

Calculation of Maximum Expenses for Prior Approval/Limited Auto Rate and Excess Profit Filings:
Effective June 1, 2023 (including for 2024 Excess Profit Filings)

In accordance with N.J.A.C. 11:3-16.9(c), all insurers filing for Private Passenger Automobile rate revisions shall limit the historic expense provision for Commission and Brokerage, Other Acquisition Expenses, and General Expenses on a combined basis to the weighted average plus five percent of those companies that use the same marketing method as the filer. Companies with membership requirements or only write motorcycle, specialty, PAIP policies are excluded.

Written Premium volume and Commission and Brokerage Expense are based on data from the Statutory Page 14 Exhibit for New Jersey; Other Acquisition Expense and General Expense are based on direct countrywide data from Part 3 of the Insurance Expense Exhibit. Three years of data, 2019 and 2021-2022, were analyzed. A weighted average by New Jersey Written Premium was calculated individually by year, and the three years were averaged to calculate a cap. Liability and Physical Damage data were analyzed separately. The Department reviewed 2020 expense data, which is significantly affected by premium/expense payments made to policyholders during the year in response to reduced driving. Due to these distortions, the Department determined to exclude 2020 expense data.

All expense ratios were calculated as a percent of Direct Written Premium or Direct Earned Premium net of dividends, but gross of excess profits to reflect the reduced premiums of companies that consistently pay dividends.

	Expense Caps		
	<u>Direct Writers</u>	<u>Captive Agents</u>	<u>Independent Agents</u>
Auto Liability	18.5%	27.2%	27.9%
Auto Physical Damage	16.4%	27.1%	28.2%

Companies Included		
<u>Direct Writers</u>	<u>Captive Agents</u>	<u>Independent Agents</u>
Government Employees Ins Co	State Farm Indemnity Co	Drive New Jersey Ins Co
New Jersey Manufacturers Ins Co	Allstate NJ Property and Casualty Co	St Paul Protective Ins Co
Progressive Garden State Ins Co	Wausau Underwriters Ins Co	Palisades Safety & Ins Assoc
GEICO Indemnity Co	High Point Property & Casualty Ins Co	Palisades Ins Co
Citizens United Reciprocal Exchange	Allstate NJ Ins Co	Farmers P&C Ins Co
Amica Mutual Ins Co	High Point Safety & Ins Co	Esurance Ins Co of NJ
Farmers Casualty Ins Co	State Farm Guaranty Ins Co	Selective Auto Ins Co of NJ
IDS Property Casualty Ins Co	Liberty Mutual Fire Ins Co	Foremost Ins Co Grand Rapids
Metromile Ins Co	Farmers Ins Exchange	Hanover Ins Co
Amica Property and Casualty Ins Co	Mid Century Ins Co	Fidelity & Guaranty Ins Co
Farmers Group P&C Ins Co	Liberty Mutual Mid-Atlantic Ins Co	Personal Service Ins Co
21st Century Centennial Ins Co	United Farm Family Ins Co	Encompass P&C Ins Co of NJ
Electric Ins Co	LM Insurance Corp	Chubb Ins Co of NJ
GEICO Casualty Co	Liberty Insurance Corp	Atlantic Employers Ins Co
Metropolitan General Ins Co		Founders Ins Co
Nationwide Mutual Ins Co		Mercury Indemnity Co of Amer
		Farmers Direct P&C Ins Co
		New Jersey Skylands Ins Assoc
		Privilege U/W Reciprocal Exch
		AIG Property Cas Co
		Cincinnati Ins Co
		Encompass Ins Co of NJ
		MIC General Ins Co
		Crestbrook Ins Co
		Bankers Standard Ins Co
		Harleysville Worcester Ins Co
		Harleysville Preferred Ins Co
		Harleysville Insurance Co
		Ins Co of the State of PA
		American Commerce of Ins Co