

INSURANCE  
DEPARTMENT OF BANKING AND INSURANCE  
OFFICE PROPERTY AND CASUALTY

Automobile Insurance  
Reporting Requirements and Filing Deadlines

Report Requirements

Proposed Amendment: N.J.A.C. 11:3-3A.3

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

Authority: N.J.S.A. 17:1-8.1, 17:1-15e and 17:29A-5

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

Proposal Number: PRN 2007-327

Submit written comments by January 4, 2008 to:

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The agency proposal follows:

Summary

The Department of Banking and Insurance (Department) adopted N.J.A.C. 11:3-3A to consolidate various reporting requirements for insurers writing private passenger automobile insurance in this State. These rules were originally adopted and became effective March 3, 2003. See 34 N.J.R. 3470(a), 35 N.J.R. 1289(a). The existing rules require all private passenger automobile insurers to file the following reports on a semi-annual basis: The Consolidated

Report; The Limits of Liability Report; The Coverage Option Survey-Personal Injury Protection (PIP) Deductibles, Threshold Option; and PIP Medical Expense Limits Report. Specific requirements related to each of these reports are set forth in the rules. Among the data that is required to be provided is data on rating tiers.

As discussed below, upon review and evaluation of the filings submitted by insurers, the Department has determined that tier information currently provides little, if any, useful information, and thus it is no longer necessary or appropriate to require insurers to report their exposures separately by tier. The tier portion of the report requires insurers to report their exposures separately by tier for the purpose of identifying how many exposures are considered preferred, standard, and non-standard risks. The Department believes that this portion of the report has become both obsolete and burdensome to insurers as well as to the Department. The Department has found that as insurers move toward price-point rating systems to remain competitive, many companies have increased the number of tiers offered beyond the existing spreadsheet capacity. In addition, the assignment of large groups of tiers to the three categories provided in the form (that is, preferred, standard, non-standard) has become increasingly subjective. As the number of tiers continues to increase, the reports become more unwieldy and provide less useful information. In addition, one insurer that does not use tiers was granted permission to report all of their exposures in one tier and other companies have requested permission to utilize this same approach.

Moreover, as companies increase the number of tiers and the Department increases its reporting form spreadsheet capacity to accommodate them, additional computer network space is utilized each year, with attendant costs and with little, if any, additional benefit. Further, given the complexity and the number of tiers, companies often make errors in this section of the report,

which require the expenditure of additional work hours and Department resources to attempt to troubleshoot and correct these errors.

The Department believes that eliminating the reporting of tier information will streamline the reporting process for insurers, as well as the review of the reports by the Department, through the deletion from the reports of information with little statistical value.

In addition, these rules were originally adopted prior to insurers being mandated to provide the special automobile insurance policy pursuant to N.J.S.A. 39:6A-3.3. This statute and its implementing rules, N.J.A.C. 11:3-2A, provide for the administration of this policy through a Special Automobile Insurance Plan (SAIP) through a servicing carrier(s) and its administration through the Personal Automobile Insurance Plan. There is currently one SAIP servicing carrier. The Department is now proposing to revise the rule text to have it refer to the reporting of SAIP experience.

A summary of the proposed amendments follows:

N.J.A.C. 11:3-3A.3(b) is proposed to be amended to delete reference to the “Tier Report,” as no longer applicable.

N.J.A.C. 11:3-3A.3(b)2i is proposed to be amended to delete reference to “tier”; subparagraph (b)2ii is proposed to be deleted with subparagraph (b)2iii to be recodified as subparagraph (b)2ii, and subparagraph (b)2iii (proposed to be recodified from subparagraph (b)2iv) is proposed to be amended to delete reference to the exception to the prohibition against modifying the reports to include extra tiers, as such exception would no longer apply. Similarly, N.J.A.C. 11:3-3A.3(i) is proposed to be amended to delete the same exception.

N.J.A.C. 11:3-3A.3(b)1iii is proposed to be amended to reflect the required reporting of SAIP experience. Existing N.J.A.C. 11:3-3A.3(b)1iii and iv are proposed to be recodified at

subparagraph (b)1iv and v, respectively. Recodified N.J.A.C. 11:3-3A.3(b)2ii is proposed to be amended to reflect the number of classifications for the SAIP.

Finally, as noted in Bulletin No. 07-11, the reporting templates on the Department's website used for filing the required reports will be modified to delete references to tier.

