INSURANCE
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF INSURANCE

Reporting Financial Disclosure and Excess Profits

Proposed Amendments: N.J.A.C. 11:3-20.3 through 20.11, 20.13 and 11:3-20 Appendix

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

Authority: N.J.S.A. 17:1-8.1, 17:29A-5.6 through 5.16, and sections 67, 68, 69 and 82 of P.L. 2003, c. 89.

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

Proposal Number: PRN 2003-280

Submit comments by September 19, 2003 to:

Douglas A. Wheeler, Assistant Commissioner
Legislative and Regulatory Affairs
New Jersey Department of Banking and Insurance
20 West State Street
P.O. Box 325
Trenton, NJ 08625-0325
Fax: (609) 292-0896
E-mail: legsregs@dobi.state.nj.us

The agency proposal follows:

Summary

N.J.S.A.17:29A-5.6 et seq. requires insurers authorized to transact private passenger automobile insurance in this State to file an excess profit report on or before July 1 each year. N.J.A.C. 11:3-20 contains the rules and identifies the exhibits to be used in filing this report with the Department of Banking and Insurance (Department).

The Department is amending N.J.A.C. 11:3-20 as a result of the recent June 9, 2003, enactment of P.L. 2003, c. 89 (the "Act"). The Act provides a well-balanced approach to the immediate auto insurance availability crisis facing New Jersey

consumers, insurers and regulators. These amendments also are necessary in order for N.J.A.C.11:3-20 to remain consistent with certain amendments to N.J.A.C. 11:3-16, Rate Filing Requirements: Voluntary Market Private Passenger Automobile Insurance, proposed October 7, 2002 and adopted effective May 5, 2003 (see 34 N.J.R. 3475(a) and 35 N.J.R. 1907(a)).

The Department believes its proposed amendments are also necessary in order to: be more responsive to market conditions; enable insurers to reflect excess loss; and promote reinvestment by insurers into the New Jersey private passenger automobile marketplace. Additionally, these amendments reward efficient companies for low expenses and allow companies to fully reflect the cost associated with assigned risks through Limited Assignment Distribution (LAD) fees. These proposed amendments also reflect some of the suggestions made by commenters on the October 2002 proposal.

Several definitions in N.J.A.C. 11:3-20.3 are being added or amended. As a result of comments received, the Department is adding a definition of “excess liability.” The definition of "excess liability" that it means personal catastrophe endorsements that may be purchased to cover excess personal automobile and homeowner’s losses. The Department is also adding definitions for the terms “allowance for profit and contingencies” and “extraordinary loss.” "Allowance for profit and contingencies" is being defined to mean the amount that is determined by the Return on Equity formula in accordance with N.J.A.C. 11:3-16.10(a)1. "Extraordinary loss" is being defined to mean that portion of the loss above five percent of earned premium, determined over three calendar-accident years on an all coverage combined basis. The Department is amending the definitions of “actuarial gain” by deleting the phrase “the allowance for profit and, contingencies is determined by the Clifford formula as 3.5 percent of Earned Premium or 5.38 percent on a pre-tax basis, using the Federal corporate tax rate of 35 percent. The definition of “calendar-accident year” is being amended by adding the phrase “allocation and investment income or assessments.” “Combined profit report” and “non-excessive subsidization” are being amended to add the terms “excess profit report” and “profit.” The definition of “development adjustment” is being amended to add the following language “plus net AIRE compensation for that calendar-accident year, developed to an ultimate basis and evaluated as of March 31 of the year in which the profit report is due.” The definition of “Page 14” is being amended to add the “statutory Page 14 from the insurer’s annual statement for New Jersey. The definition of “total actuarial gain” is being amended to add “submitted at the option of the insurer” and change calendar-accident years from three to seven. The definition of “underwriting income” is being amended to add the word “all” throughout the paragraph.

