERVED)

**SUBCHAPTER 1. COMMERCIAL AUTOMOBILE
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11:3-1.1 Purpose and scope

(a) The purpose of this subchapter is to establish a plan pursuant to N.J.S.A. 17:29D-1:

1. To provide the coverages described herein, subject to the conditions stated, for motor vehicles other than those vehicles subject to the New Jersey Personal Automobile Insurance Plan;

2. To provide for the apportionment of insurance coverage for qualified applicants who are in good faith entitled to but are unable to procure the same, through the voluntary market; and

3. To establish a procedure for the sharing of premiums, losses, and expenses among all insurers who are participants in New Jersey as defined within this subchapter for all risks qualified for coverage under the provisions 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.502, effective October 21, 1996.

See: 27 N.J.R. 4489(a), 28 N.J.R. 4586(a).

Amended by R.2003 d.415, effective October 20, 2003.

See: 35 N.J.R. 2391(a), 35 N.J.R. 4900(a).

In (a), inserted "other" preceding "private passenger vehicle" in 1, substituted "qualified" for "eligible" preceding "applicants" in 2 and substituted "qualified" for "eligible" preceding "for coverage" in 3.

Amended by R.2008 d.380, effective December 15, 2008 (operative January 1, 2009).

See: 40 N.J.R. 3572(a), 40 N.J.R. 6970(b).

In (a)1, deleted "and any other private passenger vehicle that is owned by or driven by a person who meets the definition of an eligible person pursuant to N.J.S.A. 17:33B-13 and N.J.A.C. 11:3-34" from the end.

11:3-1.2 Definitions

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

"Actively writing" means an insurer writing commercial automobile liability or physical damage insurance in this State in the voluntary or involuntary market. This includes new business and/or renewals.

"CAIP" or "Plan" means the Commercial Automobile Insurance Plan pursuant to this subchapter.

"CAIP manager" means the entity employed by the Governing Committee to manage and conduct the administrative affairs of the CAIP on a daily basis.

"Commissioner" means the Commissioner of the New Jersey Department of Banking and Insurance.

"Emergency type vehicle" means any land vehicle, used to respond to distress calls, fires, or rescue, propelled by other than muscular power and not run upon rails or tracks. This term includes, but is not limited to, fire trucks, rescue trucks, police cars and ambulances.

"Gross participation" means a participant's Voluntary All Other Automobile Direct Written Premiums derived from information contained in the annual statement times a fraction, the numerator of which is the sum of the plan's total written premiums for that year and the Statewide total Voluntary All

Other Automobile Direct Written Premiums which are eligible for depopulation credit for that policy year, and the denominator of which is the Statewide total Voluntary All Other Automobile Net Direct Written Premiums of all participants for that second prior year.

"Light truck" means a vehicle with a gross vehicle weight (G.V.W.) of 10,000 pounds or less.

"Motor vehicle" means any land vehicle propelled otherwise than by muscular power including trailers and semi-trailers, except such vehicles that run only upon rails or tracks.

"Net participation" means a participant's gross participation for that policy year less its business eligible for depopulation credit for that policy year.

"Net participation percentage" means a participant's net participation for that policy year in proportion to the comparable Statewide total net participation for all participants.

"Operating headquarters" means the chief place of business where the principal officers generally transact business, and the place to which reports are made and from which orders emanate. It is the location where the executive offices are, corporate decisions are made and corporate functions are performed.

"Participant" means an insurer licensed and authorized to write motor vehicle liability or physical damage insurance and specifically includes any insurer who writes all other automobile liability and all other automobile physical damage insurance.

"Personal injury protection" means those benefits as set forth at N.J.S.A. 39:6A-4.

"Policy year" means the exposure and premiums for all policies written during a calendar year and all losses attributable to policies written during the same calendar year.

"Private passenger automobile" means a vehicle that meets the definition in N.J.S.A. 39:6A-2a, that is not eligible for coverage through any voluntary or residual market mechanism created by statute, and is owned by an individual or husband and wife; or owned jointly by two or more relatives other than husband and wife; or owned jointly by two or more resident individuals; or owned by a corporation, partnership or unincorporated association, governmental agency, or registered to a professional designation (that is, T/A, PA or P.C.) where such automobiles are furnished to individuals and are not used for business purposes.

National Highway Traffic and Safety Association
Docket Room
NAD-52
400 Seventh Street, S.W.
Washington, D.C. 20590

10. A hydraulic brake lock device is qualified if a warning label announces the presence of the device and the device is designed so that:

- i. The device is mounted on the dash;
- ii. When activated and pressurized with the brake pedal, hydraulic pressure is maintained on the brakes at two or more of the automobile's wheels;
- iii. The device has a high security locking system with at least 50,000 combinations; and
- iv. The lock is such that it cannot be pulled using a conventional slide hammer or lock puller equipment.

11. A window etching vehicle identification system is qualified if a warning label announces the presence of the system, and the system is designed so that:

- i. A specific, identifiable set of numbers is permanently etched into all primary window glass areas, either by sandblasting or a chemical process;
- ii. The set of numbers must be traceable to the automobile's registered owner; and
- iii. Immediate telephonic notification or identification of the registrant must be available 24 hours a day, seven days per week.

(d) A device or system qualifies as a Category IV anti-theft or vehicle recovery device if a warning label announces the presence of the device and it meets the following requirements:

1. The device or system is designed to transmit a pulse or signal by which the location of the automobile in which the device or system is installed may be tracked by those receiving the signal;
2. The device or system is activated or initiated when an automobile is stolen or reported stolen to police;
3. The pulse or signal either must be transmittable to the New Jersey State Police or to a private central monitoring station which shall have direct communication with the New Jersey State Police for the purpose of reporting, tracking and monitoring the automobile; and
4. The device or system shall be designed so that upon recovery, information concerning the automobile's location may be provided to the proper authorities and/or the automobile's owner or insurer.

