

CHAPTER 2
INSURANCE GROUP

Authority

N.J.S.A. 17:1-8.1, 17:1-15e, 17:17-1 et seq., 17B:17-1 et seq., 34:15-77, and 54:18A-1 et seq.

Source and Effective Date

R.2011 d.044, effective January 6, 2011.
See: 42 N.J.R. 2199(a), 43 N.J.R. 309(a).

Chapter Expiration Date

In accordance with N.J.S.A. 52:14B-5.1b, Chapter 2, Insurance Group, expires on January 6, 2018. See: 43 N.J.R. 1203(a).

Chapter Historical Note

Chapter 2, Insurance Group, was adopted and became effective prior to September 1, 1969.

Subchapter 10, Casualty Insurers, Personal Lines Insurance, was adopted as new rules by R.1970 d.71, effective June 26, 1970.

Subchapter 11, Rules Governing Advertisement of Health Insurance, was adopted as new rules by R.1972 d.95, effective May 16, 1972. See: 4 N.J.R. 69(b), 4 N.J.R. 128(d).

Subchapter 12, Mass Marketing of Property and Liability Insurance, was adopted as new rules by R.1974 d.271, effective September 25, 1974. See: 6 N.J.R. 313(d), 6 N.J.R. 408(a).

Subchapter 13, Group Coverage Discontinuance and Replacement, was adopted as new rules by R.1974 d.272, effective February 1, 1975. See: 5 N.J.R. 342(c), 6 N.J.R. 409(a).

Subchapter 17, Unfair Claims Settlement Practices, was adopted as new rules by R.1981 d.407, effective November 2, 1981, operative January 15, 1982. See: 12 N.J.R. 600(f), 13 N.J.R. 774(c), 13 N.J.R. 894(a).

Subchapter 18, Readable Policies, was adopted as new rules by R.1982 d.410, effective November 15, 1982. See: 14 N.J.R. 967(a), 14 N.J.R. 1307(c).

Subchapter 10, Casualty Insurers, Personal Lines Insurance, was repealed by R.1985 d.71, effective February 19, 1985. See: 16 N.J.R. 2920(a), 17 N.J.R. 458(b).

Subchapter 23, Advertisement of Life Insurance and Annuities, was adopted as new rules by R.1985 d.600, effective November 18, 1985. See: 16 N.J.R. 2626(a), 17 N.J.R. 2776(a).

Subchapter 19, Approval of Insurance Schools and Company Training Programs, was adopted as new rules by R.1985 d.608, effective December 2, 1985. See: 16 N.J.R. 2920(b), 17 N.J.R. 2901(b).

Subchapter 1, Educational Requirements for Licensing, was repealed, and Subchapter 19, Approval of Insurance Schools and Company Training Programs, was repealed by R.1989 d.192, effective April 3, 1989. See: 20 N.J.R. 1152(a), 21 N.J.R. 899(b).

Subchapter 26, Annual Audited Financial Reports, was adopted as new rules by R.1989 d.612, effective December 18, 1989. See: 21 N.J.R. 3054(a), 21 N.J.R. 3919(b).

Pursuant to Executive Order No. 66(1978), Chapter 2, Insurance Group, was readopted as R.1991 d.4, effective November 30, 1990, and Subchapter 8, Mid-Term Substitution by Mortgagor of Insurance Policies, was repealed, effective January 7, 1991, by R.1991 d.4. See: 22 N.J.R. 1673(a), 23 N.J.R. 103(a).

Subchapter 32, Custodial Deposits, was adopted as new rules by R.1991 d.14, effective January 7, 1991. See: 22 N.J.R. 2640(a), 23 N.J.R. 105(a).

Subchapter 31, Manner of Determining Premium for Perpetual Homeowners Insurance, was adopted as new rules by R.1991 d.139, effective March 18, 1991. See: 22 N.J.R. 601(a), 23 N.J.R. 860(b).

Subchapter 29, Orderly Withdrawal of Insurance Business, was adopted as new rules by R.1991 d.262, effective May 20, 1991. See: 23 N.J.R. 15(b), 23 N.J.R. 1673(a).

Subchapter 35, Relief from Insurer Obligations Under the Fair Automobile Insurance Reform Act of 1990, was adopted as new rules by R.1991 d.519, effective October 21, 1991. See: 23 N.J.R. 660(a), 23 N.J.R. 3166(a).

Subchapter 27, Determination of Insurers in a Hazardous Financial Condition, was adopted as new rules by R.1992 d.292, effective July 6, 1992. See: 23 N.J.R. 3197(a), 24 N.J.R. 2456(a).

Subchapter 33, Workers' Compensation Self-Insurance, was adopted as new rules by R.1993 d.157, effective April 5, 1993. See: 24 N.J.R. 1944(a), 24 N.J.R. 2708(b), 25 N.J.R. 1526(a).

Subchapter 28, Credit for Reinsurance, was adopted as emergency new rules by R.1993 d.448, effective August 16, 1993, expires October 15, 1993. See: 25 N.J.R. 4289(a). The provisions of R.1993 d.448 were readopted as R.1993 d.557, effective October 15, 1993. See: 25 N.J.R. 4289(a), 25 N.J.R. 5184(a).

Subchapter 36, Risk Retention Groups and Purchasing Groups, was adopted as emergency new rules by R.1993 d.449, effective August 16, 1993, expires October 15, 1993. See: 25 N.J.R. 4298(a). The provisions of R.1993 d.449 were readopted as R.1993 d.558, effective October 15, 1993. See: 25 N.J.R. 4298(a), 25 N.J.R. 5197(a).

Subchapter 37, Producer-Controlled Insurers, was adopted as emergency new rules by R.1993 d.450, effective August 16, 1993, expires October 15, 1993. See: 25 N.J.R. 4304(a). The provisions of R.1993 d.450 were readopted as R.1993 d.559, effective October 15, 1993. See: 25 N.J.R. 4304(a), 25 N.J.R. 5202(a).

Subchapter 38, Increase in Property and Casualty Capital and Surplus Requirements, was adopted as emergency new rules by R.1993 d.451, effective August 16, 1993, expires October 15, 1993. See: 25 N.J.R. 4306(a). The provisions of R.1993 d.451 were readopted as R.1993 d.560, effective October 15, 1993. See: 25 N.J.R. 4306(a), 25 N.J.R. 5204(a).

