



State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE
LEGISLATION AND REGULATION
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BULLETIN NO.: 10-31

TO: ALL INSURERS TRANSACTING PERSONAL LINES INSURANCE IN NEW JERSEY
FROM: THOMAS B. CONSIDINE, COMMISSIONER
RE: PERSONAL LINES RATE FILING REVIEW PROCEDURES
ADOPTED AMENDMENTS N.J.A.C. 11:1-2A; 11:1-45 AND 11:3-18 (42 N.J.R. 10(a))

On September 20, 2010, the Department of Banking and Insurance (Department) adopted amendments to N.J.A.C. 11:1-2A, 2A.2, 2A.3 and 2A.4; 11:1-45.1, 45.2 and 45.3; and 11:3-17.1, 18.2, 18.3 and 18.4. The Notice of Adoption of these amendments appeared in the October 18, 2010 New Jersey Register (see 42 N.J.R. 10(2)) and the amendments became effective on that date.

The purpose of this bulletin is to provide guidance to insurers for issuing a notice as required by N.J.A.C. 11:1-45 as amended when an insurer has filed for more than one prior approval rate increase for implementation within a 12-month period and the combined filings have an overall impact of an increase exceeding seven percent. One comment submitted on the Notice of Proposal of the now adopted amendments suggested that the industry would like to know if the Department will be revising the Appendix in Subchapter 45 to include language to use when an insurer has filed for one or more prior approval rate filings for implementation within a 12-month period and the combined filings have an overall impact of an increase exceeding seven percent. As noted in its response to that comment included in the adoption notice, the Department could not make this change on adoption because it would have been a substantive change that requires additional public notice and comment. The Department intends to propose an additional sample notice in the appendix to N.J.A.C. 11:1-45 to address this situation in the near future. In the interim, the Department has provided the attached notice to provide guidance to insurers on the content of such a notice.

November 3, 2010

Date

Thomas B. Considine
Commissioner

DHT10-06/INOORD

Dear Policyholder:

This is to provide notice required pursuant to N.J.S.A. 52:27EE-51 of the combined impacts of recent filings to the New Jersey Department of Banking and Insurance by (Insurance Company) seeking rate increases within a 12 month period.

(Insurance Company) was granted an overall rate increase in the amount of +____% effective (xx/xx/xx) for new business and effective (xx/xx/xx) for renewal business for (coverage).

[Add additional descriptions for multiple filings if applicable]

(Insurance Company) has subsequently filed on (xx/xx/xx) with the Department of Banking and Insurance a request for an overall rate increase in the amount of ____%, which when combined with the previously approved rate increase(s), could result in an overall rate increase in excess of +7.0%.

(For PPA only) If the subsequent filing is approved for the full amount requested, when combined with the previously approved rate increase(s) the average liability-only policy will see a rate change of + ____%. The average full coverage policy (includes comprehensive and collision coverage) will see a rate change of +____%. The impact of these filings on your rates may vary substantially, depending on the terms of your policy and your individual circumstances.

(For HO only) If the subsequent filing is approved for the full amount requested, when combined with the previously approved rate increase(s), the average homeowners policy (or equivalent term used by the filer) will see a rate change of +____%. The average Tenants policy will see a rate change of +____%. The average Condominiums policy (or equivalent term used by the filer) will see a rate change of ____%. The impact of these filings on your rates may vary substantially, depending on the terms of your policy and your individual circumstances.

(For all other personal lines property/casualty coverages) If the subsequent filing is approved for the full amount requested, when combined with the previously approved rate increase(s), the average policy will see a rate change of +____%. The impact of these filings on your rates may vary substantially, depending on the terms of your policy and your individual circumstances.

The subsequently filed request for a rate increase is subject to review and approval by the Department of Banking and Insurance pursuant to law and the request may not be approved, or may be approved for less than the full amount requested. If approved in whole or in part, the rate change will not affect existing policies until they come up for renewal.