(e) All warning labels announcing the presence of an anti-theft or vehicle recovery device or system shall be located so

as to be visible from the automobile's exterior, preferably on the forward passenger and driver's side door windows.

(f) The lists set forth in (a) through (d) above are not exclusive, and shall not prevent an insurer from considering other devices or systems as anti-theft or vehicle recovery devices eligible for reductions in the base rates of comprehensive and theft and fire coverages, in a manner determined by the insurer.

Public Notice: Notice of receipt of and action on Petition for rulemaking for vehicle anti-theft and recovery device.

See: 23 N.J.R. 2786(c).

Notice of Receipt of Petition for Rulemaking: Reductions in Premium Charges for Private Passenger Automobiles Equipped with Anti-Theft, Vehicle Recovery and Safety Devices.

See: 24 N.J.R. 305(a).

Notice of Action on Petition for Rulemaking.

See: 24 N.J.R. 658(a).

Amended by R.1999 d.170, effective June 7, 1999.

See: 30 N.J.R. 2332(a), 31 N.J.R. 1493(a).

Inserted (b)5.

11:3-39.6 Reductions in rates for safety features

(a) Except as (d) below may apply, every insurer writing automobile physical damage insurance shall provide a reduction in the base rates of its collision damage coverage for all private passenger automobiles equipped with one or more safety features. Reductions in the base rates shall be as follows:

1. At least five percent for a private passenger automobile equipped with one safety feature;
2. An additional 2.5 percent reduction shall be provided for each additional safety feature with which the automobile is equipped; and
3. No insurer shall be required to provide more than a 10 percent total reduction for safety features, (a)2 above notwithstanding.

(b) Insurers shall develop a list of features which will qualify as collision damage safety features. This list may include features which are standard features for some private passenger automobiles, but which are options or not available for other private passenger automobiles. This list shall include:

1. Anti-lock braking systems;
2. Traction control systems; and
3. Five-mile-per-hour bumpers.

(c) An insurer may require reasonable proof that a private passenger automobile is equipped with a safety feature before providing any reduction in the base rates for collision damage coverage for private passenger automobiles. An inspection for the issuance or renewal of physical damage coverages, as set forth at N.J.A.C. 11:3-36, shall be considered reasonable proof.

(d) The requirements of (a) through (c) above shall not be applicable to those insurers which utilize make and model rating in pricing collision coverage.

11:3-39.7 Penalties

Any insurer which fails to comply with the terms of this subchapter shall be in violation of this subchapter, and subject to the assessment of any and all penalties in accordance with the laws of this State.

11:3-39.8 Severability

If any provision of this subchapter or application thereof to any person or circumstances is held invalid, the remainder of the subchapter and application of such provisions to other persons or circumstances shall not be affected thereby.

SUBCHAPTERS 40 THROUGH 44. (RESERVED)

SUBCHAPTER 45. INSURERS REQUIRED TO PROVIDE SURVEY INFORMATION

11:3-45.1 Purpose and scope

(a) The purpose of the subchapter is to implement N.J.S.A. 39:6A-23.1 by setting forth those procedures by which insurers shall annually submit to the Department current premium information.

(b) This subchapter shall apply to all auto insurers that have on file with the Department a current personal lines rating system for automobile insurance.

Amended by R.2008 d.380, effective December 15, 2008 (operative January 1, 2009).

See: 40 N.J.R. 3572(a), 40 N.J.R. 6970(b).

In (b), deleted “and which are not exempted from the obligation to insure, renew, or provide automobile insurance to eligible persons. Exempted insurers are listed in N.J.A.C. 11:3-40.3(b), (c) and (d)” at the end.

11:3-45.2 Definitions

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

“Auto insurer” means an entity authorized or admitted to write automobile insurance in New Jersey but does not include any residual market mechanism implemented pursuant to N.J.S.A. 17:29D-1 et seq. or any other statute.

“Automobile insurance” means insurance for private passenger automobile including one or more of the following coverages: bodily injury liability and property damage liability, comprehensive and collision coverages, uninsured and underinsured motorist coverage, personal injury protection,

additional personal injury protection coverage and any other automobile insurance required by law.

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

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

“Survey information” means the data annually supplied by the Commissioner to the auto insurers from which they will then issue survey quotations. This information includes, but is not limited to, the prior driving experience of the insured, the nature and extent of coverages, the deductible, the composition of household, information regarding the proposed vehicle, and other pertinent information.

Administrative change.

See: 30 N.J.R. 1317(a).

Amended by R.2008 d.380, effective December 15, 2008 (operative January 1, 2009).

See: 40 N.J.R. 3572(a), 40 N.J.R. 6970(b).

Rewrote definition “Auto insurer”.

11:3-45.3 Annual premium survey filing

(a) Every auto insurer shall prepare and file on or before September 15 of each calendar year, with the Department, at the address set forth in (d) below, an annual premium survey reflecting premiums charged for specific automobile insurance coverage.

(b) The filing shall reflect the annual premiums by coverage as of October 1 of that calendar year and shall be predicated on survey information provided by the Commissioner to auto insurers by Bulletin on or before September 1 of each calendar year.

(c) Surveys required by this subchapter shall be submitted using the Excel template available on the Department’s website at <http://www.state.nj.us/dobi> on one of the following media:

1. E-mail (preferred media) to: reports@dobi.state.nj.us; or

2. CD-ROM mailed to:

New Jersey Department of Banking and Insurance
Office of Property and Casualty
PO Box 325
Trenton, NJ 08625-0325
Attn: Automobile Premium Comparison Survey

Administrative change.