Subchapter 39, Increase in Capital and Surplus Requirements for Life and Health Insurers, was adopted as emergency new rules by R.1993 d.452, effective August 16, 1993, expires October 15, 1993. See: 25 N.J.R. 4309(a). The provisions of R.1993 d.452 were readopted as R.1993 d.561, effective October 15, 1993. See: 25 N.J.R. 4309(a), 25 N.J.R. 5208(a).

Subchapter 40, Life, Health and Annuity Reinsurance Agreements, was adopted as emergency new rules by R.1993 d.453, effective August 16, 1993, expires October 15, 1993. See: 25 N.J.R. 4314(a). The provisions of R.1993 d.453 were readopted as R.1993 d.562, effective October 15, 1993. See: 25 N.J.R. 4314(a), 25 N.J.R. 5212(a).

Subchapter 34, Surplus Lines Insurance: Allocation of Premium Tax and Surcharge, was adopted as new rules by R.1993 d.582, effective November 15, 1993. See: 25 N.J.R. 1826(a), 25 N.J.R. 5194(a).

Petition for Rulemaking. See: 26 N.J.R. 2487(b).

Subchapter 41, Windstorm Market Assistance Program, was adopted as new rules by R.1995 d.53, effective January 17, 1995. See: 26 N.J.R. 4304(a), 27 N.J.R. 364(a).

Subchapter 1, Admission Requirements for Foreign and Alien Life and Health Insurers, was adopted as new rules by R.1995 d.80, effective February 6, 1995. See: 26 N.J.R. 4586(a), 27 N.J.R. 559(a).

Pursuant to Executive Order No. 66(1978), Chapter 2, Insurance Group, was readopted as R.1996 d.3, effective November 30, 1995, with amendments effective January 2, 1996. See: 27 N.J.R. 3278(b), 28 N.J.R. 152(b).

Subchapter 39, Increase in Capital and Surplus Requirements For Life and Health Insurers, was renamed Increase in Capital and Surplus Requirements for Insurers by R.1997 d.186, effective May 5, 1997. See: 29 N.J.R. 404(a), 29 N.J.R. 2175(b).

Pursuant to Executive Order No. 66(1978), Chapter 2, Insurance Group, was readopted as R.2001 d.6, effective November 30, 2000. See: 32 N.J.R. 3530(a), 33 N.J.R. 85(a).

Subchapter 14, Procedures for the Conduct of Voting on a Plan of Reorganization of a Domestic Mutual Life Insurer, was adopted as new rules by R.2001 d.84, effective March 5, 2001. See 32 N.J.R. 4330(a), 33 N.J.R. 802(a).

Subchapter 19, Designation of Third Party for Certain Notifications by Senior Citizen Insureds, was adopted as new rules by R.2002 d.210, effective July 1, 2002. See: 34 N.J.R. 366(a), 34 N.J.R. 2315(a).

Subchapter 42, Homeowners' Insurance: Standard Hurricane Deductibles And Expedited Process for Homeowners' Insurance Changes, was adopted as new rules by R.2003 d.450, effective November 17, 2003. See: 35 N.J.R. 1189(a), 35 N.J.R. 5280(b).

Subchapter 43, Treatment of Allocated Deposit-Type Deferred Contract Funds for Purposes of Calculating the Special Purpose Apportionment and the Fraud Assessment, was adopted as new rules by R. 2004, d.407, effective November 1, 2004. See: 36 N.J.R. 2976(a), 36 N.J.R. 4929(a).

Chapter 2, Insurance Group, was readopted as R.2005 d.350, effective September 21, 2005. As part of R.2005 d.350, Subchapter 38, Temporary Waiver from Increase in Property and Casualty Capital and Surplus Requirements, was repealed, effective October 17, 2005. See: 37 N.J.R. 2285(a), 37 N.J.R. 4026(a).

Subchapter 39, Increase in Capital and Surplus Requirements for Insurers, was renamed Increase in Capital and Surplus Requirements for Insurers and Health Maintenance Organizations by R.2005 d.421, effective December 5, 2005. See: 37 N.J.R. 2992(a), 37 N.J.R. 4556(b).

Subchapter 23A, Military Sales Practices, was adopted as new rules by R.2008 d.67, effective March 17, 2008. See: 39 N.J.R. 4053(a), 40 N.J.R. 1663(b).

Subchapter 26, Annual Audited Financial Reports, was renamed Annual Financial Reporting by R.2010 d.026, effective January 19, 2010. See: 41 N.J.R. 3364(a), 42 N.J.R. 486(b).

Chapter 2, Insurance Group, was readopted as R.2011 d.044, effective January 6, 2011. As a part of R.2011 d.044, Subchapter 41, Windstorm Market Assistance Program, was repealed, effective February 7, 2011. See: Source and Effective Date. See, also, section annotations.

Subchapter 34, Surplus Lines Insurance: Allocation of Premium Tax and Surcharge, was repealed by R.2012 d.112, effective June 4, 2012. See: 44 N.J.R. 548(a), 44 N.J.R. 1701(b).

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SUBCHAPTER 1. ADMISSION REQUIREMENTS FOR
FOREIGN AND ALIEN LIFE AND HEALTH
INSURERS

11:2-1.1 Purpose

This subchapter establishes the procedures, requirements and standards which govern the application of foreign and alien insurers engaged in the business of life and health insurance for a certificate of authority to transact the business of insurance in this State.

11:2-1.2 Scope

This subchapter applies to all foreign and alien insurers that apply for a certificate of authority to transact the business of life and health insurance in this State. The filing requirements contained in this subchapter shall not apply to the continuation, renewal or timely reinstatement of existing certificates of authority except where the Commissioner, pursuant to law, shall otherwise require.

11:2-1.3 Definitions

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

“Commissioner” means the Commissioner of the Department of Banking and Insurance of this State.

“Committee on Admissions” means the advisory committee within the Department appointed by the Commissioner to aid in the review of applications for admission to transact the business of insurance in this State and to render to the Commissioner recommendations as to the disposition of such applications.

“Department” means the Department of Banking and Insurance of this State.

“IRIS” means the NAIC Insurance Regulatory Information System.

“NAIC” means National Association of Insurance Commissioners.

Amended by R.2001 d.6, effective January 2, 2001.
See: 32 N.J.R. 3530(a), 33 N.J.R. 85(a).
Amended “Commissioner” and “Department”.

