

INSURANCE
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF INSURANCE

Automobile Insurance Reporting Requirements and Filing Deadlines

Proposed New Rules: N.J.A.C 11:3-3A

Proposed Amendments: N.J.A.C. 11:3-3.5, 16.15 and 22.3

Authorized By: Holly C. Bakke, Commissioner, Department of Banking and Insurance

Authority: N.J.S.A. 17:1-8.1, 17:1-1:15(e), 17:1C-19 and 17:29A-5

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

Proposal Number: PRN 2002-323

Submit comments by December 6, 2002 to:

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The agency proposal follows:

Summary

The Department of Banking and Insurance (“Department”) proposes new rules and amendments establishing semi-annual reporting requirements for companies writing private passenger auto insurance in a single subchapter. The Department has reviewed the current rules and Commissioner’s orders concerning reporting and has determined that consolidation of the reporting requirements into one subchapter would benefit both the Department and the regulated public.

The new rules encompass seven existing reports, which are currently required by rule or order and which will now be reduced to four reports with the same reporting timelines. The resulting reports, which are detailed by territory, are: (1) the Consolidated Report which will now contain the In-Force Exposure Report, the Primary Classification Report, the Tier Report, and the Basic versus Standard Exposures Report; (2) the Limits of Liability Report; (3) the Coverage Option Survey – Personal Injury Protection (“PIP”) Deductibles and Threshold Options; and (4) the PIP Medical Expense Limits Report.

The first report, the Consolidated Report, combines, for the first time, the reporting requirements for four different currently existing reports: In-Force Exposures, Primary Classification, Tier Report, and Basic versus Standard Exposures. The three other reports which are not part of the Consolidated Report are: the Limits of Liability Report which will be reported for seven separate subheadings, the Coverage Option Survey which will continue to encompass Personal Injury Protection (“PIP”) Deductibles and Threshold Options, and the PIP Medical Expense Limits Report. All of the reports will be filed semi-annually. Reports with an evaluation date of December 31st shall be due by January 31st and reports with an evaluation date of June 30th shall be due by July 31st. All reports must reflect the previous 12 months data and show residual market data separately from the voluntary data. The templates for Excel spreadsheets, which are required for reporting, will be available on the Department website. The reports may be submitted to the Department by e-mail, CD-ROM or floppy diskette with e-mail being the preferred medium. However, with the exception of the addition of extra tiers in the Consolidated Report, the templates must not be modified by the user in any way.

The new rules proposed for adoption and amendments will continue to provide the regulatory framework to enable the Commissioner to properly monitor private passenger auto insurers, while providing a more efficient and streamlined method of reporting.

N.J.A.C. 11:3-3A.1 sets forth the purpose of the rules, consolidating various requirements into one subchapter, and the scope of the rules, which will affect all insurers who write private passenger insurance in this State.

N.J.A.C. 11:3-3A.2 sets forth definitions for “insurer” and “private passenger automobile” as used in the subchapter.

N.J.A.C. 11:3-3A.3 sets forth the reports to be included, the effective and due dates of those reports, and specifies the form of the reports.

N.J.A.C. 11:3-3A.4 states that any violation of the subchapter will result in the imposition of penalties pursuant to N.J.S.A. 17:33-2, and as otherwise authorized by law.

The amendment to N.J.A.C. 11:3-3.5 removes the references to the filing timelines of February 15th for inforce exposures as of December 31st and replaces them with the requirement to file them with the semi-annual evaluations in accordance with the proposed subchapter, N.J.A.C. 11:3-3A. The amendment to N.J.A.C. 11:3-16.15 removes the February 15th references to reporting and filing timelines for inforce exposures as of December 31st and the reporting form found in Appendix I. They are replaced with the requirement to file them semi-annually in accordance with the proposed subchapter N.J.A.C. 11:3-3A.

The amendment to N.J.A.C. 11:3-22.3(a) removes the references to reporting timelines and procedures and refers to the requirements of N.J.A.C. 11:3-3A.