See: 30 N.J.R. 1317(a).

Amended by R.2014 d.004, effective January 6, 2014.

See: 45 N.J.R. 1886(a), 46 N.J.R. 86(a).

Deleted former (c); recodified former (d) as (c); and rewrote (c).

11:3-45.4 Penalties

Failure to comply with the provisions of this subsection shall result in the imposition of penalties as prescribed by law.

**APPENDIX
(RESERVED)**

Administrative change.

See: 30 N.J.R. 1317(a).

Repealed by R.2014 d.004, effective January 6, 2014.

See: 45 N.J.R. 1886(a), 46 N.J.R. 86(a).

Appendix was "New Jersey Automobile Insurance Premium Comparison Survey."

**SUBCHAPTER 46. AUTOMOBILE INSURANCE
URBAN ENTERPRISE ZONE PROGRAM**

11:3-46.1 Purpose and scope

(a) The purpose of this subchapter is to:

1. Provide for the establishment of a private passenger automobile insurance urban enterprise zone program pursuant to N.J.S.A. 17:33C-1 et seq., and for the voluntary rating tier of the PAIP pursuant to N.J.S.A. 17:29D-1i; and

2. Encourage greater availability of private passenger automobile insurance in certain urban areas of this State as designated by the Commissioner pursuant to N.J.S.A. 17:33C-2b and this subchapter.

(b) This subchapter shall apply to all insurers authorized or admitted to transact private passenger automobile insurance in this State, all insurers seeking to become "qualified insurers" pursuant to N.J.S.A. 17:33C-3 and this subchapter, and all producers seeking to become "UEZ agents" or "qualified producers" pursuant to N.J.S.A. 17:33C-1 et seq. and 17:29D-1, and this subchapter.

(c) In accordance with N.J.S.A. 17:29D-1i(6), the provisions of N.J.A.C. 11:3-46.6, 46.7, 46.8, 46.9, 46.10, and 46.11 shall not be operative after November 1, 2003.

Amended by R.1999 d.218, effective July 19, 1999.

See: 31 N.J.R. 920(a), 31 N.J.R. 1927(a).

In (c), inserted N.J.S.A. reference at the beginning, and changed the date from December 31, 2000 to November 1, 2003 at the end.

11:3-46.2 Definitions

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

"Automobile" means an automobile as defined pursuant to N.J.S.A. 39:6A-2.

"Automobile insurance" means personal lines private passenger automobile insurance.

"Automobile insurance urban enterprise zone" or "UEZ" means a geographic area identified and designated by the Commissioner pursuant to N.J.S.A. 17:33C-2 and this subchapter.

"Automobile insurance urban enterprise zone program" or "program" means an automobile insurance urban enterprise zone program established pursuant to N.J.S.A. 17:33C-2 and this subchapter.

"Automobile insurer" means an insurer or group of affiliated insurers authorized or admitted to transact the business of personal lines private passenger automobile insurance in this State.

"Bona fide office" means an office maintained by the producer for the transaction of business that is open to the public during normal business hours, and that provides access as required by 12 U.S.C. § 12101 (the "Americans with Disabilities Act").

"CAIP" means the Commercial Automobile Insurance Plan established pursuant to N.J.S.A. 17:29D-1 and N.J.A.C. 11:3-1.

"Commissioner" means the Commissioner of the New Jersey Department of Banking and Insurance.

"Department" means the New Jersey Department of Banking and Insurance.

"Insurance producer" means any person engaged in the business of an insurance agent, insurance broker, or insurance consultant, and who is licensed pursuant to N.J.S.A. 17:22A-1 et seq.

"Located in a UEZ" or "maintain a bona fide office in a UEZ" means that the street address of the business office of the producer is located in a zip code located within a UEZ. Determination of zip code boundaries shall be based on the edition of the United States Zip Code and Post Office Directory in effect at the time of the application for eligibility.

"PAIP" means the New Jersey Personal Automobile Insurance Plan established pursuant to N.J.S.A. 17:29D-1 and N.J.A.C. 11:3-2.

"Qualified insurer" means an automobile insurer that is a qualified insurer pursuant to N.J.S.A. 17:33C-3 and this subchapter.

"Urban enterprise zone agent" or "UEZ agent" means an insurance producer who is licensed pursuant to N.J.S.A. 17:22A-1 et seq., is appointed on or after January 1, 1998 by a qualified insurer in accordance with the procedures set forth in N.J.S.A. 17:22A-15 and N.J.A.C. 11:17-2.9 to represent it in an automobile insurance urban enterprise zone under the terms of N.J.S.A. 17:33C-1 et seq., and maintains a bona fide office within that automobile insurance urban enterprise zone.

Amended by R.2008 d.380, effective December 15, 2008 (operative January 1, 2009).

See: 40 N.J.R. 3572(a), 40 N.J.R. 6970(b).

Deleted definition "Eligible person".

11:3-46.3 Designation of UEZ and UEZ share

(a) Pursuant to N.J.S.A. 17:33C-2, the Commissioner has identified and designated as UEZs certain urban-based geographic areas where the Commissioner has found that automobile insurance consumers would benefit from increased access to automobile insurance as set forth below. UEZs shall be designated by municipality consisting of one or more zip codes.

(b) In determining UEZ areas, the Commissioner first determined those areas of the State that are urban, as follows:

1. The eight Urban Centers designated by the State Planning Commission, Appendix C in the most recent edition of the State Plan; and
2. Municipalities with populations in excess of 10,000 as of the 1990 census and with population densities in excess of 3,500 persons per square mile.

