

**INSURANCE**

**DEPARTMENT OF BANKING AND INSURANCE**

**OFFICE OF PROPERTY AND CASUALTY**

**Fire and Casualty Insurance**

**Renewal, Cancellation, and Nonrenewal of Commercial and Homeowners Insurance Policies**

**Prohibition of Certain Cancellation and Nonrenewal Activity**

**Orderly Withdrawal of Insurance Business**

**Homeowners Insurance: Standard Hurricane Deductibles and Expedited Process for Homeowners Insurance Rate Changes**

**Adopted Amendments: N.J.A.C. 11:1-5.5, 20.1, and 22.1; and 11:2-29.2 and 42.2**

Proposed: May 20, 2013, at 45 N.J.R. 1217(a).

Adopted: April 21, 2014, by Kenneth E. Kobylowski, Commissioner, Department of Banking and Insurance.

Filed: April 21, 2014, as R. 2014 d.089, **without change**.

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, 17:17-1 et seq.

Effective Date: May 19, 2014.

Expiration Date: October 24, 2018, N.J.A.C. 11:1;

January 6, 2018, N.J.A.C. 11:2.

**Summary of Public Comment and Agency Response:**

The Department of Banking and Insurance (Department) timely received written comments from The Property Casualty Insurers Association of America.

COMMENT: The commenter stated that the proposed definition of “homeowners insurance” may have an unintended consequence of complicating annual market conduct reporting of homeowners insurance data, in that the proposed definition groups both dwelling fire policies (tenant occupied) and homeowners policies (owner occupied) into one category for the purposes of data collection. The commenter stated that the National Association of Insurance Commissioners categorizes dwelling fire and homeowners insurance policies separately. The commenter believed that this would be the “best approach.” The commenter stated that dwelling fire and homeowners insurance products cover different risks and have their own rates and underwriting requirements. The commenter requested that the Department consider any complications that the proposed definition may cause for data collection and the use of a separate definition for dwelling fire insurance.

RESPONSE: Upon review of the commenter’s concerns, the Department has determined that no change is required. As was stated in the proposal summary, the proposed amendment merely recodifies the definition of homeowners insurance that has been used for many years and had been inadvertently deleted when N.J.A.C. 11:2-41 was repealed in 2011. The definition also reflects the statutory definition set forth at N.J.S.A. 17:36-5.33.

Moreover, the definition in the rules does not impact market conduct data reporting. The Market Conduct Annual Statement (MCAS) is an annual data call that supplies insurance regulators with key market performance data, which, in turn, helps regulators effectively allocate market conduct resources. The separate MCAS definitions for dwelling fire and homeowners insurance apply exclusively to the filing of that statement. The definitions in the MCAS instructions are purely for the purpose of explaining what is to be reported and what is not. The

definition referenced in the adopted amendments in no way changes the applicability of the definitions in those instructions for purposes of the MCAS.

**Federal Standards Statement**

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

**Full text** of the adoption follows:

TEXT