

INSURANCE  
DEPARTMENT OF BANKING AND INSURANCE  
OFFICE OF PROPERTY AND CASUALTY

Filings: Property and Casualty  
Filing of Rates, Manual Rules, Rating Plans, Policy Forms and Endorsements

Proposed Amendments: N.J.A.C. 11:1-2.2 and 11:1-2.6; and 11:2-2 Appendix; 11:2-42.3 and 11:2-42 Appendix Exhibit A; 11:3-16.3 and 16.6; and 11:13-2.5

Authorized By: Steven M. Goldman, Commissioner, Department of Banking and Insurance.

Authority: N.J.S.A. 17:1-15e, 17:29A-1 et seq., 17:29A-36.3 and 17:29AA-1 et seq.

Calendar Reference: See Summary below for explanation of exception to calendar requirements.

Proposal Number: PRN 2006-396

Submit comments by February 2, 2007 to:

Robert J. Melillo, Chief  
Legislative and Regulatory Affairs  
Department of Banking and Insurance  
PO Box 325  
Trenton, NJ 08625-0325  
(FAX) (609) 292-0896  
Email: [Legsregs@dobi.state.nj.us](mailto:Legsregs@dobi.state.nj.us)

The agency proposal follows:

Summary

Property and Casualty Insurance Companies regulated by the Department of Banking and Insurance (Department), are required to utilize Filing Source Document MARS001 when submitting all commercial and personal lines rates, rules and forms filings to the Office of Property and Casualty in accordance with N.J.A.C. 11:1-2.2. Authorized or licensed insurers providing voluntary market private passenger automobile coverage in New Jersey are also required to incorporate the Filing

Source Document MARS001 into all voluntary market private passenger automobile insurance rate filings submitted to the Department in accordance with N.J.A.C. 11:3-16.3(d). Authorized or licensed commercial lines insurers are also required by N.J.A.C. 11:13-2.5 et seq. to utilize the Filing Source Document, MARS001 in the submission of filings pursuant to the Commercial Deregulation Act of 1982.

The Department now seeks to amend the New Jersey Administrative Code to compel all authorized or licensed property and casualty insurers to begin using the National Association of Insurance Commissioners (NAIC) Uniform Property and Casualty Transmittal Document (UPCTD) in the place of the Filing Source Document MARS001. The use of the NAIC reporting form will require the reporting of a slightly greater amount of information than is required to be reported under the MARS001 form. However, all of the information to be reported is currently maintained by insurers in the normal course of their business and those insurers who operate in other states that have previously adopted the UPCTD are currently reporting that data in those states.

The Department is also adding provisions at N.J.A.C. 11:13-2.5(d) that indicate if the UPCTD is not fully completed, the filings will be closed without action and the filer will be required to resubmit as a new filing.

Text has also been added at N.J.A.C. 11:1-2.6, 11:2-42.3(b), 11:3-16.6(a) and 11:13-2.5(e) that will permit filers to forego the submission of a cover letter with the filings provided that the section entitled "Filing Description" in the UPCTD is completed with a clear and precise description of the filing. Also, at N.J.A.C. 11:1-2.6, the Department has specifically included the MARS002 in the rule text, which was necessitated by the proposed amendments discussed above.

A 60-day comment period is provided for this notice of proposal, and therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, the proposal is not subject to the provisions of N.J.A.C. 1:30-3.1 and 3.2, governing rulemaking calendars.

#### Social Impact

These proposed amendments, repeals and new rules should have a favorable impact upon insurers, policyholders and the Department. The use of the NAIC UPCTD will permit insurers to utilize a uniform property and casualty transmittal document in this State, accessible on the Department's website and the NAIC website, which will be used by all of the states participating in the NAIC submittal forms project. The utilization of the standardized form will enhance the efficiency of the insurers' operations.