(c) From the urban areas of the State pursuant to (b) above, the Commissioner has designated the UEZs using the following criteria:

1. Municipalities where less than half of the insurers with a Statewide marketshare of at least 0.5 percent have a marketshare in the municipality that is at least equal to 90 percent of their Statewide marketshare; and which are either:
 - i. Located in those rating territories where the pure premium for business in that territory divided by the pure premium for business in all territories exceeds 1.35, based on the data from the Department's statistical agents for calendar-accident years 1993 through 1995 evaluated as of March 31, 1996;
 - ii. Designated as an Urban Center by the State Planning Commission, Appendix C in the 1992 edition of the New Jersey State Development and Redevelopment Plan; or
 - iii. Designated in the top 20 distressed municipalities by the State Planning Commission, in the 1996 Municipal Distress Index, Appendix B in the 1992 edition of the New Jersey State Development and Redevelopment Plan.

(d) The initial UEZ areas determined pursuant to (b) and (c) above are set forth in Exhibit A in the Appendix to this subchapter, incorporated herein by reference.

(e) The Commissioner shall, in consultation with the UEZ Advisory Committee established pursuant to N.J.S.A. 17:33C-2b, periodically review the availability of automobile insurance in this State and determine whether any revisions to

the designation of UEZ areas are necessary to further the intent of N.J.S.A. 17:33C-1 et seq.

(f) The Commissioner shall advise each insurer of its UEZ share calculated as set forth in Exhibit B in the Appendix to this subchapter, incorporated herein by reference, by Order on or about November 15 of each year.

1. An insurer's initial UEZ share shall be based on each insurer's in-force exposures in UEZs reported for the period ended September 30, 1997. Subsequent UEZ shares shall be based on in-force exposures for the period ended September 30 of each year thereafter.

Amended by R.1999 d.218, effective July 19, 1999.

See: 31 N.J.R. 920(a), 31 N.J.R. 1927(a).

Rewrote (c).

11:3-46.4 Qualified insurers

(a) An automobile insurer may apply to the Commissioner to be considered a qualified insurer for purposes of participating in the UEZ program. An automobile insurer seeking to become a qualified insurer shall demonstrate that it will actively conduct business in UEZ areas by filing plans and procedures, including, but not limited to, the following:

1. A plan to increase access to automobile insurance for consumers residing in a UEZ;
2. A plan to assist newly appointed UEZ agents in developing the skills necessary to manage a successful business;
3. Procedures to monitor and evaluate the impact of efforts to expand services to urban areas;
4. Materials designed to assist consumers in understanding automobile insurance coverages;
5. The insurer's marketing plans and goals for increasing its writing of risks in automobile insurance urban enterprise zones; and
6. A certification from the insurer that it will file all reports required by this subchapter.

(b) The documents submitted pursuant to (a) above shall set forth with specificity:

1. The insurer's goal, which shall be the number of in-force exposures needed to meet its UEZ share, as calculated pursuant to N.J.A.C. 11:3-46.3(f).
 - i. In the case of an insurer that has been approved by the Department to limit coverage to persons who are members or employees of members of certain groups, clubs or organizations, such as trade associations or the military (so-called membership companies) when membership is a condition for insurance and is uniformly and consistently applied on a Statewide basis, its goal shall be to increase accessibility and marketshare in UEZs so that it insures at least the same percentage of potential

eligible members in UEZs as its percentage marketshare of eligible members located outside the UEZs. The insurer also shall be able to demonstrate the potential number of eligible members in and outside the UEZs with credible data;

2. The number of in-force exposures projected to be written in the UEZs and Statewide for each quarter for the periods ending March 31, June 30, September 30, and December 31, which shall consider reductions in actual in-force writings due to nonrenewal, lapse, cancellations, etc.;

3. The UEZs in which the insurer intends to write or increase its writings;

4. The manner by which the insurer intends to satisfy its goal of increasing writings in UEZs, such as appointment of UEZ agents; use of existing agents; new marketing initiatives; etc.;

5. A listing of UEZ agents appointed to date, together with any limit on the number of exposures the UEZ agents may write, pursuant to N.J.S.A. 17:33C-4; and

6. If UEZ agents will be utilized, the support services to be provided to those agents to write the business and whether support services to be provided are different than those provided to its agents appointed in the ordinary course of business.

(c) All qualified insurers and insurers filing for qualification shall keep current the information required as part of an application for qualification by filing with the Department any changes in the information filed pursuant to (b) above no later than 15 days after such change.

(d) An automobile insurer that meets the applicable standards established pursuant to (a) above shall certify to the Commissioner that it is a qualified insurer and shall certify to the specific provisions set forth in its plan pursuant to (b) above.

(e) An automobile insurer that certifies to the Commissioner pursuant to (d) above that it meets the standards established pursuant to (a) and (b) above shall be a qualified insurer. If upon review of the documents filed the Commissioner determines that the plan fails to provide all of the information required pursuant to (a) and (b) above, the Commissioner shall promptly notify the insurer that its filing is incomplete, and that it shall not be considered a qualified insurer until the deficiencies in the filing are addressed.

(f) Only qualified insurers shall be eligible to participate in the UEZ program.

(g) To the extent an insurer, in order to provide a complete plan to be a qualified insurer, submits proprietary information, the insurer shall identify and include such information on separate documents. Proprietary information shall be confidential and shall not be subject to public inspection or copying pursuant to the "Open Public Records Act", N.J.S.A.

47:1A-1 et seq. If the Department determines that such information is not proprietary, the Department shall notify the insurer prior to responding to any public records request.