11:2-1.4 General eligibility requirements

(a) In order for a foreign or alien insurer to be admitted as a life and health insurer in this State, the requirements in this section shall be satisfied in addition to any other requirements in this subchapter or any other provision of law.

1. The applicant shall satisfy the Commissioner that its condition or methods of operation are not such as would render its operation hazardous to the public or its policyholders in this State. In determining whether a hazardous financial condition exists, the factors identified in N.J.A.C. 11:2-27.3 shall be considered. A hazardous financial condition shall exist when those factors indicate, either singly or in combination of two or more, that the financial condition of any applicant which has applied to transact, or is already transacting the business of insurance in any jurisdiction, is considered by the Commissioner to be hazardous to the policyholders, stockholders, claimants, creditors, or the general public. The Commissioner shall further consider any other fact or circumstance that indicates that an insurer’s operations may be hazardous.

2. The applicant shall satisfy at least the minimum capital and surplus requirements of a similar domestic insurer of this State for all lines of insurance that it is authorized to write pursuant to the certificate of authority issued by its place of domicile, whether or not the applicant desires to transact any of those lines of insurance in this State, subject to the following:

i. In determining whether an applicant meets the minimum capital and surplus requirements, the following shall be deducted from unassigned funds:

(1) The statement value of any and all special deposits not held for the protection of all policyholders;

(2) Reserves and losses reinsured with companies not authorized in New Jersey, accredited as reinsurers in New Jersey, or otherwise in compliance with N.J.S.A. 17:51B-1 et seq., net of any offsets;

(3) The statement value for the portion of assets held in excess of investment limitations for life and health insurers pursuant to N.J.S.A. 17B:20-1 et seq.;

(4) Reserve shortfalls caused by the company holding reserves weaker than those mandated by N.J.S.A. 17B:19, or such other standards provided by

Dated: _____

 (name of assuming insurer)

BY: _____

 (name of officer)

New Rule, R.2012 d.154, effective September 4, 2012.
 See: 44 N.J.R. 360(a), 44 N.J.R. 2169(a).

SUBCHAPTER 29. ORDERLY WITHDRAWAL OF INSURANCE BUSINESS

11:2-29.1 Purpose and scope

(a) The purpose of this subchapter is to establish the requirements and procedures by which insurers may undertake an orderly withdrawal from the business of insurance in this State, thereby preventing or minimizing adverse effects upon the insurer's policyholders; preventing or minimizing disruption in the marketplace and harm to the public that would otherwise occur in the absence of regulation; and permitting insurers to withdraw from the marketplace in an orderly fashion consistent with N.J.S.A. 17:17-10 and 17:33B-30.

(b) This subchapter applies to all insurers that seek to withdraw from the business of insurance as defined herein. This subchapter shall not apply to any action constituting a block cancellation or block non-renewal regulated under N.J.A.C. 11:1-22 unless such action also is found to constitute a withdrawal under this subchapter.

Amended by R.2005 d.111, effective April 4, 2005.
 See: 36 N.J.R. 4358(a), 37 N.J.R. 1069(a).

Rewrote (a); in (b), added the last sentence; added (c).
 Amended by R.2008 d.220, effective August 4, 2008.
 See: 40 N.J.R. 1058(a), 40 N.J.R. 4595(a).
 Deleted (c).

Case Notes

Commissioner, in setting insurer's price for withdrawing from automobile insurance industry, was not arbitrary or capricious. *Matter of Plan for Orderly Withdrawal From New Jersey of Twin City Fire Ins. Co.*, 248 N.J.Super. 616, 591 A.2d 1005 (A.D.1991), certification granted 127 N.J. 548, 606 A.2d 362, affirmed 129 N.J. 389, 609 A.2d 1248, certiorari denied 113 S.Ct. 1066, 506 U.S. 1086, 122 L.Ed.2d 370.

11:2-29.2 Definitions

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

"Affiliate" means an insurer that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the insurer that initiates a withdrawal, as defined in N.J.S.A. 17:27A-1.

"Annual statement" means the form of statement that is described in N.J.S.A. 17:23-1 or 17:46B-55, as applicable.

"Applicant" means the insurer seeking approval to withdraw from the business of insurance in this State.

"Assumption agreement" means a contract between insurers whereby one insurer transfers all or substantially all its rights, duties and obligations arising from certain policies to another insurer.

"Authority" means the power granted by the Commissioner which enables an insurer to transact the business of insurance.

"Automobile" is as defined in N.J.S.A. 39:6A-2.

"Business of insurance" or "insurance" means any kind, line, subline, or a portion thereof authorized by Chapters 17, 32, 46B or 50 of Title 17 of the Revised Statutes.

"Commencement date" of withdrawal means the effective date of the first action constituting a withdrawal from the business of insurance in this State pursuant to the approved plan of orderly withdrawal.

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

"Control" is as defined in N.J.S.A. 17:27A-1.

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

"Effective date" of withdrawal means the date at which the applicant has complied with any and all conditions contained in the approved plan of orderly withdrawal.

"Hazardous financial condition" is as defined and determined pursuant to N.J.A.C. 11:2-27.

"Homeowners' insurance" is as defined at N.J.A.C. 11:2-41.2.

"Insurance holding company system" consists of two or more affiliated persons, one or more of which is an insurer as defined in N.J.S.A. 17:27A-1.

"Insurance producer" or "producer" means the definition of "insurance producer" as set forth in N.J.S.A. 17:22A-28.

"Insurer" means an insurer, a reciprocal insurance exchange, and any insurance affiliates thereof, authorized or admitted pursuant to Chapters 17, 32, 46B or 50 of Title 17 of

the Revised Statutes to transact in this State the business of insurance as defined herein.

“Multi-state account” means a single contract or policy of commercial lines insurance as defined in N.J.S.A. 17:29AA-3 which covers risks or locations in both New Jersey and at least one other state; any group policy in which covered members of the group reside in New Jersey and at least one other state; and any plan approved for the mass marketing of insurance pursuant to N.J.A.C. 11:2-12 in which policyholders of the plan reside in New Jersey and at least one other state.

“Plan” means a plan of orderly withdrawal from the business of insurance in New Jersey submitted by an insurer pursuant to this subchapter.

“Portfolio reinsurance agreement” means a contract between insurers whereby one insurer transfers its entire liability for in-force policies or outstanding losses, or both, to

another insurer regarding a described segment of insurance business.

