



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
OFFICE OF THE COMMISSIONER

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JAMES E. MCGREEVEY
Governor

HOLLY C. BAKKE
Commissioner

TO: All Insurers Authorized or Admitted to Transact Private Passenger Automobile Insurance and All Rating Organizations

FROM: Holly C. Bakke, Commissioner of Banking and Insurance

RE: Clarification of Order No. A03-143 Regarding the Implementation of P.L. 2003, c.89.

On August 15, 2003, the Commissioner of Banking and Insurance issued Order No. A03-143, which requires that insurers and rating organizations file appropriate changes to their manual rules, rates and policy forms as set forth in Bulletin No. 03-14 to provide for the implementation and timely compliance with the provisions of P.L. 2003, c. 89. Since the issuance of the Order, the Department of Banking and Insurance ("Department") has received several inquiries regarding compliance with the Order. The Department therefore is issuing this notice to provide further guidance on the requirements set forth in the Order to enable insurers and rating organizations to timely comply with those requirements. References to paragraphs correspond to those set forth in Order No. A03-143.

- ⌚ All filings must be submitted to the Department no later than September 15, 2003.
- ⌚ All filings, with the exception of filings under paragraph 2a (revisions to definition of "at-fault accident") and paragraph 2c (physical damage default deductible) will become effective on January 1, 2004 for new and renewal business.
- ⌚ Four separate filings must be submitted by each insurer or rating organization as follows:
 - a. At-fault accident reflecting \$1000 payment. The definition of "at-fault accident" must reflect payments by the insurer of at least \$500 for accidents occurring before June 9, 2003 and payments of at least \$1,000 for accidents occurring on or after June 9, 2003. Filers must submit revisions to policy forms/endorsements and manual underwriting and rating rules to revise the definition of "at-fault accident" and clarify that this provision applies if payments were made for accidents that occurred within the previous three years, for new business, and within the previous three years ending 90 days prior to the policy expiration date, for renewal business;

b. Changes for personal injury protection coverage, calculated in accordance with the procedures set forth in Bulletin 03-21;

c. Physical damage default deductible of \$750; and

d. Revisions to the tier definitions and tier factors, if the insurer chooses to do so. If the insurer elects not to change its standard tier definition and tier factors on a revenue neutral basis, they must submit a letter to the Department indicating that the company will not make a change.

⌚ All other revisions to rules and forms referenced in Bulletin 03-14, and changes required pursuant to proposed new rules or amendments published in the July 21, 2003 and August 4, 2003 issues of the New Jersey Register, and which are not specifically listed above, must be submitted as one filing.

⌚ Any other revisions to rates, rules or forms must be submitted as a separate filing. As was noted in Bulletin No. 03-14, filings received pursuant to P.L. 2003, c. 89 will be given priority for processing and approval.

⌚ Finally, be advised that any filing revisions required by changes to the final adopted rules based upon comments received will be subject to further direction to be provided in the future, if and when required.

August 27, 2003

Date

Holly C. Bakke
Commissioner