Amended by R.2008 d.380, effective December 15, 2008 (operative January 1, 2009).

See: 40 N.J.R. 3572(a), 40 N.J.R. 6970(b).

In the introductory paragraph of (b)1, substituted a period for a semicolon at the end; rewrote (b)1i; and in (g), substituted "'Open Public Records Act'" for "'Right-to-Know' law".

11:3-46.5 UEZ agents

(a) A qualified insurer may appoint one or more UEZ agents on or after January 1, 1998. Such appointments shall comply with all requirements set forth in N.J.S.A. 17:33C-4 and 17:22A-15, N.J.A.C. 11:17-2.9, and this subchapter. UEZ agent contracts shall set forth any limitation on the number of exposures that may be written by the UEZ agent pursuant to N.J.S.A. 17:33C-4. The notice of agency contract filed pursuant to N.J.A.C. 11:17-2.9 shall note that the agent is a UEZ agent whose contract includes provisions permitted by N.J.S.A. 17:33C-1 et seq. and this subchapter.

(b) The insurer shall provide UEZ agents with reasonable support services. In addition, in setting the compensation for UEZ agents, the insurer shall comply with N.J.S.A. 17:33B-18b.

(c) If the qualified insurer is a direct writer (that is, an insurer that writes business directly through its own employees without the use of contracted agents), and has an amount of in-force exposures in UEZs that exceeds 105 percent of its Statewide marketshare as of the end of a quarterly reporting period, it may request that the Commissioner permit the insurer to suspend any additional marketing efforts implemented as part of its plan submitted pursuant to N.J.A.C. 11:3-46.4.

11:3-46.6 PAIP voluntary rating tier

(a) Pursuant to N.J.S.A. 17:29D-1i, the PAIP Plan of Operation shall provide for the establishment of a voluntary rating tier in which persons residing in UEZs may be written by certain UEZ agents and qualified producers, as set forth in N.J.A.C. 11:3-46.7. The rates utilized in the voluntary rating tier shall be the voluntary market rates in use by the insurer to which the risk is distributed.

(b) The voluntary rating tier shall not provide insurance coverage for more than five percent of the aggregate number of private passenger automobile non-fleet exposures being written in the total private passenger automobile insurance market in this State. The number of exposures written in the voluntary rating tier shall be included for purposes of determining the maximum number of overall exposures permitted to be written in the PAIP pursuant to N.J.S.A. 17:29D-1d. The Commissioner may suspend writings in the voluntary rating tier if he or she finds that total amount of exposures written in the PAIP is approaching the maximum

amount permitted to be written in the PAIP pursuant to N.J.S.A. 17:29D-1d.

(c) An insurer that does not meet its goal, for qualified insurers, or UEZ share, for insurers that are not qualified insurers, shall be subject to distributions in an amount required for the insurer to meet its goal or UEZ share, as applicable, evaluated based on the insurer's quarterly reports filed pursuant to N.J.A.C. 11:3-46.13 in accordance with (f) below.

(d) Insurers that have, and maintain, an aggregate voluntary private passenger automobile insurance marketshare in UEZs that is at least 95 percent of the insurer's goal, if a qualified insurer, or UEZ share, if not a qualified insurer, shall be exempt from distributions pursuant to this section.

(e) An insurer shall be subject to initial distributions beginning September 1, 1998 unless the insurer has filed a

plan to become a qualified insurer pursuant to N.J.A.C. 11:3-46.4 by July 1, 1998 that provides as a goal to eliminate its shortfall by March 31, 1999; and either:

1. Has written an amount of in-force exposures equal to at least 20 percent of its goal by June 30, 1998; or

2. Has filed a report with the Department prior to September 1, 1998 that demonstrates that the insurer has written an amount of in-force exposures equal to at least 30 percent of its goal as of September 1, 1998.

(f) An insurer shall be subject to subsequent distributions of exposures if it fails to maintain its goal as of June 30 and each calendar quarter thereafter following the establishment of the UEZ share, based on the report of in-force exposures filed pursuant to N.J.A.C. 11:3-46.13. The Department shall monitor the amount of an insurer's in-force writings quarterly to determine whether it is or remains subject to distributions.

(g) Insurers that are exempt from participation in the PAIP pursuant to N.J.A.C. 11:3-2.4 shall not be subject to distributions pursuant to this section. To the extent that an insurer is exempted from the obligation to participate in the PAIP pursuant to N.J.S.A. 17:33B-23 and 17:33B-24, subject to an informational filing withdrawal pursuant to N.J.A.C. 11:2-29, or under administrative supervision pursuant to N.J.S.A. 17:51A-1 et seq., and that specific orders address its obligations, those orders will continue to control, and an insurer's obligations under these rules shall be addressed in those orders or supplementary orders.

Amended by R.1999 d.218, effective July 19, 1999.

See: 31 N.J.R. 920(a), 31 N.J.R. 1927(a).

In (f), rewrote the first sentence.

Amended by R.2008 d.380, effective December 15, 2008 (operative January 1, 2009).

See: 40 N.J.R. 3572(a), 40 N.J.R. 6970(b).

In (a), deleted "eligible" preceding "persons"; and in (g), substituted "an informational filing" for "a plan of orderly".

11:3-46.7 Qualified producers

(a) Only UEZ agents who have met any limit on exposures that may be written in accordance with the UEZ agent's agreement with the appointing insurer pursuant to N.J.S.A. 17:33C-4, and who is certified by the PAIP, or qualified producers as set forth below, shall be permitted to submit risks from UEZs to the PAIP for coverage under the voluntary rating tier, subject to any apportionment of distributions by the PAIP pursuant to N.J.A.C. 11:3-46.11(h).