The Department is correcting its website address found in N.J.A.C. 11:3-20.4(c). N.J.A.C. 11:3-20.4(d), which addresses information that shall be provided with respect to the insurer’s New Jersey auto business, is being amended in several places. The proposed amendments to N.J.A.C. 11:3-20.4(d)2 delete from that paragraph the phrase “including uninsured and underinsured motorist coverages.” N.J.A.C. 11:3-20.4(d)3 is being amended to make it encompass other liability consisting of property damage liability and uninsured and underinsured motorist coverages. The Department is making changes to N.J.A.C.11:3-20.4(e), 20.6, 20.8(d), (e) and (f), 20.11 and 20.13 to change the word “profits” to “profit.”

N.J.A.C. 11:3-20.5(a), (d) and (f) are being amended to change the years of data needed from three to seven and/or to make a grammatical change by amending “profits” to “profit.” The Department is amending N.J.A.C. 11:3-20.5(b) to provide that the excess profit report contain information for each of the 12 most recent years. The Department is amending N.J.A.C. 11:3-20.5(c)4 to indicate that Automobile Insurance Risk Exchange (AIRE) charges, the net of all catastrophe reinsurance premiums incurred, and all expenses incurred for the services of a limited assignment distribution center are expenses that are to be itemized separately in the excess profit report. Paragraph (c)6 is being amended to delete the phrase “reimbursements received” and add the word “assessments,” in accordance with P.L.2003, c. 89. The Department is also adding a new provision, N.J.A.C. 11:3-20.5(d)6, which permits monies spent or encumbered to fund reinvestments by the insurer to be reflected on the excess profit report. The Department is also deleting subsection (e) and recodifying paragraph (d)7 and subsection (f) of N.J.A.C. 11:3-20.5.

The Department is amending N.J.A.C. 11:3-20.7 to clarify that an excess profit shall be calculated in accordance with the Exhibits in the Appendix. This provision is also being amended to require that excess profit calculation be based on seven years instead of three.

The Department is amending N.J.A.C. 11:3-20.8(c) to add language, clarifying that an insurer’s plan for the refunding or crediting of an excess profit to policyholders should be submitted within 30 days of the Department’s initial determination that there is an excess profit or, if a reevaluation is requested, within 30 days after notification of the requirement to refund an excess profit after a reevaluation has been performed. Additionally, N.J.A.C. 11:3-20.8(c)1 is being amended to require that any refund or credit plan provide for the refund or credit to such group or groups of policyholders as the commissioner may determine to be reasonable in consideration of the insurer's financial and business circumstances.

The Department is also amending N.J.A.C. 11:3-20.9 to provide for an extraordinary loss by insurers. Those amendments include adding a new subsection (b) and the recodification of current subsection (b) as subsection (c). Additionally, proposed N.J.A.C. 11:3-20.9(c) is being amended to add the term "allowance" and include extraordinary loss in this provision. N.J.A.C.11:3-20.10 is being amended to omit a comma.

The Department is also deleting and replacing the current input pages and the Appendix Exhibits. The Appendix is being amended to reflect excess loss; reinvestment; efficiency expenses; LAD fees; and the Return on Equity. The Department is also amending the Appendix to include an additional year of reporting as suggested by a commenter on the October, 2002 proposal, so that the development factors are consistent.

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 Department believes the amendments will benefit the public by enhancing the Department's ability to monitor the financial performance of insurers. Moreover, the Department believes that the amendment providing for the reporting of the amount an insurer commits to reinvest in the New Jersey auto insurance market will provide an incentive for insurers to expand operations in New Jersey and make private passenger automobile insurance more available to insureds, especially in urban areas.

The Department believes the proposed amendments will result in the excess profit report more accurately reflecting the economic status of the filer. Insurers will benefit from these proposed amendments because they will have a clearer understanding of their reporting requirements, which will result in the filing of more accurate and stable excess profits reports from year to year. Because the proposed amendments should result in the submission of more complete and accurate excess profit reports in a standardized format, the Department believes that the amendments will better enable it to fulfill its obligation to evaluate the financial performance of insurers.