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

The proposed amendments will eliminate the reporting of data no longer deemed necessary by the Department, thereby streamlining the reporting process for private passenger automobile insurers, and eliminating confusion regarding the reporting of such data, thus benefiting insurers and the Department. The proposed amendments also will reflect the current reporting form that provides for the reporting of SAIP experience, thereby codifying existing reporting requirements. By streamlining the reporting process, insurers will be in a position to prepare and file reports, and the Department will be in a position to compile and analyze the reports, more expeditiously. This will enable the Department to more readily ascertain activity in the private passenger automobile insurance market in this State, and respond to questions from interested parties related thereto. Similarly, the reporting of SAIP information will ensure that the reports accurately reflect the private passenger automobile insurance market in this State. Moreover, the reports may facilitate the entry of other insurers into the market by providing information related to the nature of the market in this State.

### Economic Impact

No additional economic burden will be imposed by the proposed amendments. As noted above, the proposed amendments will eliminate the reporting of data that is no longer deemed necessary, thereby streamlining the reporting and review of such information, and eliminating costs to insurers and the Department attendant to the filing and review of such information. Further, the proposed amendment requiring the reporting of SAIP experience merely reflects current reporting requirements for the current SAIP servicing carrier. The servicing carrier will be in a position to continue to provide the information required, and has such information readily available. Accordingly, no undue economic burden will be imposed on the SAIP servicing carrier with respect to providing the required information. Further, no new professional services will be required to comply with the proposed amendments. In addition, as noted above, the reports may facilitate the entry of other insurers into the market, thereby benefiting the public and the market generally.

### Federal Standards Statement

A Federal standards analysis is not required because the proposed amendments are not subject to any Federal requirements or standards.

### Jobs Impact

The Department does not anticipate that any jobs will be generated or lost as a result of the proposed amendments.

The Department invites commenters to submit any data or studies concerning the jobs impact of the proposal together with their comments on other aspects of the proposal.

### Agriculture Industry Impact

The proposed amendments will not have an impact on the agriculture industry in New Jersey.

### Regulatory Flexibility Analysis

The proposed amendments may apply to “small businesses,” as that term is defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. To the extent they apply to small businesses, they will apply to New Jersey domestic insurers transacting private passenger automobile insurance in this State. As noted above, the proposed amendments eliminate the reporting of information based on tier and reflect the reporting of SAIP experience for the semi-annual reports. Consistent with the intent of N.J.A.C. 11:3-3A, the reporting form was previously revised to include the reporting of existing SAIP experience. As noted in the Economic Impact above, little, if any, negative economic impact will be imposed by the proposed amendments. Further, no new professional services will be required to comply with the proposed amendments. The proposed amendments provide no differentiation in compliance requirements based on business size. As noted previously, the proposed amendments relate to the reports filed by private passenger automobile insurers in this State to enable the Department to monitor and evaluate activity in the New Jersey private passenger automobile insurance market. These goals do not vary based on business size.

### Smart Growth Impact

The proposed amendments will not have an impact on the achievement of smart growth or the implementation of the State Development and Redevelopment Plan.

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

11:3-3A.3 Report requirements

(a) (No change.)

(b) The Consolidated Report shall include the following reports: In Force Exposures; Primary Classification; [Tier Report;] and Basic versus Standard Exposures.

1. The Consolidated Report shall be filed in accordance with the template found at <http://www.state.nj.us/dobi>. The Consolidated Report forms shall be filed for the following four subheadings:

i. – ii. (No change.)

**iii. Voluntary Special Automobile Insurance Plan In-Force Exposures and Written Premiums;**

Recodify existing iii. and iv. as **iv. and v.** (No change in text.)

2. The Consolidated Report shall:

i. Include the total number of exposures for each report itemized by classification [, tier] and territory;

[ii. Be completed for each of the company's rating tiers as well as a summary of all tiers combined;]

[iii.] **ii.** Include in-force exposure and written premium for each of 12 classifications **(three for SAIP)** based on age, gender and use; and

[iv.] **iii.** Not be modified in any way [except to include extra tiers within the original spreadsheet for insurers who have additional tiers not listed on the template].

(c) - (h) (No change.)

(i) The Excel templates shall not be modified by the user in any way [except as stated above in (b)2iv above].



(j) (No change.)

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