(b) For purposes of this subchapter, a "qualified producer" is a producer who:

1. Has been duly licensed with property/casualty authority for the three years immediately preceding the effective date of N.J.S.A. 17:33C-1 et seq.;
2. Has no affiliation with a voluntary market insurer for the placement of automobile insurance;
 - i. A producer shall not be deemed to have an affiliation with a voluntary market insurer if the insurer has been placed in rehabilitation or liquidation pursuant to N.J.S.A. 17:30C-1 et seq.; or has been placed under administrative supervision pursuant to N.J.S.A. 17:51A-1 et seq.;
3. Had an affiliation with a voluntary market insurer for the placement of automobile insurance that was terminated by the insurer in the last three years;
4. Conducts as of the date of application and has continuously conducted his or her business in a bona fide office in a UEZ during the three years immediately preceding January 1, 1998, supported by proper documentation;
5. Is certified by the PAIP; and
6. Demonstrates to the PAIP his or her competency, efficiency and effectiveness in the solicitation, negotiation and effectuation of automobile insurance as evidenced by

any history of disciplinary actions or complaints against the producer, and other relevant factors.

(c) Any producer seeking to become a qualified producer shall file an application with the PAIP on a form to be provided by the PAIP, at the following address:

New Jersey Personal Automobile Insurance Plan
6000 Midlantic Drive
Suite 200 North
Laurel Corporate Center
Mt. Laurel, NJ 08054

(d) The PAIP shall review each completed application to determine whether the producer meets the criteria set forth in (b) above, and shall advise the applicant whether he or she is a qualified producer under the voluntary rating tier within 30 days of receipt of a complete application. Disapproval of an application shall be as provided in N.J.A.C. 11:3-46.9.

Amended by R.2008 d.380, effective December 15, 2008 (operative January 1, 2009).

See: 40 N.J.R. 3572(a), 40 N.J.R. 6970(b).

In (a), deleted "eligible person" preceding "risks"; and rewrote (b)2i.

11:3-46.8 Review of applications

(a) In determining whether a producer has demonstrated competency, efficiency and effectiveness in the solicitation, negotiation and effectuation of insurance, the PAIP's review shall include, but need not be limited to, the following:

1. Any records concerning the termination of the producer's affiliation with any voluntary market insurer(s) to determine whether the reason for termination adversely reflects on the producer's competency, efficiency and effectiveness in servicing insurance business or otherwise indicates that the producer should not be qualified due to unworthiness, bad faith, lack of integrity, financial irresponsibility, dishonesty or other criteria deemed relevant by the Commissioner;
2. Any records relating to the appointment of the producer to act as a PAIP or CAIP producer, his or her performance as a PAIP or CAIP producer, and any corrective or disciplinary action taken by the PAIP or CAIP with respect to the producer;
3. Any administrative action instituted by the Department (that is, issuance of an Order to Show Cause, issuance of an order pursuant to N.J.S.A. 17:22A-20d etc.) with respect to the producer that has resulted in the imposition of fines or suspensions or revocation of license privileges, including the imposition of such sanctions based on a consent order; and
4. Upon disclosure on the application or any other document reviewed by the PAIP of such administrative actions, any records relating to administrative actions instituted by any licensing authority of this or any other state or the Federal government with respect to the producer that

has resulted in the imposition of fines, or suspension or revocation of license privileges.

11:3-46.9 Disapproval standards

(a) A producer's application to be a qualified producer under the voluntary rating tier shall be disapproved if, based on the PAIP's review as set forth in N.J.A.C. 11:3-46.8:

1. The producer failed to file a completed application with the PAIP as provided in N.J.A.C. 11:3-46.7(c);
2. The producer is determined not to meet the eligibility criteria set forth in N.J.A.C. 11:3-46.7(b)1 through 5;
3. The producer knowingly withheld material information on the application or any accompanying document or intentionally made or caused to be made any false, deceptive or fraudulent statement during the application process, or otherwise qualified or attempted to qualify by fraud or material misrepresentations; or
4. The producer has failed to comply with insurance laws or regulations and/or the producer standards established by the PAIP in such a manner or with such frequency as to demonstrate a lack of competency, efficiency and effectiveness in the solicitation, negotiation and servicing of insurance business. In making its determination under this paragraph, the PAIP shall consider the nature of any violation and how recently it occurred.

(b) An otherwise eligible producer whose application has been disapproved may reapply, except where such disapproval is for cause. For the purpose of this provision, the term "for cause" shall mean any willful and/or repeated violation of insurance laws or rules, or PAIP performance standards, or any conduct that demonstrates unworthiness, lack of integrity, bad faith, dishonesty, financial irresponsibility or incompetency to transact business as an insurance producer.

(c) When the PAIP disapproves an application for a qualified producer, the disapproval notice shall:

1. Include a written statement specifying the reasons for the rejection; and
2. Inform the producer of his or her ability to request a review by the Commissioner, within 10 days after receipt of the disapproval by the PAIP.
 - i. A request for review by the Commissioner shall be in writing and made within 10 days of receipt of the disapproval and shall be accompanied by all supporting documentation, if any, disputing with specificity, the reasons for disapproval. A copy of the request shall be filed concurrently with the PAIP. A response to this request may be made by the PAIP within 10 days after receipt by the PAIP; and
 - ii. The Commissioner shall issue a written decision with reasons upholding or reversing the decision of the

PAIP within 45 days from receipt of the last written request or response, whichever is later.

(d) Any review by the Commissioner pursuant to this rule shall be conducted based on a review of the record established by the PAIP.