“Rating system” means every schedule, class, classification, rule, guide, standard, manual, table or rating plan by whatever name described containing the rates (or loss costs), rules and forms used by any insurer or by any advisory organization in determining or ascertaining rates or loss costs.

“Reinsurance agreement” means a contract between insurers whereby one insurer agrees to insure part or all of an insurance risk of an originating, or ceding, insurer.

“Residual market mechanism” means any program authorized or created by the New Jersey State Legislature which is designed to provide an insurance market for insureds who are unable to obtain insurance in the voluntary market.

“State” means the State of New Jersey.

“Withdraw” or “withdrawal” means the nonrenewal, cancellation, or termination of policies, or surrender of authority to transact the business of insurance in this State, or any insurer action that is equivalent to a withdrawal from the business of insurance in this State which may include, but is not limited to, the elimination of a rating system, termination of agency contracts, reduction in agency commissions, restrictions on agency solicitation or binding authority, insurer refusal of applications or declaration of a dividend to an affiliate, when such action or actions exceed those occurring in the ordinary course of business. Whether the above activities are equivalent to a withdrawal shall be determined by the Commissioner on a case-by-case basis.

“Withdraw” or “withdrawal” also means the transfer to another insurer of insurance business pursuant to an assumption agreement as defined herein or a portfolio reinsurance agreement as defined herein.

Amended by R.2001 d.6, effective January 2, 2001.

See: 32 N.J.R. 3530(a), 33 N.J.R. 85(a).

Amended by R.2005 d.111, effective April 4, 2005.

See: 36 N.J.R. 4358(a), 37 N.J.R. 1069(a).

Rewrote “Annual statement”, “Automobile”, “Business of insurance”, “Commencement date”, “Insurance producer”, “Insurer”, “Plan” and “Rating system”; added “Hazardous financial condition” and “Homeowners’ insurance”.

11:2-29.3 Informational filing withdrawals

(a) Any insurer seeking to withdraw shall file the informational filing and otherwise comply with the requirements set forth in N.J.S.A. 17:17-10 or 17:33B-30, as applicable.

(b) Any insurer seeking to withdraw shall, as part of the informational filing required pursuant to N.J.S.A. 17:17-10 or 17:33B-30, as applicable, provide the information listed in (c) below. Failure to provide all of the information shall result in a determination that the informational filing is non-compliant, and it shall be disapproved by the Commissioner. The Department shall notify a filer within 10 days of the Department’s receipt of the informational filing if it is non-compliant. The insurer may resubmit the informational filing when the deficiencies have been corrected, which shall be considered a new submission.

(c) An informational filing shall contain the following:

1. The reason for the insurer’s withdrawal;
2. Copies of the following notifications:
 - i. The Policyholder Notice of Intent to Withdraw required pursuant to N.J.S.A. 17:17-10b(1) and 17:33B-30a(1);
 - ii. The one-year non-renewal notice required pursuant to N.J.S.A. 17:17-10b(3) and 17:33B-30a(3);
 - iii. The producer notice by which the insurer advises its producers of its intent to withdraw (Producer Notice), where applicable; and

iv. The non-renewal notice to be provided to insureds within the timeframes set forth in N.J.A.C. 11:3-8, 11:1-20 or 11:1-5.2, as applicable;

3. The lines of insurance and/or program(s) to be withdrawn;

4. The number of exposures and number of policies to be non-renewed;

5. The insurer’s market share by line and, in addition, for private passenger automobile insurance, exposures by territory, and for homeowners’ insurance, exposures by Windstorm Market Survey Report and, separately, any additional zip codes that fall within the insurer’s definition of “coastal area”;

6. A list of the insurer’s producers and their current business addresses; and

7. The proposed duration of the non-renewal of the company’s book of business.

(d) The insurer shall send a notice to its policyholders of the proposed withdrawal no later than 30 days following the submission of an informational filing to the Commissioner that has not been disapproved as non-compliant.

(e) Non-renewals shall not commence prior to one calendar year and 90 days following the submission of the compliant informational filing, unless a waiver is requested and approved by the Commissioner pursuant to N.J.A.C. 11:2-29.4.

(f) The insurer shall send to every policyholder:

1. A notice of non-renewal no later than one calendar year preceding the date of non-renewal, unless a waiver is requested and approved by the Commissioner pursuant to N.J.A.C. 11:2-29.4; and

2. A final notice of non-renewal in accordance with the time limit established pursuant to N.J.A.C. 11:3-8, 11:1-20 and 11:1-5.2, as applicable.

(g) Non-renewals shall take place in a manner so as to be applicable to all insureds on an equitable basis with respect to risk classification and territorial or other form of rating factor, and shall be effectuated at a uniform rate over a period not exceeding three calendar years, commencing with the date established in (e) above, unless the three-year timeframe is otherwise waived; provided, however, that if more than one company files for withdrawal for the same line of business and the companies, in the aggregate, write more than 25 percent of the market share for that line of business, the Commissioner may extend the period of withdrawal to five years.

(h) The minimum requirements for the Notice of Intent to Withdraw and non-renewal notices referenced above are set forth below. A sample of the notices shall be posted on the Department’s web site at www.njdobi.org, as may be modified from time to time.

1. The Notice of Intent to Withdraw shall:

i. Include a prominent heading, in boldface 14-point type or other conspicuous manner which draws the reader's attention;

ii. State that the purpose of the notification is to advise the insured that the insurer intends to withdraw from the applicable line(s) and/or program(s) of insurance in New Jersey;

iii. State that, as required by law, the insurer has submitted an informational filing withdrawal to the New Jersey Department of Banking and Insurance advising of its intent to withdraw;

iv. Explain the terms of the withdrawal, including the date of the proposed commencement of the non-renewal of policies and the proposed duration of the company's non-renewal of policies;

v. If applicable, such as in a case where a waiver has not been requested or approved, advise the insured that the company will send a notice of non-renewal no later than one calendar year preceding the date of non-renewal; and

vi. Advise the insured that a notice of non-renewal will be sent in accordance with the time limits established by law for that line of coverage.