#### Economic Impact

These proposed amendments, repeals and new rules should have a favorable economic impact upon insurers, policyholders and the Department, since the NAIC UPCTD and its coding matrix will enhance the transmission of property and casualty filing data in a refined and more efficient multi-state format. As a result, all property and casualty filings made by insurers to the Department will be in conformance with the NAIC Model, which was designed to enhance the uniformity of filings by multi-state insurers. The resulting increase in the efficiency of the process for filing rates, rules and forms should reduce the administrative costs of insurers which, in turn, should alleviate the effect of those costs on insurance rates.

### Federal Standards Statement

The proposed amendments, repeals and new rules does not contain standards or requirements that are the subject of any Federal requirements or standards.

### Jobs Impact

The Department does not anticipate that the proposed amendments, repeals and new rules will result in the generation or loss of jobs.

### Agriculture Industry Impact

The proposed amendments, repeals and new rules have no impact on the agriculture industry.

### Regulatory Flexibility Statement

These rules directly impact all authorized and licensed property and casualty insurers. The Department believes that the proposed amendments, repeals and new rules will apply to few, if any, “small businesses,” as the term is defined in the Regulatory Flexibility Act, N.J.S.A. 2:14B-16 et. seq. because the affected insurers do not employ fewer than 100 full-time employees. The Department does not believe that insurers will be required to hire any consultants or bear the cost of any other professional services to comply with these changes. Existing staff will be required to make the administrative and other changes necessary for compliance, as they already do in response to evolution in the market.

The slight difference in reporting requirements that will result from using the UPCTD instead of the MARS001 form is discussed in the Summary above. The Department believes that

the uniformity that will be accomplished through the use of the UPCTD will actually reduce the regulatory burden imposed upon insurers by the reporting requirement in the current rule. Moreover, the additional information required to be reported on the UPCTD is information that is currently maintained by insurers in the normal course of their business.

The Department does not believe that different requirements based upon insurer size would be appropriate or feasible since the proposed amendments, repeals and new rules directly affect all property and casualty insurance policies and is intended to foster uniformity, on a national scale, in the rate, rule and form filing process. Accordingly, the proposal provides no differentiation in compliance requirements based upon business size.

#### Smart Growth Impact

The proposed amendments, repeals and new rules have no impact on the achievement of smart growth and implementation of the State Development and Redevelopment Plan.

**Full text** of the rules proposed for repeal may be found in the New Jersey Administrative Code at N.J.A.C. 11:1-2.2 Appendix, Exhibit A.

**Full text** of the proposed amendments follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]) :

- 11:1-2.2 Filings of rates, manual rates. rating plans, policy forms and endorsements
- (a) (No change.)

(b) All commercial lines filings submitted to the Department shall also be accompanied by final [a Filing Source Document, MARS001 incorporated herein by reference as Exhibit A in the Appendix to this subchapter and shall be submitted in duplicate] the January 1, 2006 NAIC Uniform Property and Casualty Transmittal Document, incorporated by reference, as amended and supplemented. The document and instructions with links are located on the Department website at <http://www.state.nj.us> and the NAIC website at [www.NAIC.org/industry\\_rates\\_forms\\_trans\\_docs.htm](http://www.NAIC.org/industry_rates_forms_trans_docs.htm).

(c) All commercial lines filings submitted to the Department shall also be accompanied by final printed pages and [Form] document MARS002, incorporated herein by reference as Exhibit B in the Appendix to this subchapter. For personal lines filings, final printed pages and [Form] document MARS002 shall be provided no later than 10 days after notice of approval or no later than 10 days prior to the effective date.