11:3-46.10 Commissions

(a) Qualified producers shall receive commissions for risks placed in the voluntary rating tier from the insurer to which the risks are distributed. Such commissions shall be equivalent to the insurer's usual commission rate for its agents or brokers, or may be a newly established commission rate for brokers placing business in the voluntary rating tier, but in no event less than nine percent. Direct writers shall pay an amount not less than nine percent. To the extent the minimum commission required pursuant to this section exceeds the insurer's commission underlying its current rates, for every two percent that the minimum commission required exceeds the commission underlying the insurer's current approved rates, the insurer may file rule pages to provide for a one percent increase in rates for business written pursuant to N.J.A.C. 11:3-46.6. In the case of a direct writer, the insurer's commission underlying its rates shall be deemed to be zero.

11:3-46.11 Coverage application procedure

(a) A producer requesting coverage through the voluntary rating tier on behalf of an applicant shall file with the PAIP an application for coverage in a form acceptable to the Commissioner. The application shall contain the information required to constitute a completed written application pursuant to N.J.A.C. 11:3-44, except that a coverage selection form shall be supplied as provided in (c) below. The application shall include information regarding requested coverages, limits of coverages and tort threshold options.

(b) The assigned insurer shall review the application and determine the eligibility for coverage in accordance with time frames and other requirements set forth in N.J.A.C. 11:3-44. Quotations, accompanied by a coverage selection form and any other documents required by the insurer in accordance with its normal business practice in the voluntary market, shall be mailed or faxed to the producer and mailed to the applicant. All quotations shall be valid for a period of 30 days after the date of issuance of the quotation.

1. The insurer shall provide a quotation based on the requested limits of coverage set forth in the application. To the extent that the insurer does not offer the specific limit(s) requested, the insurer shall offer the next broadest coverage it offers.
2. Together with the quotation provided to the applicant pursuant to (b) above, the insurer shall include a coverage selection form specifying the limits of coverages to be provided pursuant to (b)1 above to be executed by the applicant.

(c) Coverage may be effected by the applicant by returning the coverage selection form signed by the applicant together with any required premium deposit to the insurer.

(d) Nothing in this section shall be construed as limiting the PAIP from developing additional application procedures that are not inconsistent with this section.

(e) Qualified producers shall not accept multiple applications from the same applicant. The producer shall not submit an application on behalf of an applicant that has applied to the voluntary rating tier within the immediately preceding 30 days.

(f) The PAIP may apportion the number of exposures that may be written among UEZ agents and qualified producers. Such apportionment shall be based on the number of UEZ agents and qualified producers, the number of exposures available to be distributed, and the limit on the number of exposures that may be written through the voluntary rating tier.

(g) The PAIP shall reject and not distribute any risk produced from a UEZ agent or qualified producer that fails to satisfy the requirements of N.J.A.C. 11:3-46.7.

11:3-46.12 PAIP Plan of Operation

(a) The PAIP shall develop any amendments or supplements to the PAIP Plan of Operation as may be necessary or appropriate to provide for the implementation of N.J.A.C. 11:3-46.6, 46.7, 46.8, 46.9, 46.10, and 46.11. Such amendments or supplements shall be subject to review and approval by the Commissioner pursuant to N.J.A.C. 11:3-2.6.

(b) The PAIP governing committee shall submit to the Commissioner, for his or her approval, such amendments and supplements to the Plan of Operation no later than July 1, 1998. If the governing committee does not submit amendments or supplements within the time set forth in (a) above, or amendments or supplements acceptable to the Commissioner within 30 days after disapproval of the proposed changes, the Commissioner may promulgate such amendments or supplements and certify same to the governing committee.

11:3-46.13 Reporting requirements

(a) Each automobile insurer shall report information on its exposures in UEZs by complying with the requirements set forth in N.J.A.C. 11:3-3A.

(b) In addition to (a) above, the Commissioner may from time to time order insurers to file in-force exposure data by zip code for all urban areas, regardless of whether those areas are currently designated as UEZs.

(c) Reports filed pursuant to this section shall be confidential and shall not be subject to public inspection or copying pursuant to the "Right-to-Know" law, N.J.S.A. 47:1A-1 et seq.

Amended by R.1999 d.218, effective July 19, 1999.
See: 31 N.J.R. 920(a), 31 N.J.R. 1927(a).

In (a), rewrote the last sentence.

Amended by R.2014 d.004, effective January 6, 2014.

See: 45 N.J.R. 1886(a), 46 N.J.R. 86(a).

Rewrote (a), and deleted (d).

11:3-46.14 Penalties

Failure to comply with this subchapter shall result in the imposition of penalties as authorized by law, including, but not limited to, a penalty up to \$1,000 for a first violation, and up to \$2,000 for each subsequent violation, pursuant to N.J.S.A. 17:33-2; and a fine up to \$25,000, or suspension or revocation of an insurer's certification as a qualified insurer, pursuant to N.J.S.A. 17:33C-3c.