2. The one-year non-renewal notice and final notices of non-renewal shall:

i. Advise the insured that the non-renewal is based on an informational filing withdrawal submitted by the insurer to the New Jersey Department of Banking and Insurance;

ii. Explain the general terms of the withdrawal and, where the informational filing provides for a replacement carrier(s), indicate that replacement coverage is being made available, and through whom such coverage is available;

iii. Advise that the non-renewal is based on a business decision of the insurer and is not intended as a negative reflection on the policyholder's insurability;

iv. Where applicable, include the name, address and telephone number of the appropriate residual market mechanism where the policyholder may seek coverage in the event that the insured is not eligible for or coverage is otherwise not available in the voluntary market;

v. Include the following statement: "For information that will assist you in shopping for coverage, you may contact your insurance agent, as well as the New Jersey Department of Banking and Insurance at 1-800-446-SHOP (7467) or visit the Department on the web at www.njdoabi.org"; and

vi. If the insurer is sending a one-year non-renewal notice, state that a final notice of non-renewal will be sent in accordance with applicable timeframes for that line (for example, not less than X days prior to the expiration of the policy);

3. If a replacement carrier is utilized, in addition to the requirements set forth in (h)2 above, where an offer of replacement coverage is sent separately, the final non-renewal notice shall either include or be accompanied by further information about the replacement carrier and the process to be followed for securing coverage with the new carrier.

(i) The one-year non-renewal notice, unless waived pursuant to N.J.A.C. 11:2-29.4, and the final non-renewal notice shall be sent within the timeframes for such notices as provided by N.J.S.A. 17:17-10 or 17:33B-30, as applicable, and N.J.A.C. 11:3-8, for private passenger automobile insurance, and N.J.A.C. 11:1-20 or 5.2, as applicable, for all other lines. The notice(s) shall contain the information required for such notices set forth in applicable law. Except as set forth in this section, the notice(s) shall not include the statements otherwise required pursuant to N.J.A.C. 11:1-20.2(h) and 11:3-8.5(b)1, as applicable, related to filing complaints with the Department concerning the non-renewal.

(j) Insurers may include additional information in the notice to policyholders or provide additional notices to policyholders containing such information that the insurer deems appropriate, provided such notices or information are filed as set forth above in this section, and the information or notices are not inconsistent with the requirements of this subchapter.

Repeal and New Rule, R.2008 d.220, effective August 4, 2008.

See: 40 N.J.R. 1058(a), 40 N.J.R. 4595(a).

Section was "General Provisions".

Amended by R.2011 d.166, effective June 6, 2011.

See: 42 N.J.R. 1981(a), 43 N.J.R. 1350(a).

In (i), substituted "11:3-8.5(b)1" for "11:3-8.3(e)2i".

11:2-29.4 Requests for waivers

(a) An insurer may request a waiver of the one-year and 90-day waiting period for commencement of nonrenewals pursuant to N.J.S.A. 17:17-10b(2) or 17:33B-30a(2), a waiver of the requirement to send non-renewal notices no later than one year prior to the dates of the non-renewals set forth in N.J.S.A. 17:17-10b(3) and 17:33B-30a(3), and a waiver of the maximum three-year non-renewal period set forth in N.J.S.A. 17:17-10b(4) and 17:33B-30a(4). A request shall include a list of the insurer's producers and their current business addresses, the proposed commencement date of the withdrawal, the name(s) of any replacement carrier(s) proposed to be utilized, the number of policies to be non-renewed, and the insurer's market share in this State with respect to the type of policies to be non-renewed. The decision regarding the re-

SUBCHAPTER 41. (RESERVED)

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

11:2-42.1 Purpose and scope

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

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

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

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

11:2-42.2 Definitions

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

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

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

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

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

“Form” means:

1. Owners forms, including, but not limited to, HO-1, HO-2, HO-3, HO-3 w/15, HO-5, and HO-8;
2. Tenants forms, including, but not limited to, HO-4;
3. Condominium forms, including, but not limited to, HO-6;
4. Dwelling;
5. Extended Coverage; and
6. Mobile Home Owners.

“ISO” means the Insurance Services Office, Inc.

“NAIC” means the National Association of Insurance Commissioners.

“Qualified actuary” is as defined in N.J.A.C. 11:1-21.1(a)2.

“Rate change” means a rate increase of no more than five percent overall. Rate change also means any decrease in rates or a change in rates that is revenue neutral.

“Written premium (WP)” means direct written premium net of dividends paid or incurred.

11:2-42.3 Expedited rate filings; general requirements

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

1. The margin at the top of each page shall show the filer’s name, filer’s identifying number for this filing, NAIC company number(s) and NAIC group number. The right hand side of the page shall show the section, exhibit and sheet number;
2. All data shall be reported on a direct basis exclusive of business ceded to reinsurers or reinsurance assumed from other companies;
3. Data submitted in any prior approval rate or loss cost filing shall report only voluntary market experience and shall not include experience derived from risks insured through any assigned risk plan, except for filings submitted by the FAIR Plan;
4. The most recent accident year data used in the filing shall end no more than 15 months prior to the date of submission of the filing. An accident year need not coincide with a calendar year; and
5. Three copies of the filing shall be submitted.

(b) An insurer and/or rating organization, pursuant to N.J.S.A. 17:36-5.35 may file for a rate change in accordance with this subchapter. The filer shall provide the following information in support of its filing:

1. A cover letter notifying the Department of its intention to make a rate change according to the provisions of this subchapter; a completed Exhibit C in the subchapter Appendix incorporated herein by reference; a statement containing the effective date of the change; and the name, telephone number and mailing address of the company officer familiar with the filing to whom further inquiries regarding the filing may be directed. Filers may choose to eliminate the submission of a cover letter provided that the SERFF Filing’s General Information Filing Description Section is fully completed with a clear and precise description of the filing;

2. A checklist that sets forth the information in Exhibit A in the subchapter Appendix incorporated herein by reference;

3. The manual rating pages containing the territorial base rates by form to be implemented, accompanied by an explanatory memorandum showing the calculation of the new rates by form, using the existing rates by form as the starting point in the calculation. The memorandum shall also include the company’s file number and effective dates for new and renewal policyholders;

4. Completed rating examples using the examples set forth in Exhibits A, B and C in the Appendix to N.J.A.C. 11:4-29, which shows the proposed premium amounts;

5. A completed Exhibit B in the subchapter Appendix incorporated herein by reference;

6. By form on a percentage basis, the maximum increase (or smallest decrease if no insured would receive an increase) and maximum decrease (or smallest increase if no insured would receive a decrease), along with a profile of the insured and the number of insureds that would receive each;

7. A list of territorial definitions. If the filer uses the territorial definitions from the latest approved ISO filing, a statement to that effect may be provided in lieu of a list;

8. A completed Justification for Minimum Premium if a change is being proposed. This form can be found on the Department website at <http://www.nj.gov/dobi/propcas.htm#FORMS>, or will be provided by the Department upon request of the filer;

9. Exhibit(s) showing the effects of each proposed change separately and the overall impact of all changes combined. The exhibit shall include an exposure or premium distribution by item changed (such as, by territory, amount of insurance, protection/construction classification, etc.), with current and proposed factors and calculated changes, if revisions to these factors are being proposed; and

10. A seven-year rate history with effective dates by form.

(c) The filer may supplement a complete filing in response to questions from the Department about matters that require clarification or additional explanation, provided that the prompt review of the filing within the time frames set forth in this subchapter is not adversely affected.

