

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF THE)
IMPLEMENTATION OF) ORDER
P.L. 2003, C. 89)

This matter having been opened by the Commissioner of Banking and Insurance (“Commissioner”) pursuant to the authority of N.J.S.A. 17:1-8.1, 17:1-15e, and P.L. 2003, c. 89, and all powers expressed or implied therein; and

IT APPEARING that P.L. 2003, c. 89, effective June 9, 2003 (the “Act”), substantially revises the regulatory framework for the provision of private passenger automobile insurance in this State; and

IT FURTHER APPEARING that the Department of Banking and Insurance (“Department”) issued Bulletin No. 03-14 on June 20, 2003 to provide guidance to private passenger automobile insurers as to appropriate actions they should take to ensure an orderly transition with respect to their operating systems to implement the Act; and

IT FURTHER APPEARING that the Bulletin advised that the Department intended to issue an Order regarding various actions required of insurers pursuant to the Act, including revisions insurers will be required to make to their manual rules, rates and policy forms; and

IT FURTHER APPEARING that the Department has proposed various new rules and amendments to existing rules, notices of which were published in the July 21, 2003 and August 4, 2003 issues of the New Jersey Register, and intends to propose additional new rules and rule amendments in the near future with respect to the implementation of P.L. 2003, c. 89; and

IT FURTHER APPEARING that it is appropriate to require insurers as well as rating organizations to file the necessary changes to their manual rules, rates, and policy forms, as set forth in Bulletin No. 03-14 as soon as practicable, but in no event later than September 15, 2003, to be effective on January 1, 2004 in order to provide for the implementation and timely compliance with the provisions of the Act.

THEREFORE it is on this 15th day of August, 2003 ORDERED that:

1. All private passenger automobile insurers and/or rating organizations shall file changes to their manual rules, rates and policy forms as set forth in Bulletin No. 03-14, incorporated herein by reference, as soon as practicable, but in no event later than September 15, 2003, to be implemented by January 1, 2004, except as otherwise set forth at paragraphs 2a and 2c below.

2. The filings submitted pursuant to this Order shall be submitted as one filing by each insurer or rating organization as follows:

a. Insurers and rating organizations shall revise their manual rules with respect to Section 64 of the Act to apply the revised definition of "at-fault accident" to reflect payments by the insurer of at least \$1000 with respect to accidents occurring on or after June 9, 2003, and which accidents shall, with respect to renewal business, be considered by the insurer for purposes of eligibility and rating if such payments were made for accidents that occurred within the three year period ending 90 days prior to the policy expiration date, in accordance with N.J.A.C. 11:3-8.4;

b. Changes with respect to limits for personal injury protection coverage above \$75,000.00 up to \$250,000.00, as provided in Sections 36 and 37 of the Act, shall be made in accordance with a Bulletin to be issued by the Department in the near future;

c. Rating rules for physical damage deductibles reflecting the default deductible of \$750, which shall be implemented upon the effective date of the adoption of proposed amendments to N.J.A.C. 11:3-13.3, notice of which appeared in the July 21, 2003 issue of the New Jersey Register, 35 N.J.R. 3083(a); and

d. Revisions to standard tier definitions and tier factors, if insurers choose to do so, shall be submitted on a revenue neutral basis.

3. The Department intends to respond to filings submitted pursuant to this Order within 30 days of the date of the filing.

4. Any revisions to rules and forms, other than those required by this Order, shall be submitted to the Department as a separate filing.

Failure to comply with this Order may result in the imposition of penalties as authorized by law.

/s/ Holly C. Bakke
Holly C. Bakke
Commissioner

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