APPENDIX

Exhibit A

Zip Code	Town	County	Territory
07302	Jersey City	Hudson	1
07303	Jersey City	Hudson	1
07304	Jersey City	Hudson	1
07305	Jersey City	Hudson	1
07306	Jersey City	Hudson	1
07307	Jersey City	Hudson	1
07309	Jersey City	Hudson	1
07310	Jersey City	Hudson	1
07311	Jersey City	Hudson	1
07047	N. Bergen	Hudson	1
07087	Union City/Weehawken	Hudson	1
07093	West New York/Guttenberg	Hudson	1
07101	Newark	Essex	2
07102	Newark	Essex	2
07103	Newark	Essex	2
07104	Newark	Essex	2
07105	Newark	Essex	2
07106	Newark	Essex	2
07107	Newark	Essex	2
07108	Newark	Essex	2
07112	Newark	Essex	2
07114	Newark	Essex	2
07011	Clifton	Passaic	3
07012	Clifton	Passaic	3
07013	Clifton	Passaic	3
07014	Clifton	Passaic	3
07026	Garfield	Bergen	3
07506	Hawthorne	Passaic	3
07507	Hawthorne	Passaic	3
07424	Little Falls/W. Paterson	Passaic	3
07055	Passaic	Passaic	3
07501	Paterson	Passaic	3
07502	Paterson	Passaic	3
07503	Paterson	Passaic	3
07504	Paterson	Passaic	3
07505	Paterson	Passaic	3
07509	Paterson	Passaic	3
07510	Paterson	Passaic	3
07513	Paterson	Passaic	3
07514	Paterson	Passaic	3
07522	Paterson	Passaic	3
07524	Paterson	Passaic	3
07533	Paterson	Passaic	3
07543	Paterson	Passaic	3
07544	Paterson	Passaic	3
07057	Wallington	Bergen	3
07201	Elizabeth	Union	4
07202	Elizabeth	Union	4
07206	Elizabeth	Union	4
07207	Elizabeth	Union	4
07208	Elizabeth	Union	4
08601	Trenton	Mercer	6
08602	Trenton	Mercer	6

<u>Zip Code</u>	<u>Town</u>	<u>County</u>	<u>Territory</u>
08603	Trenton	Mercer	6
08605	Trenton	Mercer	6
08607	Trenton	Mercer	6
08608	Trenton	Mercer	6
08609	Trenton	Mercer	6
08611	Trenton	Mercer	6
08618	Trenton	Mercer	6
08629	Trenton	Mercer	6
08638	Trenton	Mercer	6
08030	Gloucester	Camden	7
08101	Camden	Camden	7
08102	Camden	Camden	7
08103	Camden	Camden	7
08104	Camden	Camden	7
08105	Camden	Camden	7
08861	Perth Amboy	Middlesex	8
08862	Perth Amboy	Middlesex	8
08401	Atlantic City	Atlantic	19
07109	Belleville	Essex	22
07111	Irvington	Essex	22
07017	E. Orange	Essex	38
07018	E. Orange	Essex	38
07019	E. Orange	Essex	38
07050	Orange City	Essex	38
07051	Orange City	Essex	38
07061	Plainfield	Union	39
07062	Plainfield	Union	39
07063	Plainfield	Union	39
08901	New Brunswick	Middlesex	40
08903	New Brunswick	Middlesex	40
08906	New Brunswick	Middlesex	40

Exhibit B

Calculation of UEZ Shares:

1. In-Force Exposures reported by zip code are combined for individual companies that are part of a group. Also, the in-force exposures reported for individual zip codes are combined for all UEZs.

2. The "Statewide Market Share" for an automobile insurer is calculated by dividing the total number of in-force exposures reported on the quarterly in-force report minus the total number of exposures in UEZs as of September 30 by the total number of in-force exposures in the state.

3. The "Individual UEZ Share" is the number of exposures a company or group should be writing in all UEZs combined. The Individual UEZ Share is calculated by multiplying an automobile insurer's statewide market share times the total number of exposures in all the UEZ's.

4. Each automobile insurer's "Individual UEZ Shortfall" is calculated by subtracting the number of its in-force exposures in all UEZs from its Individual UEZ share. A negative number indicates that the company exceeded its statewide market share in that UEZ. Example:

To illustrate how these calculations are made, the example below uses two automobile insurers. Group A consists of Company 1 and Company 2. Company B is a single company. Two municipalities, E. Orange and Elizabeth, are used in the example to represent all UEZs.

In-Force Exposures Reported to Department

<u>Zip Code</u>	<u>Town</u>	<u>Group A</u>		<u>Group A total</u>	<u>Company B</u>
		<u>Company 1</u>	<u>Company 2</u>		
07017	E. Orange	91	7	98	38
07018	E. Orange	39	10	49	24
07019	E. Orange	4	6	10	8
total	E. Orange			157	70
07201	Elizabeth	4	6	10	78
07202	Elizabeth	71	13	84	253
07206	Elizabeth	114	13	127	61
07207	Elizabeth	14	0	14	136
07208	Elizabeth	7	2	9	125
total	Elizabeth			244	653

In-Force Exposures for Individual Zip Code and Insurer Groups Combined

	<u>Group A</u>	<u>Company B</u>	<u>Total In-Force Exposures in UEZ</u>
All UEZs	401	723	60,000

Calculation of Statewide Market Share

	<u>Group A</u>	<u>Company B</u>	<u>Total In-Force Exposures in State</u>
Total in-force	242,000	49,000	4,400,000
less UEZs	401	723	
Market share	5.51%	1.10%	

Calculation of Individual UEZ Shares

	<u>Group A</u>	<u>Company B</u>
UEZ in-force	3,295	658

Calculation of Individual UEZ Shortfalls

	<u>Group A</u>	<u>Company B</u>
UEZ in-force	401	723
UEZ Share	3,295	658
Total Shortfall	2,894	- 65

Amended by R.1999 d.218, effective July 19, 1999.

See: 31 N.J.R. 920(a), 31 N.J.R. 1927(a).

In Exhibit A, inserted references to the towns of Perth Amboy and Plainfield; and added Exhibit C.

Amended by R.2014 d.004, effective January 6, 2014.

See: 45 N.J.R. 1886(a), 46 N.J.R. 86(a).

Former Exhibit C, UEZ Quarterly In-Force Exposure Report Required by N.J.A.C. 11:3-4, repealed.

SUBCHAPTER 47. (RESERVED)