**(d) Every insurer and rating organization shall fully complete the NAIC Uniform Property and Casualty Transmittal Document. If all items are not properly addressed, the filing will be closed and returned to the filer and must be resubmitted as a new filing.**

#### 11:1-2.6 Notification

The filing with a cover letter shall be submitted to the Department of Banking and Insurance. The filing shall be accompanied by a [Filing Source Document] **NAIC Uniform Property and Casualty Transmittal Document and MARS002** as described in N.J.A.C. 11:1-2.2(b) and (c) and incorporated by reference at N.J.A.C. 11:1-2.2(b) and MARS002 at N.J.A.C. 11:1-2 as Appendix B and incorporated by reference to this subchapter, properly completed and

signed by the person authorized by the company to make filings. **Filers may choose to eliminate the submission of a cover letter provided that the “Filing Description” of the NAIC Uniform Property and Casualty Transmittal Document is fully completed with a clear and precise description of the filing.**

## APPENDIX

## [APPENDIX

## INSTRUCTIONS FOR FILING SOURCE DOCUMENT,

## FORM MARS001

1. Market – The following are lists of commercial and personal lines the Department regulates:

<u>Commercial</u>	<u>Personal</u>
Artisans	Auto Liability
Auto Liability	Auto Physical Damage
Auto Physical Damage	Boatowners
Businessowners	Crime
Commercial Package Policy	Economic Security
Crime	Excess Liability
Fire	Farmowners
General Liability	Fire
Glass	General Liability
Market Segments	Glass
Professional Liability	Homeowners
Special Multi Peril	Inland Marine
	Mobile-homeowners
	Pet insurance
	Title

2. Types of Filing – Check all applicable items. “Other” includes the following: symbol pages, CAIP & PAIP changes in Plan of Operation. Plain Language Certification only applies to personal lines (except Title and Farmowners).
3. Proposed Effective Date – Enter the anticipated date you would like the filing effective, for example, June 10, 2000 as 06 10 2000. No rate, rule or form filings for personal lines insurance may be used in New Jersey until it is approved by the Commissioner. The effective date is an agreed date between the filer and the Department. Commercial lines rates and rules filings are submitted on a use and file basis in accordance with the Commercial Deregulation Act of 1982, N.J.S.A. 17:29AA-1 et seq. Commercial lines forms filings are submitted on a file and use basis with a minimum 30 day deemer from receipt of filing. “Renewals” if not applicable leave blank.



4. Company Name – Include only companies in your group to which this filing applied. Group number is 4 digits, NAIC number is 5 digits.
5. Line – Enter the line of insurance (see #1 above for lines of insurance).
6. Subline – The following are recognized sublines by the Department and may be amended.

<u>Line</u>	<u>Subline</u>
Professional Liability	Dentists/Technical Employees Employees Professional Liability Hospitals Lawyers Nurses Nursing Homes Optometrists/Opticians Physician/Surgeons Physiotherapists Podiatrists
Commercial General Liability	Premises/Operations
Personal Inland Marine	Credit Property
Economic Security	Credit Involuntary Unemployment Leave of Absence

7. Program Name – Enter program name of applicable, for example, Businessowners Insurance Program.
8. Bureau Designation # - Not applicable to companies.
9. Include previously disapproved exclusions, rates or rules.
10. If this filing is a revision of your current program, provide the New Jersey Department File # and effective date of the rates, rules or forms that are being revised by this filing.
11. If this filing is identical or similar to that of another carrier, provide the Department File # and company name.
12. Enter the applicable Annual Statement Statutory Page 14 line(s) of business where the premium associated with this filing be reported.
13. If this filing has an impact on rates, complete the requested information as it affects the current book of business. Affidavit of Compliance – complete all parts.]

**EXHIBIT B****(RESERVED)****EXHIBIT B**

11:2-42.3 Expedited rate filings: general requirements

(a) All filings shall meet the following requirements and shall be submitted to the Department at the following address:

1. (No change.)

2. All filings shall be accompanied by a [Filing Source Document MARS001] **NAIC Uniform Property and Casualty Transmittal Document** as identified in [Exhibit A in the Appendix of] N.J.A.C. 11:1-2.2(B), incorporated herein by reference, signed by an officer of the filer and a qualified actuary;

3. – 7. (No change.)

