



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
OFFICE OF THE COMMISSIONER
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JON S. CORZINE
Governor

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STEVEN M. GOLDMAN
Commissioner

December 31, 2008

To: Domestic Fire & Casualty Insurers

Re: Annual Statement Filings

Pursuant to N.J.S.A. 17:23-1, every insurer transacting business in this State shall file with this Department on or before **March 1** annually, a statement showing its financial condition as of and for the preceding year ending **December 31**. The annual statement must be in the NAIC-approved format and properly bound. All appropriate supplemental exhibits and schedules must be submitted by the NAIC due dates. Each company is responsible for reading Bulletin No. 00-08 and the chart of New Jersey prescribed differences from SSAP and making sure that its annual statement reflects the deviations required by the differences of New Jersey Statutes and Rules from the NAIC Accounting Practices and Procedures Manual. The late filing **penalty** imposed by N.J.S.A. 17:23-2 shall be strictly enforced. Carefully read the annual statement checklist. Some instructions included on the checklist are not duplicated in this letter.

The statement shall be subscribed and sworn to by the president and secretary or, in their absence, two of the principal officers. The absence of the signature of the president or the secretary shall be fully explained. Manual signatures shall be required to execute the **jurat (page 1)** of the statement. Facsimile or planograph signatures will **not** be accepted.

Three complete copies of the annual statement and **all** supplemental exhibits and schedules shall be filed with this Department.

STATE BUSINESS

The workers' compensation portion of the homeowners multiple peril premium must be reported on the state business page, line 16 (workers' compensation), **not** on line 4 (homeowners multiple peril). This requirement pertains to any annual statement exhibit, schedule or supplement that distinguishes lines of business.

Pursuant to N.J.A.C. 11:3-28.9(a), for the purposes of completing the New Jersey State Business Page, the insurer shall include losses in excess of \$75,000 in the total amount of losses for private passenger automobile and commercial automobile personal injury protection payments (lines 19.1 and 19.3). Insurers shall also provide a footnote on the State Business Page that indicates the amount of losses reported, excluding losses from payments of private passenger automobile and commercial automobile personal injury protection payments in excess of \$75,000.

Pursuant to the provisions of the FAIR Act (P.L. 1990, Chapter 8), certain lines of business are subject to a tax and/or assessment.

In order for the Department of Banking and Insurance to accurately calculate this assessment, consistency between the data filed with the NAIC and with New Jersey is absolutely necessary. It is imperative that a New Jersey State Business Page be filed with the NAIC; in addition, the New Jersey State Business Page filed with the NAIC and that filed with the State of New Jersey must be one and the same and must reflect all New Jersey reporting requirements.

In order to properly define only those lines of business subject to such assessment, further descriptions of certain insurance coverages currently presented on the "Exhibit of Premiums and Losses," of the Annual Statement, are required of insurers.

Your cooperation in this matter will help to ensure that your company is subject to the correct tax assessment base.

Line 33: Aggregate write-ins for other lines of business

Line 33 Write-Ins are often required for certain specific purposes. So that this information can be used correctly for the specific purpose intended, it is necessary for companies to include in the description the line of business from which the Line 33 Write-In was taken. For example, a write-in line for Excess Workers' Compensation Insurance which, were it not broken out, would have been included in Other Liability, would be shown as follows:

3301. Excess Workers' Compensation Insurance (Line 17.1)

Thus, any Line 33 Write-In shall provide both a detailed description of the line of business as well as the line of business from which it was taken.

Other lines - Guaranty Fund Assessments

For purposes of the New Jersey Property Liability Insurance Guaranty Association, the following lines shall be separately identified in the "Exhibit of Premiums and Losses" under the section pertaining to "Details of Write-ins Aggregated at Item 33 For Other Lines of Business." If the lines listed below are not separately listed, they shall be subject to the assessment.

