

APPENDIX
EXHIBIT A
PRIOR APPROVAL FILINGS

Company/Group: _____

Company File No.: _____

Section	Item	Page #
1) Filing Requirements		
16.3(d)	Filing Source Document MARS001	Yes / No
16.3(e)	Certification of compliance (exact text in regulation) signed by officer	Yes / No
16.3(f)	All data reported on direct basis exclusive of reinsurance	Yes / No
16.3(g)	All data from voluntary market only	Yes / No
16.6(a)1	Cover letter including proposed revision, effective date, and company contact information	_____
16.6(a)2	This checklist	Yes / No
16.6(a)3	Appendix Exhibit B	Yes / No
16.6(a)4	Narrative overview	Yes / No
16.6(a)8	Proposed rates (or loss costs) for each territory and coverage together with their derivation.	_____
16.6(a)9	Calculation demonstrating compliance with NJSA 17:29A-36	_____
16.6(a)10	Rating examples in accordance with NJAC 11:3-45	_____
16.6(a)11	Data disk or CD-ROM in MS Excel 97 format	Yes / No

2) Premium, Loss, and LAE Data -- All data must be at total limits and/or basic limits and must be consistent throughout the filing. All data is to be provided by coverage by accident year for each of the latest three years.

16.8(a)1	NJ direct earned premium (or loss cost) at present rates with supporting documentation	_____
16.8(a)2	Premium trend exhibits	_____
16.8(a)3	NJ direct earned exposures	_____
16.8(a)4	NJ direct paid or incurred losses	_____
16.8(a)5	NJ direct paid or incurred D&CC LAE	_____
16.8(a)6	NJ direct paid or incurred A&O LAE	_____
16.8(a)7	Ultimate developed loss and LAE	_____
16.8(a)8	NJ direct paid or incurred claim counts	_____
16.8(a)9	Ultimate developed claim counts	_____
16.8(a)10	Loss trend exhibits	_____
16.8(a)11	Trended ultimate developed loss and LAE	_____
16.8(b)	(Required only if losses are separated into catastrophe and non-catastrophe)	_____
	• Clear description and justification of the standard used	_____
	• At least 10 years used to determine catastrophe load	_____
	• Explanation if database used for catastrophe load is different from that used for rate level change	_____
16.8(c)	(Required only if territorial factors are changing)	_____
	• Territorial rate indications	_____
16.8(d)	(Required only if classification factors are changing)	_____
	• Differentials and loss ratios by class	_____
16.8(e)	(Required only if tier relativities are changing)	_____
	• Differentials and loss ratios by tier	_____
16.8(f)	Credibility exhibits	_____

3) Expense Data

- 16.9(a)1 Selected expense provisions and related information _____
- 16.9(a)2i Commission and Brokerage expenses from NJ Page 14 _____
- 16.9(a)2ii Other acquisition expenses from IEE _____
- 16.9(a)2iii General expenses from IEE _____
- 16.9(a)2iv Taxes, Licenses, and Fees expenses from NJ Page 14 _____
- 16.9(a)3i Finance and other miscellaneous charges _____
- 16.9(a)3ii Description of affiliated-company transactions _____
- 16.9(b) Expense flattening per NJSA 17:29A-37 _____
- 16.9(c) Expenses Capped by Appendix Exhibit E Calculation
(available on DOBI web site) Yes / No
- 16.9(d) Excluded Expenses (state if none) _____
- 16.9(e) Bodily Injury Liability Commissions equalized using
Appendix Exhibit C _____
- 16.9(f) Expense data on direct basis Yes / No

4) Profit and contingency provision

- 16.10(a) Profit and contingency provision does not result in rates
that are excessive, inadequate, or unfairly discriminatory _____

EXHIBIT [E] **B**

	<u>Percentage Change</u>	<u>Dollar Effect</u>	<u>Latest Year Earned Exposures</u>	<u>Latest Year On-Level Earned Premium</u>
Bodily Injury				
[Verbal]Limitation	_____	_____	_____	_____
[Zero]No Limitation	_____	_____	_____	_____
Property Damage	_____	_____	_____	_____
Personal Injury	_____	_____	_____	_____
Protection	_____	_____	_____	_____
Uninsured	_____	_____	_____	_____
Motorists	_____	_____	_____	_____
[Verbal]Limitation	_____	_____	_____	_____
[Zero] No Limitation	_____	_____	_____	_____
Total Liability	_____	_____	_____	_____
Comprehensive	_____	_____	_____	_____
Collision	_____	_____	_____	_____
Total Physical	_____	_____	_____	_____
Damage	_____	_____	_____	_____
Overall Total	_____	_____	_____	_____
Expense Fees	Current	Proposed	[Current] <u>Percent Change</u>	[Proposal] <u>Dollar Effect</u>
Single Limit	_____	_____	_____	_____
Liability	_____	_____	_____	_____
Bodily Injury	_____	_____	_____	_____
Property Damage	_____	_____	_____	_____
Personal Injury	_____	_____	_____	_____
Protection	_____	_____	_____	_____
Comprehensive	_____	_____	_____	_____
Collision	_____	_____	_____	_____

[Add columns for latest year earned exposures and latest year on-level earned premium by coverage.]