Amended by R.2007 d.91, effective April 2, 2007.

See: 38 N.J.R. 4976(b), 39 N.J.R. 1313(a).

Rewrote (a)2; and in (b)1, inserted the last sentence.

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

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

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

11:2-42.4 Expedited process calculations for homeowner's insurance rates

(a) General requirements for expedited rate filings are as follows:

1. Filers shall provide form indications for all forms for which changes are proposed based on five accident years of data; and
2. Form indications shall be calculated as follows:
 - i. All Owners forms combined;
 - ii. Tenants and Condominiums forms, either combined or separately;
 - iii. Dwelling Fire;
 - iv. Extended Coverage; and
 - v. Mobile Home Owners.

(b) Filers shall provide New Jersey (NJ) earned exposures by form and by accident year.

(c) Trended earned premium at present rates shall be the product of earned premium and the factors calculated below:

1. NJ earned premium by form, by accident year;
2. On-level factors by form, based on company specific historical New Jersey rate changes, along with the calculations thereof;
3. Current amount factors calculated from internal data and showing all calculations, including an amount of insurance distribution and the average relativity by year. The factors may be tempered by a factor of no less than 0.90. In lieu of the preceding, the filer may use selections from the latest approved ISO filing in New Jersey;
4. Premium trend factors calculated from internal data, based on average relativity by year, fitted and projected; factors may be tempered by a factor of no less than 0.90. The filer may choose to use selections from the latest approved ISO filing in New Jersey instead; and

5. The premium trend period, on a written basis for each year from the beginning of the accident year to six months after the proposed effective date, or on an earned basis from the midpoint of the accident year to one year past the proposed effective date.

(d) Ultimate loss and loss adjustment expense (LAE) shall be determined by the product of incurred loss and ALAE and the factors calculated below:

1. NJ incurred loss and defense/cost containment expense (ALAE), by form, by accident year either combined (loss and ALAE) or developed separately;

2. NJ loss development factors (LDFs) by form, either combined (loss and ALAE) or separately;

i. The selected age-to-age factors shall be based on the latest five-year X HI/LO average, that is, using a straight average of the latest five age-to-age factors, excluding the highest and the lowest; and

ii. If the filer is unable to calculate loss development factors for ALAE, either combined with loss or separately, the filer shall exclude ALAE from the LDF calculation and instead calculate an ALAE factor as a ratio of paid ALAE to paid loss or incurred ALAE to incurred loss based on the latest available three years of the Statutory page 14 of the insurer's latest annual statement filed with the Department;

3. Current cost factors shall be calculated in accordance with standard ISO methodology, calculated either using the Modified Consumer Price Index and Boeckh Residential Index, or using selections from the latest approved ISO filing in New Jersey;

4. Loss trend factors shall be based on annual selections from the latest approved ISO filing in New Jersey, the latest available NJ Fast Track data or the filer's internal trend data, shown separately for severity and frequency by form. If supplying NJ Fast Track trend factors or trend data developed by the company, the filer shall use the 12 quarter-rolling average and provide all data and calculations. NJ Fast Track data shall be calculated based on paid (not arising) claims excluding catastrophes;

5. Adjusting and other claims related expenses (ULAE) shall be determined as a ratio of incurred ULAE to incurred loss plus incurred ALAE from the latest three-year average based on Part 3 of the Countrywide Insurance Expense Exhibit (IEE) in the insurer's annual statement filed with the Department;

6. Filers may exclude wind and water losses and include the wind and water load calculated by ISO and included in its latest approved filing in New Jersey. If such a load is used, an exhibit must be provided detailing the incurred loss by year with and without wind and water losses;

7. Filers may exclude catastrophe losses and include a load based on at least 20 years of internal data. If such a load is used, an exhibit must be provided detailing the incurred loss by year with and without catastrophe losses;

8. Filers may exclude hurricane losses and include a load based either on at least 20 years of internal data or the hurricane load calculated by ISO and included in its latest approved filing in New Jersey. If such a load is used, an exhibit must be provided detailing the incurred loss by year with and without hurricane losses. Filers may not apply a varying hurricane load to the indications by territory;

9. Filers may exclude excess losses and include a load based on at least 20 years of internal New Jersey or countrywide data and the dollar standard for determining what qualifies as an excess loss. If such a load is used, an exhibit must be provided detailing the incurred loss by year with and without excess losses;

10. The total load from (d)6 through 8 above shall not exceed 20 percent; and

11. Filers who exclude losses under (d)6 through 9 above shall also exclude those losses in the calculation of loss development factors.

(e) The ultimate loss and LAE ratio shall be the average of the projected ultimate loss and LAE by form determined in (d) above divided by the projected premium by form determined in (c) above by year, weighted according to the ISO standard weights of 10/15/20/25/30 per year.

(f) Expenses shall be determined from the total of:

1. Three-year average of commissions and brokerage expense ratios based on the NJ Statutory page 14 of the insurer's latest annual statement filed with the Department and calculated as ratios to NJ WP;

2. Three-year average of general and other acquisition expense ratios, based on Part 3 of the countrywide IEE of the insurer's latest annual statement filed with the Department and calculated as ratios to EP;

3. Three-year average of taxes, licenses and fees ratios, based on the NJ Statutory page 14 of the insurer's latest annual statement filed with the Department and calculated as ratios to NJ WP;

4. The profit and contingency provision. If the provision is greater than five percent on a pre-tax basis, an exhibit showing the calculation of the provision shall be included;

5. Derivation of the Investment Income offset calculated using either the cash flow or state X method; and

6. Total expenses shall be determined from the sum of (f)1 through 4 less (f)5 above.

(g) Permissible loss and LAE ratios shall be determined by subtracting total expenses, determined in (f)6 above, from one.