N.J.A.C.11:3-22.3(b) and (c), which relate to the filing of the forms by January 21st and July 22nd are proposed for deletion. N.J.A.C. 11:3-22.3(d) is recodified as N.J.A.C. 11:3-22.3(b), and N.J.A.C. 11:3-22.3(e), which is recodified as N.J.A.C. 11:3-22.3(c), is amended to require residual market data to be reported and shown separately from the voluntary data. N.J.A.C. 11:3-22.3(f) is recodified as N.J.A.C. 11:3-22.3(d) and amended to include references to the proposed subchapter and its penalties.

A 60-day comment period is provided, 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 new rules and the amendments continue to require all companies insuring New Jersey private passenger automobiles to file reports. The new rules and amendments will continue to allow the Commissioner to monitor the activities of these insurers, thereby affording the general public a level of protection through the reporting and examination of those reports.

The new rules and amendments clarify the reporting timelines and information needed. In addition, some reports will be consolidated into a single report, avoiding unnecessary duplication. Thus, the proposed new rules and the amendments will continue to have a beneficial social impact on the general public, consumers of New Jersey private passenger auto insurance and those insurers dealing in private passenger auto insurance.

The proposed new rules, which increase the reporting requirements from annual to semiannual for some reports, will have an effect on the reporting insurers. However,

any negative effect caused by this additional reporting requirement will be mitigated by the strengthening of the necessary and proper oversight by the Department and the additional protection that oversight will provide the consumer. In addition, the Department believes that the costs of reporting are a normal, foreseeable cost of business and that by requiring all reports to be submitted simultaneously, insurers will be able to consolidate their report generating and administrative functions. The use of any professional services, if needed, will be restricted to the same time frame.

Economic Impact

It is not expected that the proposed new rules and amendments will have a significant negative economic impact on those insuring New Jersey private passenger automobiles. The requirement that those insuring New Jersey private passenger automobiles report to the Department is a reasonable and anticipated business requirement. The proposed new rules add no reporting requirements that are not already being complied with by insurers. Rather, it consolidates those requirements into one subchapter and further consolidates some of the forms used for that reporting. For the effect of the additional costs associated with the increase to semi-annual reporting, see the Social Impact above. The proposed rules should have a positive economic effect when duplicative reporting is eliminated by the use of consolidated forms.

Federal Standards Statement

A Federal standards analysis is not required because the new rules and 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 new rules and amendments. Those insuring New Jersey private passenger automobiles will use existing staff for continued compliance with the existing rules, that are now consolidated as part of the proposed new rules and amendments. Those insuring New Jersey private passenger automobiles should not have to employ professional services to meet compliance requirements.

The Department invites commenters to submit any data or studies concerning the jobs impact of the proposed new rules and amendments, together with their written comments on other aspects of this proposal.

Agriculture Industry Impact

The Department does not expect any agriculture industry impact from the proposed new rules and amendments.

Regulatory Flexibility Analysis

Some persons insuring New Jersey private passenger automobiles may be small businesses as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The proposed new rules and amendments will continue to impose compliance requirements on these entities as discussed previously in the Summary and the Social and Economic Impact above. The proposed new rules and amendments will continue to regulate those insuring New Jersey private passenger automobiles, and require them to report data to the Department. The costs for compliance are set out in the Economic Impact above. Those

insuring New Jersey private passenger automobiles should not have to employ professional services to meet compliance requirements.

The Department does not believe that these requirements are unduly burdensome. The purpose of these rules is to protect the consumers who insure New Jersey private passengers, while enabling the Department to continue monitoring the insurers. Thus, the purpose of these requirements does not vary based upon business size. Accordingly, no differentiation based on business size is provided.

Smart Growth Impact

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

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

11:3-3.5 Election of basic automobile insurance policy coverage and reporting

(a) (No change.)