EXHIBIT C

Worksheet to Determine [Zero Threshold] **No Limitation on Lawsuit**
Premium and Commission for BI and UMBI
Page 1 of 4

Insurance Group Name _____

Insurance Company Name _____

Group NAIC Number _____

Company NAIC Number _____

BEFORE COMPLETING THIS FORM, PLEASE READ THE [Information on page 4] **INSTRUCTIONS FOLLOWING SECTION D.**

Section A

Section A develops the revised [verbal threshold] **Limitation on Lawsuit** base rate after the rate change.

Item 1A: Current [verbal threshold] **Limitation on Lawsuit** base rate

State the territory number _____

Number of exposures _____

Percent of Statewide total _____

Item 2A: [Verbal threshold] **Limitation on Lawsuit** rate change, expressed as a multiplicative factor _____

Item 3A: Revised [verbal threshold] **Limitation on Lawsuit** base rate (Item 1A multiplied by Item 2A) _____

NOTE: Item 3A is the new [verbal threshold] **Limitation on Lawsuit** base rate after the rate change.

Section B

The dollars of commission for the [verbal threshold] **Limitation on Lawsuit** base rate and the [zero threshold] **No Limitation on Lawsuit** base rate are to be identical after the rate change. Section B develops the dollars of commission which can be included in the rate. The insurer may pay a higher commission. However, the portion of the commission above the amount stated in Item 2B is not to be included in the rate and is not to be charged to the policyholder.

Item 1B: Current filed and approved commission rate for the [verbal threshold] **Limitation on Lawsuit** base rate, expressed as a decimal and rounded to the third decimal place _____

State the relevant DOBI filing number: _____

Item 2B: Dollars of commission for the increased/decreased [verbal threshold] **Limitation on Lawsuit** base rate (Item 3A multiplied by Item 1B)

NOTE: Item 2B is the dollars of commission for the [verbal threshold] **Limitation on Lawsuit** base rate after the rate change, and it is also the dollars of commission for the No Limitation on Lawsuit base rate after the rate increase/decrease.

Section C

Section C develops the [zero threshold] **No Limitation on Lawsuit** rate change.

COMPLETE ITEMS 1C, 2C, 3C, AND 4C ONLY FOR A RATE INCREASE,
BUT NOT FOR A RATE DECREASE.

Item 1C: Item 2A minus 1.000 _____

Item 2C: Item 1C times 2.000 _____

Item 3C: Item 2C plus 1.000 _____

Item 4C: [zero threshold] **No Limitation on Lawsuit** rate increase expressed as a multiplicative factor _____

NOTE: Item 4C is the amount the insurer selects as the [zero threshold] **No Limitation on Lawsuit** rate increase. [However, for a flex filing rate increase, Items 4C cannot be smaller than Item 3C]

Pages 3 of 4

COMPLETE ITEMS 5C, 6C, 7C, AND 8C ONLY FOR A RATE DECREASE,
BUT NOT FOR A RATE INCREASE.

Item 5C: 1.000 minus Item 2A _____

Item 6C: Item 5C divided by 2.000 _____

Item 7C: 1.000 minus Item 6C _____

Item 8C: [zero threshold] **No Limitation on Lawsuit** rate decrease expressed as a multiplicative factor _____

NOTE: Item 8C is the amount the insurer selects as the [zero threshold] **No Limitation on Lawsuit** rate decrease.

Section D

Item 5D of Section D is the [zero threshold] **No Limitation on Lawsuit** base rate with the rate increase/decrease.

Item 1D: Current [zero threshold] **No Limitation on Lawsuit** base rate _____

Item 2D: Filed and approved dollars of commission for the current [zero threshold] **No Limitation on Lawsuit** base rate _____

State the relevant DOBI filing Number: _____

Item 3D: Current [zero threshold] **No Limitation on Lawsuit** base rate excluding commission (Item 1D minus Item 2D) _____

Item 4D: Increased/decreased [zero threshold] **No Limitation on Lawsuit** base rate, excluding commissions (Items 3D multiplied by Item 4C, or Item 3D multiplied by Item 8C, as appropriate.) _____

Item 5D: Increased/decreased [zero threshold] **No Limitation on Lawsuit** base rate, including commissions (Items 2B plus Item 4D)

Page 4 of 4

Instructions:

1. Data are for base rates for the territory with the largest number of the filer's exposures. Following Item 1A state the number of the territory in question; the number of exposures in that territory; and the portion of the statewide exposures for the filer in that territory.
2. File one worksheet for BI and one for UMBI.
3. For combined single limits, fill out the worksheets using the BI and UMBI portions of the rate.
4. Item 2A is to be expressed as a decimal and rounded to the third digit. For example, if the rate change is an increase of 2 percent, Item 2A is 1.020. As another example, if the rate change is a decrease of 3.2 percent, then Item 2A is 0.968.
5. The commission rate in Item 1B to be expressed as a decimal and rounded to the third digit. For example, if the commission rate is 15.3 percent, Item 1B is 0.153. As another example, if the commission rate is 19 percent, Item 1B is 0.190.
6. The commission allowable in the [zero threshold] **No Limitation on Lawsuit** base rate is Item 2B. The insurer may pay a higher commission. However, the portion of the commission above the amount stated in Item 2B is not to be included in the rate and is not to be charged to the policyholder.
7. Following Items 1B and 2D, provide the DOBI filing number of the filing in which the commission rate was approved.

EXHIBIT D

Date of filling out form: _____

NEW JERSEY INSURER RATE FILING
ADOPTION OF [ADVISORY] **RATING** ORGANIZATION
[PERSPECTIVE] **PROSPECTIVE** LOSS COSTS
REFERENCE FILING ADOPTION FORM
PRIVATE PASSENGER AUTOMOBILE

1. INSURER NAME _____
ADDRESS _____

PERSON RESPONSIBLE FOR FILING _____
TITLE _____ TELEPHONE _____

2. INSURER GROUP NAIC # _____

2A. INSURER COMPANY NAIC # _____

3. LINE OF INSURANCE _____

4. [ADVISORY] **RATING** ORGANIZATION _____

5. [ADVISORY] **RATING** ORGANIZATION REFERENCE FILING # _____

6. The above insurer hereby declares that it is a member, subscriber or service purchaser of the named [advisory] **rating** organization for this line of insurance. The insurer hereby files to be deemed to have independently submitted as its own filing, the prospective loss costs in the captioned Reference Filing.

7. PROPOSED RATE LEVEL CHANGE _____% EFFECTIVE DATE _____

8. PRIOR RATE LEVEL CHANGE _____% EFFECTIVE DATE _____

9. ATTACH "FILING ADOPTION FORM" FOR EACH INSURER IF SELECTED LOSS COST MULTIPLIER IS DIFFERENT.

** The filed Loss Cost Level Change Factor for the initial filing is the Ratio of the Revised Loss Costs to Current Rates divided by the Deviation which the insurer applied to the Current Rates (expressed as a decimal); and for subsequent filings, the Ratio Loss Cost Level to Current Loss Cost Levels.

Insurer Name: _____ Date of filling out form: _____
NAIC # Group: _____ Company: _____

NEW JERSEY EXPENSE CONSTANT SUPPLEMENT
CALCULATION OF COMPANY LOSS COST MULTIPLIER

10. Coverage to which this page applies: _____

11. Loss Cost Modification

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(CHECK ONE)

Without Modification (Factor = 1.000) _____

With the following modification(s): _____

B. Loss Cost Modification Expressed as a Factor: _____

(See examples below.)

12. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information).

	Overall	Variable	Fixed
A. Commissions Expense	_____ %	_____ %	_____ %
B. Other Acquisition Expense	_____ %	_____ %	_____ %
C. General Expense	_____ %	_____ %	_____ %
D. Expenses Subject to Cap	_____ %	_____ %	_____ %
E. Expense Cap	_____ %	_____ %	_____ %
F. Capped Expenses	_____ %	_____ %	_____ %
G. Taxes, Licenses & Fees	_____ %	_____ %	_____ %
H. [UCJF] Assessments	_____ %	_____ %	_____ %
I. AIRE Impact	_____ %	_____ %	_____ %
[I] J. Profit and Contingency Provision	_____ %	_____ %	_____ %
[J] K. Other	_____ %	_____ %	_____ %
[K] L. Total (F + G + H + I + J + K)	_____ %	_____ %	_____ %
[L] M. Fixed Expense Trend Factor			_____ %
[M] N. Trended Fixed Expense Ratio			_____ %

13. A. Expected Loss Ratio: ELR = 100% - Overall 12 [K] **L**

B. ELR expressed in decimal form [=] :

C. Variable Expected Loss Ratio: VELR = 13A + 12 [M] **N** _____

D. VELR in decimal form [=]: _____

14. Formula Expense Constant: _____

Average Prospective Loss Cost = _____

Formula Variable Loss Cost Multiplier: (11B/13D) _____

15. Selected Expense Constant = _____

Selected Variable Loss Cost Multiplier = _____

16. Rate level change for the coverage to which this page applies _____ %

(Agency Note: N.J.A.C. 11:3-16 Appendix Exhibit E is proposed for readoption with amendment on Exhibit B.)

EXHIBIT **[H]** **E**
(No change in text.)

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