(h) Filers shall use a full credibility standard of 240,000 earned exposures over five years by form as reported in (b) above. The filer shall apply the classical credibility procedure using the square-root rule to the full credibility standard to determine the credibility of each form. The minimum credibility assigned to any form may be 50 percent.

(i) The complement of credibility shall be assigned to the annual selected loss ratio trend by form, calculated as the ratio of the annual loss trend divided by the annual premium trend, raised to the power of the difference between the effective date of the last approved rate filing and the proposed effective date (for renewal business) in the pending filing, expressed in years.

(j) The indicated rate changes by form and overall shall be calculated as follows:

1. The raw indications by form shall be calculated as the ultimate loss and LAE ratio determined in (e) above divided by the permissible loss and LAE ratios determined in (g) above.

2. The credibility-weighted indications by form shall be determined by:

- i. The raw indication in (j)1 above;
- ii. Multiplied by (h) above (credibility);
- iii. Plus (1 + (i) above) (loss ratio trend); and
- iv. Multiplied by (1-(h) above) (complement of credibility).

3. The overall indication shall be calculated from the credibility-weighted indications by form, determined in (j)2 above, weighted by the latest year's on-level projected earned premium by form determined in (c) above.

(k) If only uniform Statewide base rate changes by form are proposed, the information in (a) through (j) above is sufficient. If proposed base rate changes vary by territory, the filer shall additionally provide credibility-weighted territorial indications by form.

1. Territorial indications by form shall be based on five years of data and shall be indexed to the indications by form, derived in (j)2 above.

2. Territorial indications by form shall be based on a five-year full credibility standard of 60,000 earned exposures per territory, with the complement of credibility applied to the Statewide indications by form determined in (j)2 above or to the current territorial rate/relativity.

(l) All filers shall use the Department's methodology set forth in (a) through (k) above. The filer can submit an alternate methodology or use different data to support its

filing provided that it is clearly labeled as such and is submitted in addition to the methodology in (a) through (k) above. The Department's review of any alternate methodology or data submission is not governed by the time frames in N.J.A.C. 11:2-42.6.

11:2-42.5 Limitation on filer's rate request

(a) If the overall indicated change as determined in N.J.A.C. 11:2-42.4 is an increase of five percent or more, the filer shall request an overall increase of no more than five percent.

(b) If the overall indicated change as determined by N.J.A.C. 11:2-42.4 is less than five percent, the filer shall request no more than the overall rate change that is indicated.

(c) A filer may not have more than one rate change request pursuant to this subchapter approved in any 12-month period.

11:2-42.6 Review; general principles; actions

(a) If the Commissioner determines that the filing will not produce rates that are excessive, inadequate for the safety and soundness of the insurer, or unfairly discriminatory between risks in this State involving substantially the same hazards and expense elements, then the Commissioner shall approve the filing.

(b) A filing will be deemed submitted when it is received by the Office of Property and Casualty in the Department and is accompanied by all of the documents, exhibits and calculations required by this subchapter.

(c) After a filing has been submitted in accordance with (b) above, the Department, within 20 days of receipt, shall conduct a preliminary review to determine if it is in compliance with N.J.S.A. 17:36-5.35 and this subchapter. If the filing is in compliance, it shall be deemed complete by the Department. If a filing is not in compliance, the filer will be notified of deficiencies in the filing within 20 days of receipt. If the filer is not notified of deficiencies within 20 days of receipt, it shall be deemed complete and be under review. If the filing is found to have deficiencies, it shall not be deemed complete until such deficiencies have been corrected.

(d) The Commissioner shall render a decision within 30 days of receipt of a complete filing.

(e) The Commissioner, pursuant to (a) above and N.J.S.A. 17:3-5.35, shall render one of the following determinations on the filing:

1. Approve the rate change filing as filed;
2. Disapprove the rate change filing; or
3. Approve a modified rate change filing.

(f) If the Commissioner disapproves or modifies the rate change as filed, the Commissioner shall notify the filer in writing of such determination, which shall also advise that the filer may request a hearing on the matter within 15 days from the date of the notice. Upon timely notification that the filer requests a hearing, the Commissioner may refer the matter to the Office of Administrative Law for a hearing on an expedited basis as a contested case in accordance with the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1, and N.J.S.A. 17:36-5.35c.

(g) If, at the time that the Commissioner renders a determination approving or modifying a rate change filing made pursuant to this subchapter, a filer has a pending application for prior approval rate change submitted in accordance with N.J.S.A. 17:29A-1 et seq., the filer shall promptly amend such pending filing to reflect any rate change approved in accordance with this subchapter.

11:2-42.7 Hurricane deductibles; standard policy language

(a) The uniform policy language that shall be utilized for all mandatory and optional hurricane deductible programs for homeowners' insurance is as set forth in Exhibit D in the Appendix to this subchapter, incorporated herein by reference.

(b) Insurers or the FAIR Plan, to the extent they are using policy forms which have a hurricane deductible provision that is not substantially similar with the language in Exhibit D, shall file appropriate changes to their forms to conform with the requirements set forth herein within 60 days from the effective date of this subchapter, as well as a certification regarding compliance with the notice requirements as set forth in (c) below. Such changes shall become effective at the next policy renewal. For purposes of this subsection, "substantially similar" means the applicable hurricane deductible language shall be the same in effect and application as the provision in Exhibit D, although the exact wording may be different.

(c) If an insurer or the FAIR Plan is utilizing a hurricane deductible provision that is substantially similar as set forth herein, the insurer or FAIR Plan shall file a certification to that effect with the Department, signed by an individual authorized to sign such a certification on behalf of the insurer or FAIR Plan. The certification shall also state that the notice accompanying the hurricane deductible satisfies the requirements set forth in N.J.A.C. 11:2-42.8.

