

SUBCHAPTER 16A. PRIVATE PASSENGER  
AUTOMOBILE INSURANCE TERRITORIAL  
RATING PLANS

**11:3-16A.1 Purpose and scope**

(a) This subchapter sets forth the standards and requirements for the establishment of territory maps by insurers, rating organizations, and the Automobile Insurance Territorial Rating Plan Advisory Commission, pursuant to N.J.S.A. 17:29A-48 et seq. and 17:29A-36, and for the amendments to rating plans by insurers and rating organizations.

(b) This subchapter applies to all insurers that are licensed and authorized to transact personal private passenger automobile insurance in the voluntary market, rating organizations and the Automobile Insurance Territorial Rating Plan Advisory Commission.

**11:3-16A.2 Definitions**

The following words 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 a private passenger automobile insurance policy issued in accordance with N.J.S.A. 39:6A-3.1 and N.J.A.C. 11:3-3.

“Commission” means the Automobile Insurance Territorial Rating Plan Advisory Commission established pursuant to N.J.S.A. 17:29A-50.

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

“Common territory map” means the territory map filed by the Commission and approved by the Commissioner or, where no map filed by the Commission is approved, a substitute map certified by the Commissioner.

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

“Exposure” means one car insured for property damage liability coverage in a Basic or Standard policy for a period of 12 months.

“Filer” means a rating organization or any insurer making its own rates.

“Insurer” means an entity or affiliated group of entities authorized or admitted to transact personal private passenger automobile insurance business in this State.

“PAIP” means the New Jersey Personal Automobile Insurance Plan established in accordance with N.J.S.A. 17:29D-1 et seq.

“PIP coverage” means personal injury protection coverage as described in N.J.S.A. 39:6A-4 or 39:6A-3.1.

“Rating organization” means an entity licensed as a rating organization pursuant to N.J.S.A. 17:29A-2.

“Standard automobile insurance policy” or “standard policy” means a private passenger automobile insurance policy issued in accordance with N.J.S.A. 39:6A-4.

“State border” means the land or water border between New Jersey and New York State, Pennsylvania, Delaware, the Atlantic Ocean, Raritan Bay or Delaware Bay.

“Territory map” means a list of territories defined by zip code and a representation of the territories on a map of New Jersey pursuant to N.J.A.C. 11:3-16A.4(a).

**11:3-16A.3 General requirements**

(a) Every insurer, including the PAIP, shall have an approved territorial rating plan, which shall include a territory map, territorial relativity factors and territorial base rates that are in accordance with the provisions of N.J.S.A. 17:29A-48 et seq. and 17:29A-36, and this subchapter.

1. Insurers shall use the same territory map for basic and standard policies.

(b) The territory map in the insurer’s territorial rating plan shall be one of the following:

1. The common territory map;

2. The territory map approved by the Commissioner for the rating organization of which the insurer is a member; or

3. An individual territorial plan developed by the insurer and approved by the Commissioner in accordance with this subchapter.

**11:3-16A.4 Standards for establishment of territories**

(a) A territory shall be a geographic area of the State defined by contiguous zip codes, that follow municipal boundaries as closely as possible. If a zip code crosses a municipal boundary that forms a territorial boundary, the filer shall place the zip code entirely in one territory. Filers shall report statistical data by zip code.

(b) Each territory shall border on at least two other territories, or one territory and a State border.

(c) In establishing the common territory map, the Commission shall use data representing the largest available compilation from insurers. A rating organization that files a territory map shall use the combined data of its subscribers. An insurer filing its own territory map shall use its own data, or other relevant industry data that may be available for its use, or any combination of the two. The territory map filing shall include an explanation of any adjustments or weighting of the raw data used.

(d) In order to create an equable distribution of exposures throughout the State, each territory shall be comprised of no less than 20,000 exposures for one year. The exposure count shall be based on data used by the Commission to determine the common territory map. The maximum number of territories in any territorial map shall not exceed 50 territories.

(e) No territorial rating plan shall result in territories that are arbitrary, unfairly discriminatory, or created in a manner that is primarily for marketing purposes rather than measuring relativity of exposure to probable loss, or created in a manner that can be used to avoid the filer's obligations under N.J.S.A. 17:33B-15.

#### **11:3-16A.5 Territorial rating plan filing requirements**

(a) An insurer's filing shall indicate which of the maps permitted by N.J.A.C. 11:3-16A.3(b) it intends to use. The filing shall be submitted on 3 1/2 inch diskette, zip disk or CD, and in hard copy.

(b) Filers shall provide the following New Jersey direct data by coverage and by zip code for basic and standard policies:

1. Not less than three-year:
  - i. Basic or total limits incurred losses, net of subrogation and other recoveries. Total limits losses may include PIP losses subject to reimbursement pursuant to N.J.S.A. 17:30A-8a(11);
  - ii. Paid or incurred allocated loss expenses;
  - iii. Earned exposures;
  - iv. Incurred claims; and
  - v. Average rating factors (for filers submitting on a pure premium methodology);