

INSURANCE

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF PROPERTY CASUALTY

Filings: Property and Casualty

Proposed Amendments: N.J.A.C. 11:1-2.2 and 2.6

Proposed Repeal: N.J.A.C. 11:1-2 Appendix, Exhibit B

Authorized By: Kenneth E. Kobylowski, Acting Commissioner, Department of Banking and Insurance.

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

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

Proposal Number: PRN 2012-183.

Submit comments by February 15, 2013 to:

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The agency proposal follows:

Summary

The Department of Banking and Insurance (Department) is proposing amendments to its rules governing “Filings: Property and Casualty,” filing of rates, manual rules, rating plans, policy forms, and endorsements.

Currently, all Property and Casualty filings are required by N.J.A.C. 11:1-2.1(c) and 2.2(b) to be filed with the Department through SERFF (System for Electronic Rate and Form Filing), the NAIC’s electronic filing system. In addition, N.J.A.C. 11:1-2.2(c) specifically requires the use of MARS002 form, which is a New Jersey-specific form, for final prints. It has come to the Department’s attention that this form is burdensome and time consuming for companies to prepare, since other states do not require a state-specific form. Therefore, the Department does not believe that it is necessary for Property and Casualty insurers and rating organizations to continue to submit the MARS002 form in addition to complying with the requirements of SERFF.

Consistent with Governor Christie’s Common Sense Principles for Agency Rule-making as expressed in Executive Order Nos. 1 and 2 (2010), the Department issued Bulletin No. 12-06 on April 20, 2012. The purpose of Bulletin No. 12-06 was to notify rating organizations and Property and Casualty insurers that submit rate, rule, and policy form filings made pursuant to N.J.S.A. 17:29A-1 et seq. or 17:29AA-1 et seq. that, effective immediately, the Department was waiving the provision in the rule requiring the submission of the MARS002 form with such filings. In order to codify this action, the Department is proposing amendments to N.J.A.C. 11:1-2.2(c) and 2.6 which will delete the MARS002 form filing requirement.

The Department is further amending subsection (c) to continue to require the submission of final printed pages/forms. However, the Department notes that its

amended provision no longer permits the submission of printed pages/forms 10 days after notice of approval or no later than 10 days prior to the effective dates. Instead, they must be submitted in the same manner as those on commercial lines. Additionally, language is being added with respect to SERFF to emphasize requirements that are already in place but are sometimes omitted by filers. The Department's proposed new language reminds filers that they are required to use the SERFF Form Schedule and the SERFF Rate/Rule Schedule to identify the manual pages and forms being submitted, with all requested information accurately completed. The additional text also provides that failure to complete all fields under SERFF may result in the filing being closed without prejudice.

The Department is also repealing N.J.A.C. 11:1-2 Appendix, Exhibit B (the MARS002 form) because it is no longer necessary.

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 and repeal will have a positive social impact by eliminating the unnecessary requirement that insurers and rating organizations file a New Jersey State-specific form (MARS002) in addition to the SERFF Form, and clarifying other currently existing requirements. The proposed amendments will also save companies' time because they will not have to file a New Jersey State-specific form.

Economic Impact

The proposed amendments and repeal will not impose additional costs on insureds. Rather, as noted in the Summary above, these amendments and repeal eliminate a New Jersey-specific form that is burdensome and time consuming for companies to prepare. The Department also notes that requiring personal lines insurers to submit final printed pages/forms along with their filing instead of 10 days after notice of approval or prior to the effective dates will also not impose any additional cost on insurers or rating organizations.

Federal Standards Statement

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

Jobs Impact

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

Agriculture Industry Impact

The proposed amendments and repeal will not have any impact on the agriculture industry in New Jersey.

Regulatory Flexibility Analysis

The proposed amendments and repeal will apply to few, if any, “small businesses,” as that term is defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16

et seq. To the extent the proposed amendments and repeal apply to small businesses, these amendments and repeal are beneficial because they delete the requirements for insurers and rating organizations to file the MARS002 form (which is State specific) in addition to the regular SERFF filing requirements.

The Department notes that the new language of N.J.A.C. 11:1-2.2(c) codifies current practices that insurers and rating organizations already follow in filing through SERFF. The Department notes that personal lines insurers and rating organizations already submit final printed pages/forms along with their filing instead of 10 days after notice of approval or prior to the effective dates. The Department believes that no additional professional services will be required in order to comply with these proposed amendments. The proposed amendments provide no differentiation in compliance requirements based on business size. As noted above in the Summary, the proposed amendments and repeal are consistent with Governor Christie's Common Sense Principles for Agency Rule-making. Any variations in the requirements based on business size would not be consistent with the goals of the Common Sense Principles.

Housing Affordability Impact Analysis

The proposed amendments and repeal will not have any impact on housing affordability because these amendments and repeal relate to insurance Property and Casualty SERFF filings.

Smart Growth Development Impact Analysis

The Department believes that there is an extreme unlikelihood that these amendments and repeal would evoke a change in housing production in Planning Areas 1 and 2, or within the designated centers, under the State Development and Redevelopment Plan in New Jersey because these amendments and repeal addresses Property and Casualty SERFF filings.

Full text of the rule proposed for repeal may be found in the New Jersey Administrative Code at N.J.A.C. 11:1-2 Appendix, Exhibit B.

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

11:1-2.2 Filing of rates, manual rules, rating plans, policy forms, and endorsements

(a) - (b) (No change.)

(c) All commercial lines **and personal lines** filings submitted to the Department shall also be accompanied by final printed pages/**forms**. [and document MARS002, incorporated herein by reference as Exhibit B in the Appendix to this subchapter. For personal lines filings, final printed pages and document MARS002 shall be provided no later than 10 days after notice of approval or no later than 10 days prior to the effective date.] **Filers are required to use the SERFF Rate/Rule and/or Form Schedule(s) to identify the manual pages and/or forms being submitted. Failure to complete all fields under the SERFF schedule(s) as well as provide final printed material may result in the filing being closed without prejudice.**

11:1-2.6 Notification

The filing with a cover letter shall be submitted to the Department of Banking and Insurance. [The filing shall be accompanied by a properly completed MARS002, as described in N.J.A.C. 11:1-2.2(c).] Filers may choose to eliminate the submission of a cover letter provided that the SERFF Filing's General Information Filing Description Section is fully completed with a clear and precise description of the filing.