

INSURANCE
DEPARTMENT OF BANKING AND ISURANCE
DIVISION OF INSURANCE

Orderly Withdrawal of Insurance Business
Informational Filing Withdrawals

Adopted Amendment: N.J.A.C. 11:2-29.8

Proposed: November 21, 2005 at 37 N.J.R. 4368(b).

Adopted: March 13, 2006 by Steven M. Goldman, Acting Commissioner, Department of Banking and Insurance

Filed: March 14, 2006 as R. 2006 d.131, without change.

Authority: N.J.S.A. 17:1-8.1, 17:1-15e, 17:17-10 and 17:33B-30.

Effective Date: April 17, 2006.

Expiration Date: September 21, 2010.

Summary of Public Comment and Agency Response:

The Department of Banking and Insurance (Department) timely received a written comment from New Jersey Manufacturers Insurance Group.

COMMENT: The commenter stated that the proposed amendment would require the Commissioner to grant waivers to any insurer so long as the company will non-renew no more than 9.5 percent of the total market in any one year for the particular coverage(s) involved. The commenter expressed concern about the potential for market disruption that could occur under the rule, particularly if an insurer with more than 9.5 percent of the market were to non-renew 9.5 percent of the automobile insurance market in consecutive years, which the commenter noted would be permitted under the rule and would be certain to disrupt the market. The commenter

requested that the Commissioner retain sufficient discretion to readjust his or her position for significant market disruption that may be caused by granting a waiver to any such carrier.

RESPONSE: Upon review of the commenter's concerns, the Department has determined not to change this provision. The Department shares the concerns of the commenter that waivers of the statutory timeframes for withdrawals not disrupt the market. The Department believes that non-renewal of no more than 9.5 percent of the market in any one year should not be disruptive to the market. The Department also notes that N.J.S.A. 17:17-10b(4) and 17:33B-30a(4) provide the Commissioner with the ability to extend the withdrawal timeframes where more than one company files for withdrawal for the same line of business and the companies, in the aggregate, write more than 25 percent of the market share for that line of business. Accordingly, where a significant market share will be non-renewed, safeguards are in place to limit disruption to the market.

Federal Standards Statement

A Federal standards analysis is not required because the adopted amendment is not subject to any Federal requirements or standards.

Full text of the adoption follows:

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