(b) For the years 1999 through 2003, each insurer writing basic automobile insurance policies shall report the number of basic automobile insurance in-force exposures [as of December 31] together with the age of the named insured and the territories in which the named insured resides on a form prescribed by the Commissioner [, and filed no later than the next occurring February 15] **and in accordance with this provisions of N.J.A.C. 11:3-3A.**

SUBCHAPTER 3A REPORTING REQUIREMENTS AND FILING DEADLINES

11: 3 - 3A.1 Purpose and scope

(a) This subchapter consolidates reporting obligations from various rules into one subchapter to result in one efficient, time-saving procedure.

(b) This subchapter applies to all insurers that write private passenger automobile insurance in this State as defined in N.J.A.C. 11:13-3A.2.

11: 3 - 3A.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Insurer” means any person authorized to write automobile insurance in New Jersey, including any residual market mechanism, and includes all affiliated companies with a group.

“Private passenger automobile” means a vehicle that meets the definition of “Automobile” set forth at N.J.S.A. 39:6A-2.

11:3- 3A.3 Report Requirements

(a) All private passenger automobile insurers are required to file the following reports on a semi-annual basis, reflecting data from the last 12 months, and showing the residual market separately from the voluntary data, for the evaluation dates of December 31 and June 30 of each year:

1. The Consolidated Report;

- 2. The Limits of Liability Report;**
- 3. The Coverage Option Survey – Personal Injury Protection (“PIP”) Deductibles, Threshold Options; and**
- 4. PIP Medical Expense Limits Report.**

(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. Voluntary Standard Policy In-Force Exposure and Written Premiums;

ii. Voluntary Basic Policy In-Force Exposures and Written Premiums;

iii. PAIP Standard Policy In-Force Exposures and Written Premiums; and

iv. PAIP Basic Policy In-Force Exposures and Written Premium.

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. Include inforce exposure and written premium for each of twelve classifications based on age, gender and use; and**
- iv. 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) The Limits of Liability Report shall be provided on seven separate spreadsheets and shall be filed in accordance with the template found at <http://www.state.nj.us/dobi> which itemizes limits of liability by territory for the following subheadings:

- 1. Standard policy no threshold – bodily injury split limits of liability;**
- 2. Standard policy verbal threshold – bodily injury split limits of liability;**
- 3. Standard policy verbal threshold – property damage split limits of liability;**
- 4. Standard policy no threshold – property damage split limits of liability;**
- 5. Standard policy verbal threshold – combined single limit;**
- 6. Standard policy no threshold – combined single limit; and**
- 7. Basic policy – liability limits.**

(d) The Coverage Option Survey – PIP Deductibles, Threshold Options Report shall be filed in accordance with the template found at <http://www.state.nj.us/dobi>, and shall:

- 1. Be filed for both standard policies and basic policies;**
- 2. Reflect the total number of automobiles with inforce coverage;**
and
- 3. Indicate the named driver exclusion, medical expense only, personal injury protection deductible, health primary or automobile primary and lawsuit threshold or no threshold options selected with respect to each automobile by territory and total.**

(e) The PIP Medical Expense Limits Report shall be filed in accordance with the template found at <http://www.state.nj.us/dobi>, listing the total number of standard and basic combined in-force exposures for the six standard medical expense limits (\$15,000; \$50,000; \$75,000; \$150,000; \$250,000; and excess of \$250,000) and total by territory.

(f) Reports with an evaluation date of December 31 shall be due by January 31.

(h) Reports with an evaluation date of June 30 shall be due by July 31. Reports shall be submitted using the Excel templates, available on the Department's website at <http://www.state.nj.us/dobi>, on one of the following media:

- 1. E-mail (preferable media);**
- 2. CD-ROM; or**
- 3. Floppy Diskette.**

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

(j) Reports shall be submitted to:

New Jersey Department of Banking and Insurance

Office of Property and Casualty

P.O. Box 325

Trenton, NJ 08625-0325

e-mail: reports@dobi.state.nj.us

11:3-3A.4 Penalties

Failure to comply with the provisions of this subchapter may result in the imposition of penalties pursuant to N.J.S.A. 17:33-2 and as otherwise authorized by law.

