

TITLE _____ TELEPHONE _____

- 2. INSURER GROUP NAIC # _____
- 2A. INSURER COMPANY NAIC # _____
- 3. LINE OF INSURANCE _____
- 4. RATING ORGANIZATION _____
- 5. RATING ORGANIZATION REFERENCE FILING # _____
- 6. The above insurer hereby declares that it is a member, subscriber or service purchaser of the named rating organization for this line of insurance. The insurer hereby files to be deemed to have independently submitted as its own filing, the prospective loss costs in the captioned Reference Filing.
- 7. PROPOSED RATE LEVEL CHANGE _____% EFFECTIVE DATE _____
- 8. PRIOR RATE LEVEL CHANGE _____% EFFECTIVE DATE _____
- 9. ATTACH "FILING ADOPTION FORM" FOR EACH INSURER IF SELECTED LOSS COST MULTIPLIER IS DIFFERENT.
- ** The filed Loss Cost Level Change Factor for the initial filing is the Ratio of the Revised Loss Costs to Current Rates divided by the Deviation which the insurer applied to the Current Rates (expressed as a decimal); and for subsequent filings, the Ratio Loss Cost Level to Current Loss Cost Levels.

Insurer Name: _____ Date of filing out form: _____
 NAIC #Group: _____ Company: _____

**NEW JERSEY EXPENSE CONSTANT SUPPLEMENT
 CALCULATION OF COMPANY LOSS COST MULTIPLIER**

- 10. Coverage to which this page applies: _____
- 11. Lost Cost Modification
 - A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:
 (CHECK ONE)
 Without Modification (Factor = 1.000) _____
 With the following modification(s): _____
 - B. Loss Cost Modification Expressed as a Factor: _____
 (See examples below.)
- 12. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

| | Overall | Variable | Fixed |
|-------------------------------------|---------|----------|---------|
| A. Commissions Expense | _____ % | _____ % | _____ % |
| B. Other Acquisition Expense | _____ % | _____ % | _____ % |
| C. General Expense | _____ % | _____ % | _____ % |
| D. Expenses Subject to Cap | _____ % | _____ % | _____ % |
| E. Expense Cap | _____ % | _____ % | _____ % |
| F. Capped Expenses | _____ % | _____ % | _____ % |
| G. Taxes, Licenses & Fees | _____ % | _____ % | _____ % |
| H. Assessments | _____ % | _____ % | _____ % |
| I. AIRE Impact | _____ % | _____ % | _____ % |
| J. Profit and Contingency Provision | _____ % | _____ % | _____ % |
| K. Other | _____ % | _____ % | _____ % |
| L. Total (F + G + H + I + J + K) | _____ % | _____ % | _____ % |

- M. Fixed Expense Trend Factor _____
- N. Trended Fixed Expense Ratio _____%
- 13. A. Expected Loss Ratio: ELR = 100% Overall 12L _____%
- B. ELR expressed in decimal form: _____
- C. Variable Expected Loss Ratio: VELR = 13A + 12N _____
- D. VELR in decimal form: _____
- 14. Formula Expense Constant: _____
- Average Prospective Loss Cost = _____
- Formula Variable Loss Cost Multiplier: (11B/13D) _____
- 15. Selected Expense Constant = _____
- Selected Variable Loss Cost Multiplier = _____
- 16. Rate level change for the coverage to which this page applies _____%

New Rule, R.1998 d.128, effective March 2, 1998.
 See: 30 N.J.R. 5240(a), 30 N.J.R. 828(a).
 Amended by R.2005 d.176, effective June 6, 2005.

See: 36 N.J.R. 5640(a), 37 N.J.R. 2026(a).
 Rewrote the section.

EXHIBIT E

Calculation of Maximum on Combined Commission and Brokerage, other Acquisition Expense and General Expenses

The maximum expense shall be calculated as a weighted average of those companies in the 20 largest private passenger automobile companies or groups in this State that use the same marketing method as the filer, excluding the results of insurance carriers with membership requirements.

The Department will compile the list of the 20 largest private passenger automobile companies or groups on May 31 of each year based on the most recent annual premium volume.

The companies and groups on the list shall be divided into one of the three marketing methods: (1) Independent Agents; (2) Captive Agents; or (3) Direct Writers. The designation of marketing method shall be based on the primary designation for the company or group in the A.M. Best Report (Property/Casualty). The list shall be posted on the Department's website and made available to filers on request.

The provision for commission and brokerage expense shall be calculated as a percentage of New Jersey written premium, as stated on New Jersey Page 14 of the Statutory Annual Statement for each company or group used in the calculation. The provision for general and other acquisition expense shall be calculated as a percentage of countrywide earned premium, as stated on Part 3 of the Insurance Expense Exhibit for each company or group used in the calculation.

Repeal and New Rule, R.1998 d.128, effective March 2, 1998.
 See: 30 N.J.R. 5240(a), 30 N.J.R. 828(a).

Was "Marketing Methods for the Top 20 Private Passenger Auto Insurers in New Jersey".
 Repeal and New Rule, R.2001 d.44, effective February 5, 2001.
 See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).
 Section was "Marketing Methods for the Largest Private Passenger Auto Insurer Groups in New Jersey".
 Amended by R.2003 d.173, effective May 5, 2003.
 See: 34 N.J.R. 3475(a), 35 N.J.R. 1907(a).
 Inserted a fourth paragraph.
 Amended by R.2003 d.499, effective December 15, 2003.
 See: 35 N.J.R. 3084(a), 35 N.J.R. 5604(a).
 Inserted "excluding the results of insurance carriers with membership requirements" in the first paragraph; substituted "May 31" for "June 30" in the second paragraph.
 Recodified from N.J.A.C. 11:3-16 Appendix Exhibit H by R.2005 d.176, effective June 6, 2005.
 See: 36 N.J.R. 5640(a), 37 N.J.R. 2026(a).

EXHIBIT F (RESERVED)

Repealed by R.2005 d.176, effective June 6, 2005.
 See: 36 N.J.R. 5640(a), 37 N.J.R. 2026(a).

EXHIBIT G (RESERVED)

Repealed by R.2005 d.176, effective June 6, 2005.
 See: 36 N.J.R. 5640(a), 37 N.J.R. 2026(a).

EXHIBIT H (RESERVED)

Recodified to Appendix Exhibit E by R.2005 d.176, effective June 6, 2005.
 See: 36 N.J.R. 5640(a), 37 N.J.R. 2026(a).

EXHIBIT I (RESERVED)

New Rule, R.1998 d.128, effective March 2, 1998.
 See: 29 N.J.R. 5240(a), 30 N.J.R. 828(a).
 Repealed by R.2003 d.95, effective March 3, 2003.
 See: 34 N.J.R. 3470(a), 35 N.J.R. 1289(a).

EXHIBIT J (RESERVED)

New Rule, R.1998 d.128, effective March 2, 1998.
 See: 29 N.J.R. 5240(a), 30 N.J.R. 828(a).
 Repealed by R.2005 d.176, effective June 6, 2005.
 See: 36 N.J.R. 5640(a), 37 N.J.R. 2026(a).

EXHIBIT K (RESERVED)

New Rule, R.2001 d.44, effective February 5, 2001.
 See: 32 N.J.R. 3891(a), 33 N.J.R. 573(a).
 Repealed by R.2003 d.173, effective May 5, 2003.
 See: 34 N.J.R. 3475(a), 35 N.J.R. 1907(a).