The lines to list separately, starting at line 3301 on the State Business Page, are as follows:

1. Mechanical Breakdown ("warranty" instruments only)
2. Political Risk
3. Residual Value
4. Collateral Protection - Consumer Lending, Personal Property, Auto Floorplan Inventory and Tractor and Equipment Floorplan
5. Hospital Deductible
6. Nuclear
7. Miscellaneous Surety
8. Private Passenger Death and Dismemberment

This list of lines is not necessarily all-inclusive. The criteria for including a line in the assessment base depends on whether the line is covered by the Property-Liability Insurance Guaranty Association per N.J.S.A. 17:30A-2b. Since policies written for these lines may be unique coverages, the actual policy forms, if not already evaluated, shall be subject to review, initially by NJPLIGA, before actual determination of inclusion or exclusion from the assessment is finalized by the Department. An insurer's requirement to file any new policy form will be determined by the Department at a date subsequent to receipt of the current Annual Statements.

ACTUARIAL OPINION

N.J.A.C. 11:1-21 et seq. requires all property and casualty insurers to submit a written opinion by a "qualified actuary" regarding the adequacy of loss and loss adjustment expense reserves for all lines of business. An independent opinion is preferred. If both a company and an independent opinion have been rendered, please submit both opinions to the Department. **New Jersey domestic insurance companies must submit an opinion with an original signature.**

SCHEDULE F

Pursuant to N.J.A.C. 11:3-28.9(b), for the purposes of completing Schedule F of the annual statement, insurers shall consider the assumption and reimbursement by the New Jersey Unsatisfied Claim and Judgment Fund (NJUCJF) of private passenger automobile and commercial automobile personal injury protection payments in excess of \$75,000 as a reinsurance transaction (the NAIC has assigned the NJUCJF the pool number of AA-9991160). Insurers shall consider assessments paid to the NJUCJF pursuant to N.J.S.A. 39:6-63, based on the insurer's premiums for private passenger automobile liability insurance (including PIP) and commercial automobile liability insurance (including PIP) as ceded premium, prorated for the appropriate line of business on which the assessment was based.

INVESTMENT VALUATION SUBSYSTEM (IVS)

N.J.A.C. 11:19-2 establishes the data submission requirements for all domestic insurers under the Financial Examinations Monitoring System. The IVS requirements have been updated by Bulletin No.:03-34 to CD-ROM or DVD-ROM.

AMENDMENTS

Occasionally, a company determines that changes must be made which will result in amended Annual Statement data (including the State Business Page). Based on the discussion above, it is imperative that any amended Annual Statement page or pages (including the New Jersey State Business Page) be filed with the NAIC and New Jersey on a timely basis to ensure that the database remains accurate and up-to-date.

QUARTERLY STATEMENT FILINGS

Every domestic insurer transacting business in this State shall file with this Department quarterly, on or before **May 15, August 15, and November 15**, three copies of a statement showing its financial condition as of and for the preceding quarter. The quarterly statement must be in the NAIC-approved format. Each company is responsible for implementing any changes required by the NAIC.

PREMIUM TAX

A premium tax is imposed by N.J.S.A. 54:18A-1 et seq. on all direct premiums written on New Jersey business.

Premiums shall be reported annually on or before **March 1 on forms supplied by the Division of Taxation.** With the singular exception of fire insurance premium taxes that are payable to the Firemen's Relief Association on local fire districts **all taxes are to be submitted to the Director of the Division of Taxation** and made payable to the **State Treasurer of New Jersey.**

The Firemen's Relief Association has identified all fire districts with an association code number. Therefore, effective January 1, 1998, insurers are no longer permitted to allocate fire insurance premium taxes to a 999 code for local fire districts not activated. All taxes must be allocated to a valid local fire district code. A current listing of the codes may be obtained from:

New Jersey Firemen's Relief Association
Attn: Barbara Coppola
50 Evergreen Place
East Orange, NJ 07108

(973) 677-9295

BIOGRAPHICAL AFFIDAVITS

Within forty-five (45) days of the date of an **officer's** or **director's appointment or election**, the company shall provide to this Department the officer's or director's biographical affidavit duly executed on the form available on our web site (URL is http://www.state.nj.us/dobi/division_insurance/pdfs/fminsbio.pdf) which can be reproduced as needed. Likewise, the company shall notify this Department within forty-five (45) days of the date of an officer's or director's death, resignation or termination.

All such notifications to this Department shall be mailed to the attention of Robert Kasinow, Chief Insurance Examiner, at the address indicated above.

Steven M. Goldman
Commissioner

Enclosure
4-FCD (Rev. '03)