

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF THE ESTABLISHMENT)
OF THE URBAN ENTERPRISE ZONE SHARES) ORDER
AS OF DECEMBER 31, 2004)

This matter having been opened by the Commissioner of Banking and Insurance ("Commissioner") pursuant to the authority of N.J.S.A. 17:29D-1i, N.J.S.A. 17:33C-1 et seq, N.J.A.C. 11:3-46.3 and all of the powers expressed and implied therein; and

IT APPEARING that pursuant to N.J.S.A.17:29D-1i and 17:33C-1 et seq., the Commissioner has established an Automobile Insurance Urban Enterprise Zone ("UEZ") Program by administrative rule, N.J.A.C. 11:3-46, effective June 1, 1998; and

IT FURTHER APPEARING that the Commissioner has designated 27 municipalities by their zip codes as UEZs pursuant to N.J.A.C. 11:3-46.3; and

IT FURTHER APPEARING that the UEZ program requires insurers to have a reasonably equal percentage of their business in UEZs and in the rest of the State; and

IT FURTHER APPEARING that N.J.S.A. 17:29D-1i provides for the distribution of risks through the voluntary rating tier established in the Personal Automobile Insurance Plan ("PAIP") to insurers that do not have a marketshare in UEZs reasonably equal to their statewide marketshare; and

IT FURTHER APPEARING that the Commissioner shall annually calculate the number of in-force exposures each insurer shall have in all UEZs ("UEZ share"). The calculation of the

UEZ shares shall be made based on in-force exposures reported by insurers as of September 30 and in accordance with the methodology set forth in N.J.A.C. 11:3-46 Appendix, Exhibit B; and

IT FURTHER APPEARING that pursuant to N.J.A.C. 11:3-46.3(f) the Commissioner will advise insurers of their UEZ shares each November; and

IT FURTHER APPEARING that pursuant to Order A99-164 in-force exposures are reported to the Department semi-annually on June 30 and December 31 instead of quarterly; and

IT FURTHER APPEARING that as a result of Order A99-164, the Department does not have the total State-wide in-force exposures necessary to calculate UEZ shares as of September 30 of each year; and

IT FURTHER APPEARING that the Department intends to amend N.J.A.C. 11:3-46.3(f) to base the calculation of UEZ shares on in-force exposures on December 31 of each year; and

IT FURTHER APPEARING that pursuant to N.J.A.C. 11:3-46.6(c) and (f) a qualified insurer that does not meet its goal or a non-qualified insurer that does not meet its UEZ share shall be subject to distributions of exposures by the PAIP into the voluntary rating tier; and

IT FURTHER APPEARING that the Department intends to amend N.J.A.C. 11:3-46.6(f) to change the date by which insurers must meet their goal or UEZ share as applicable from June 30 to September 30 to give insurers an adequate period of time in which to reach their goals or UEZ shares after notification;

THEREFORE, IT IS on this 26th day of April, 2005:

ORDERED that:

1. The attached Exhibit A sets forth the calculation of UEZ shares by group as of December 31, 2004; and

2. Insurers shall be subject to distributions of exposures through PAIP into the voluntary rating tier if they fail to have at least 95 percent of their UEZ goal or share, as applicable, in force in the zip codes designated as UEZs on September 30, 2005.

/s/ Donald Bryan
Donald Bryan
Acting Commissioner

INOORD\2005 UEZ order.doc