

**Calculation of Maximum Expenses for Prior Approval/Limited Auto Rate and Excess Profit Filings:**  
Effective June 1, 2009 (including for 2009 Excess Profit Filings)

In accordance with N.J.A.C. 11:3-16.9(c), all insurers filing for Private Passenger Automobile rate revisions shall limit the historic expense provision for Commission and Brokerage, Other Acquisition Expenses, and General Expenses on a combined basis to the weighted average plus five percent of those companies that use the same marketing method as the filer. The calculation is no longer restricted to the 20 largest companies and groups based on the most recent annual Written Premium volume in New Jersey. Companies with membership requirements, that are new to New Jersey, or that only write PAIP policies are excluded.

Written Premium volume and Commission and Brokerage Expense are based on data from the Statutory Page 14 Exhibit for New Jersey. Other Acquisition Expense and General Expense are based on direct countrywide data from Part 3 of the Insurance Expense Exhibit. Three years of data, 2006-2008, were analyzed. A weighted average by New Jersey Written Premium was calculated individually by year, and the three years were averaged to calculate a cap. Liability and Physical Damage data was analyzed separately.

All expense ratios were calculated as a percent of Direct Written Premium or Direct Earned Premium net of dividends, but gross of excess profits to reflect the reduced premiums of companies that consistently pay dividends.

	<b>Expense Caps</b>		
	<u>Direct Writers</u>	<u>Captive Agents</u>	<u>Independent Agents</u>
Auto Liability	22.7%	27.3%	28.9%
Auto Physical Damage	22.5%	27.2%	29.6%

<b>Companies Included</b>		
<u>Direct Writers</u>	<u>Captive Agents</u>	<u>Independent Agents</u>
Government Employees Ins Co	Allstate NJ Ins Co	Travelers Auto Ins Co of NJ
GEICO Indemnity Co	State Farm Indemnity Co	Palisades Safety & Ins Assoc
American International Ins Co of DE	Liberty Mutual Fire Ins Co	Drive New Jersey Ins Co
Progressive Garden State Ins Co	High Point Safety & Ins Co	First Trenton Indemnity Co
AAA Mid-Atlantic Ins Co of NJ	Allstate NJ Prop & Cas Co	Encompass Ins Co of NJ
21 <sup>st</sup> Century Ins Co	Liberty Mutual Mid-Atlantic Ins Co	Mercury Indemnity Co of Amer
American International Ins Co of NJ	High Point Preferred Ins Co	Palisades Prop & Cas Ins Co
New Jersey Re-Insurance Co	High Point Prop & Cas Ins Co	Hanover NJ Ins Co
Citizens United Reciprocal Exchange	State Farm Guaranty Ins Co	IFA Ins Co
GEICO Casualty Co	Metropolitan Direct Prop & Cas Ins Co	Chubb Ins Co of NJ
Amica Property and Casualty Ins Co		Palisades Ins Co
Progressive Freedom Ins Co		Esurance Ins Co of NJ
Metropolitan Group Prop & Cas Ins Co		Hanover Ins Co
IDS Property Casualty Ins Co		Personal Service Ins Co
Unitrin Direct Ins Co		Encompass P&C Ins Co of NJ
Electric Ins Co		New Jersey Skylands Ins Co
		New Jersey Skylands Ins Assoc
		Founders Ins Co
		Liberty Ins Corp
		Fireman's Fund Indem Corp
		AIG Premier Ins Co
		Esurance Ins Co
		AIG National Ins Co
		Tokio Marine & Nichido Fire Ins
		Co Ltd
		Keystone Ins Co
		Greater NY Mutual Ins Co
		Insurance Co of Greater NY