(b) An insurer and/or rating organization, pursuant to N.J.S.A. 17:36-5.35 may file for a rate change in accordance with this subchapter. The filer shall provide the following information in support of its filing:

1. A cover letter notifying the Department of its intention to make a rate change according to the provisions of this subchapter; a completed Exhibit C in the subchapter Appendix incorporated herein by reference; a statement containing the effective date of the change; and the name, telephone number and mailing address of the company officer familiar with the filing to whom further inquires regarding the filing may be directed. **Filers may choose to eliminate the submission of a cover letter provided that the “Filing Description” of the**

**NAIC Uniform Property and Casualty Transmittal Document is fully completed with a clear and precise description of the filing;**

2. – 10. (No change.)

(c) (No change.)

APPENDIX

EXHIBIT A

Expedited Homeowners Filings

Company Group: \_\_\_\_\_

Company File No.: \_\_\_\_\_

Section	Item	Page #
11:2-42.3	Filings Requirements	
(a)2.	[Filing Source Document MARS001 and accompanying certification] <b><u>NAIC Uniform Property and Casualty Transmittal Document</u></b>	

. . .

11:3-16.3 General requirements and filing format

(a) – (c) (No change.)

(d) All filings shall be accompanied by a [Filing Source Document MARS001, incorporated herein by reference as Exhibit A, in the Appendix of N.J.A.C. 11:1-2] **NAIC Uniform Property and Casualty Transmittal Document and accessible, with instructions at N.J.A.C. 11:1-2.2(B).**

. . .

(e) – (f) (No change.)

11:3-16.6 Filings for rates requiring prior approval

(a) Any filer that desires to modify its rates or rating systems in a manner other than that provided by N.J.S.A. 17:29A-46.6 shall provide the following standard information in support of its application:

1. A cover letter notifying the Department of its intention to modify its rating system in a manner that requires prior approval, pursuant to N.J.S.A. 17:29A-14; a statement describing the proposed changes, which shall include the proposed effective date of the change, and the name, telephone number and mailing address of the company officer familiar with the filing, to whom inquires about the filing may be directed. **Filers may choose to eliminate the submission of a cover letter provided that the “Filing Description” of the NAIC Uniform Property and Casualty Transmittal Document referenced in N.J.S.A. 11:3-16.3(d) is fully completed with a clear and precise description of the filing;**

2. -10. (No change.)

(b) – (e) (No change.)

11:13-2.5 [Filing Source] **Transmittal** Documents

(a) The [Filing Source Documents, MARS001] **NAIC Uniform Property and Casualty Transmittal Document, incorporated herein by reference at N.J.A.C. 11:1-2.2(b) and Filing Source Document MARS002, [herein] incorporated herein by reference as Exhibit[s] A and] B in the Appendix of N.J.A.C. 11:1-2, shall be used in conjunction with the procedures and requirements set forth in [N.J.A.C. 11:13-2.1] **N.J.A.C. 11:13-2.1** through 2.5 by all insurers**

and rating organization or advisory organizations in submitting filings required pursuant to the Commercial Deregulation Act of 1982 and this Chapter.

(b) Every insurer and every rating organization or advisory organization submitting filings of policy forms, rules, rates or supplementary rate information shall complete and submit with the filing the [Filing Source Documents, MARS001] **NAIC Uniform Property and Casualty Transmittal Document and the final printed pages of the document(s) in the filing and Filing Source Document** MARS002.

(c) Pursuant to N.J.S.A. 17:29AA-6, only a policy form filing which is accompanied by a properly completed [Filing Source Documents MARS001] **NAIC Uniform Property and Casualty Transmittal Document and the final printed pages of the document(s) in the filing and Filing Source Document** MARS002, shall be deemed approved by the Commissioner as of its deemed effective date unless disapproved by the Commissioner prior to that date.

**(d) Every insurer and rating organization shall fully complete the NAIC Uniform Property and Casualty Transmittal Document. If all items are not properly addressed, the filing will be closed and returned to the filer and must be resubmitted as a new filing.**

**(e) Filers may choose to eliminate the submission of a cover letter provided that the “Filing Description” of the NAIC Uniform Property and Casualty Transmittal Document is fully completed with a clear and precise description of the filing.**