11:3-16.15 Voluntary written exposure and primary classification data

(a) All private passenger automobile insurers shall file, individually and as a member of an insurance holding company group, a report showing the total Statewide written exposures and primary classification distribution of policies written [as of

December 31 of the prior year]. The filer's performance under N.J.A.C. 11:3-16.8(a) shall be reviewed as a group and not by individual companies.

(b) The report shall be [due February 1 of each year and shall be filed on the form located at Appendix Exhibit I of this subchapter, incorporated herein by reference] **filed** **in accordance with the provisions of N.J.A.C. 11:3-3A.**

(c) – (e) (No change)

EXHIBIT 1

(RESERVED)

[WRITTEN EXPOSURES/PRIMARY CLASSIFICATION

Evaluated as of 12/31/96

This survey shall be completed and filed with the New Jersey Department of Banking and Insurance, Property & Casualty Division. A separate survey shall be completed for each company within a NAIC defined group.

Insurance Company Name: _____
 NAIC Grp #: _____ NAIC Co #: _____

Principal Operator 65 and Over	No Youthful Operator Principle Operator under 65 Pleasure Use, Work < 3 miles	No Youthful Operator Principle Operator under 65 Work 3-10 miles
Written Exposures % of Total	Written Exposures % of Total	Written Exposures % of Total

No Youthful Operator Principle Operator under 65 Work > 10 miles	No Youthful Operator Principle Operator under 65 Business Use	No Youthful Operator 1-2 Principle Operator under 65 1-2 Farm Use
Written Exposures % of Total	Written Exposures % of Total	Written Exposures % of Total

Youthful Operator Unmarried Female Pleasure/Farm Use	Youthful Operator Unmarried Female Drive to Work/Business Use	Youthful Operator Married Male Pleasure/Farm Use
Written Exposures % of Total	Written Exposures % of Total	Written Exposures % of Total

Youthful Operator Married Male Drive to Work/Business Use	Youthful Operator Unmarried Male Principle Operator or Owner	Youthful Operator Unmarried Male Not Principle Operator or Owner
Written Exposures % of Total	Written Exposures % of Total	Written Exposures % of Total

* Written Exposures = Number of Inforce Cars

Total Written Exposures _____

I certify that the information provided is true and accurate to the best of knowledge and belief. I further certify that I am authorized to execute this statement on behalf of the company named above.

Name: _____
 Signature: _____
 Title: _____
 Phone #: _____
 (Include Area Code)

Fax #: _____
 (Include Area Code)]

11:3-22.3 Coverage option survey requirements

(a) Every automobile insurer [, on a biannual basis,] shall complete and file with the Commissioner the coverage option survey required by this subchapter **in accordance with the provisions of N.J.A.C. 11:3-3A**. The insurer's [biannual] survey shall reflect the total number of automobiles with in-force coverage [as of December 31 and as of June 30 of each year], and shall indicate the personal injury protection and lawsuit threshold or no threshold options selected with respect to each such automobile. [Insurers shall use forms A and B, appended to and incorporated by reference in this subchapter, to report the information required by this section.

(b) Survey forms reflecting coverage option selections as of December 31 of each year shall be filed with the Commissioner by January 21 of that year. Survey forms reflecting coverage option selections as of June 30 of each year shall be filed with the Commissioner by July 22 of that year.

(c) Completed coverage option survey forms shall be submitted to:

New Jersey Department of Banking and Insurance

Office of Property/Casualty

20 West State Street

PO Box 325

Trenton, NJ 08625-0325]

[(d)] **(b)** (No change in text.)

[(e)] **(c)** Insurers which act as servicing carriers for a residual market mechanism created by statute shall report directly to the Department [only the coverage options selected by their voluntary policyholders. The options selected by residual market mechanism insureds shall be reported directly to the residual market mechanism.]

[(f)] **(d)** Failure to provide the data required by this subchapter by the due dates in [(b) above will] **N.J.A.C. 11:3-3A may** result in [Departmental sanctions] **penalties pursuant to N.J.S.A. 17:33-2 and as otherwise** authorized by law.

inoregs/bgreprt