11:2-42.8 Hurricane deductibles; notice requirements

(a) Pursuant to N.J.S.A. 17:36-5.36, insurers and the FAIR Plan shall provide notice to policyholders regarding their hurricane deductible program. The notice shall be provided for any mandatory and/or optional hurricane deductible programs utilized by the insurer. Such notice shall comply with the following requirements and include the following information:

1. The notice shall comply with the readability standards set forth in N.J.A.C. 11:2-18;

2. A notice shall accompany the issuance of each new policy to which a hurricane deductible applies and each subsequent renewal thereof;

3. Where the deductible that applied in the prior policy term is changed at renewal (for example, a new mandatory hurricane deductible program for the insurer has been approved by the Department during the prior policy term), the policyholder notice shall state that the terms of the policy have been changed. The insurer shall use boldface type or other means to draw the reader's attention to this statement. The policyholder notice shall explain the changes made to the policy;

4. The notice must be specific to the policy and identify whether the hurricane deductible applied to the policy is optional or mandatory. If the notice does not set forth the specific flat dollar or percentage deductible applied to the policy, it shall clearly state that this information can be found on the policy declarations page;

5. The notice shall identify the circumstances and conditions under which the hurricane deductible will apply to the policy as set forth in the policy or endorsement, and shall reference where the deductible provision may be found in the policy or endorsement;

6. The notice shall explain how application of the hurricane deductible will affect settlement of a claim, including the coverages to which the hurricane deductible will apply, and shall provide a specific example of such a claim settlement;

7. The notice shall explain the relationship between the hurricane deductible and any other deductible that may apply to the policy;

8. The notice shall reference the consumer information brochure required under N.J.S.A. 17:36-5.36 for more detailed information concerning the insurer's hurricane deductible programs; and

9. If applicable, the policyholder notice shall explain how the insured may qualify for a lower hurricane deductible or the elimination of the hurricane deductible. In this case the policyholder notice shall:

i. Identify the criteria that must be met in order to qualify for a lower deductible or elimination of the hurricane deductible (for example, through the payment of an additional premium and/or implementation of loss mitigation features);

ii. Where loss mitigation is a condition, provide a general description or summary of the types of loss mitigation measures included in the insurer's hurricane deductible program and any documentation requirements utilized by the insurer; and

iii. Instruct the insured as to the process that must be followed to pursue any change or elimination of a hurricane deductible for which the insured may qualify. The instructions shall prominently identify any time limitations that may apply to changing or eliminating the hurricane deductible.

11:2-42.9 Application of hurricane deductibles

(a) Insurers and the FAIR Plan may file to use mandatory hurricane deductibles of up to five percent and optional hurricane deductibles up to 10 percent.

(b) Hurricane deductibles may be used in areas designated by the ZIP codes set forth in Exhibit E in the Appendix to the subchapter, incorporated herein by reference. In addition, subject to approval by the Department, insurers and the FAIR Plan may file to use hurricane deductibles as set forth in (a) above in areas not designated by the ZIP codes set forth in Exhibit E. In determining whether to approve a request to apply mandatory and/or offer optional hurricane deductibles in areas beyond those set forth in Exhibit E, the Department shall consider:

1. An insurer's exposure to catastrophic hurricane losses, associated reinsurance costs, and potential impacts to the insurer's solvency;
2. Associated reinsurance costs; and
3. Potential impacts to the insurer's solvency.

New Rule, R.2011 d.044, effective February 7, 2011.
See: 42 N.J.R. 2199(a), 43 N.J.R. 309(a).

11:2-42.10 Reports

(a) Insurers and the FAIR Plan shall, semi-annually, submit reports relative to the amount of in-force and new business homeowner's insurance written. The reports shall be submitted in accordance with a format which shall be posted on the Department's website: <http://www.state.nj.us/dobi>. Surplus lines agents shall file information with respect to the placement of such coverage with surplus lines insurers.

(b) Reports shall be due January 31 and July 31 for evaluation dates of the previous December 31 and June 30, respectively.

New Rule, R.2011 d.044, effective February 7, 2011.
See: 42 N.J.R. 2199(a), 43 N.J.R. 309(a).

APPENDIX

EXHIBIT A

Expedited Homeowners Filings

Company/Group: _____

Company File No.: _____

Section	Item	Page #
11:2-42.3	Filing Requirements	
(a)3	Information required on each page	Yes / No
(a)4	All data reported on direct basis exclusive of reinsurance	Yes / No
(a)5	All data from voluntary market only	Yes / No
(a)6	Most recent AY ends no more than 15 months prior to submission date	Yes / No
(a)7	Three copies of filing submitted	Yes / No
(b)1	<ul style="list-style-type: none"> • Cover letter notifying DOBI of intention to modify rates under expedited approval procedure • Exhibit C, Rate change information • Proposed effective date • Name/Telephone/Address of Company officer to whom inquiries about the filing may be directed 	_____ _____ _____
(b)2	Exhibit A, this checklist	
(b)3	<ul style="list-style-type: none"> • Manual rating pages • Explanatory memorandum • Company File # • New/Renewal Effective Dates 	_____ _____ _____ _____
(b)4	Rating Examples	
(b)5	Exhibit B, rate change distribution by interval	
(b)6	Maximum Increase/Decrease with profile	
(b)7	Territorial Definitions	
(b)8	Justification for Minimum Premium (if changing)	
(b)9	Effects of each change in detail	
(b)10	Seven year rate history	
11:2-42.4	Premium and Loss Data	All data must be on a direct basis, and must be consistent throughout the filing. All data is to be provided by form by accident year for each of the latest five years.
(b)	NJ Earned Exposures by form and accident year	
(c)1	Earned Premium by form and accident year	
(c)2	On-Level factors	
(c)3	Current Amount factors	
(c)4	Premium Trend factors	
(c)5	Premium Trend period	
(d)1	Incurred Loss and ALAE (separately or combined)	
(d)2	Loss Development Factors—Incurred Loss and ALAE (separately or combined)	
(d)3	Current Cost Factors	
(d)4	Loss Trend Factors	
(d)5	ULAE factor (based on latest three year avg. from IEE Part 3)	
(d)6	Wind & Water Losses (if excluded)	
(d)7	Catastrophe Losses (if excluded)	
(d)8	Hurricane Losses (if excluded)	
(d)9	Excess Losses (if excluded)	
(d)10	Total of (d)6 through 8 does not exceed 20 percent	Yes / No
(d)11	Losses excluded in (d)6 through 9 also excluded from LDFs	Yes / No
(e)	Ultimate Loss + LAE ratio weighted 10/15/20/25/30	