Economic Impact

The Department does not believe that insurers will incur any additional expense relating to the filing of excess profit reports beyond what they currently incur. The Department notes that these amendments may require insurers' to initially allocate additional time to complete the new exhibits and appendices to be supplied with the reports, but the Department does not believe that it will result in additional expenses being incurred by insurers.

The Department believes that the amendment to N.J.A.C. 11:3-20.5 regarding the reporting of an insurer’s reinvestment in this State will provide an incentive for insurers to expand operations in New Jersey and make private passenger automobile insurance more available to insureds.

The public should benefit from these proposed amendments because insurers who presently do not write private passenger automobile insurance in New Jersey may be more inclined to do so as a result of the Department requiring the submission of reports containing information that more accurately reflects an insurer's financial condition. Any ensuing increase in competition in the New Jersey private passenger automobile insurance market will inure to the benefit of consumers.

The Department does not anticipate any economic impact on the Department as a result of these proposed amendments.

Federal Standards Statement

A Federal standards analysis is not required because these amendments regulate the business of automobile insurance, which is governed by Tile 17 of the New Jersey Statutes, and are not subject to any Federal requirements or standards.

Jobs Impact

Although the Department does not anticipate that the amendments alone will result in the generation or loss of jobs, it believes that the package of statutory and regulatory amendments of which it is a part, taken as a whole, will contribute to the attractiveness and competitiveness of the New Jersey automobile insurance market and help preserve and expand employment in the automobile insurance industry and in insurance agencies and brokerage firms. The Department invites interested persons to submit any data or studies about the jobs impact of these proposed rules with their written comments.

Agriculture Industry Impact

Pursuant to P.L. 1998, c. 48, the Right to Farm Act, and N.J.S.A 52:14B-4(a) of the Administrative Procedure Act, the Department does not expect any agriculture industry impact from these proposed amendments.

Regulatory Flexibility Analysis

Pursuant to N.J.A.C 52:14B-17, a "small business" means any business resident in this State which employs fewer than 100 employees; is independently owned and operated; and is not dominant in its field. Some insurers affected by these amendments meet this definition. These proposed amendments will continue to impose reporting, recordkeeping and other compliance requirements on these insurers.

The Department has determined that these proposed amendments are reasonable and necessary for the purposes expressed herein and to implement the changes to the governing law resulting from the enactment of P.L. 2003, c.89. These rules will apply to all voluntary private passenger automobile insurers, except those that only write the “exempted types" of coverage. These amendments impose a regulatory requirement that is consistently applied without regard to business size. These rules continue to prescribe the regulatory requirements for the reporting of the financial status, including any excess profit, of companies writing mandatory private passenger automobile insurance. Thus, this kind of information must be assembled with uniformity and reported with consistency in order to promote a stable and healthy marketplace. The Department also notes that these proposed amendments impose new recordkeeping, reporting and compliance obligations, as described in the Summary above. For the reasons set forth, these proposed amendments provide no differing reporting, recordkeeping or compliance requirements based on business size.

The Department recognizes that these amendments may initially require insurers to devote additional time for the completion of the new input pages and Exhibits as they become familiar with the additional information to be reported. The Department anticipates that the future annual cost of compliance with these rules should be consistent with the current annual cost. The use of professional services currently required by these rules (for example, actuaries, claim professionals, underwriter professionals, etc.) will continue to be necessary. Such costs will vary with the individual professional.

Finally, the Department notes that although no exemptions or different compliance requirements are specifically provided based on business size, the rules continue to reflect the exemption from the filing requirements set forth in N.J.S.A. 17:29A-5.11, which exempts insurers with fewer than 150 car years of exposure in New Jersey over the prior three calendar-accident years combined. Moreover, as noted above, private passenger automobile insurers are required to file excess profit reports pursuant to N.J.S.A. 17:29A-5.6, as recently amended. This statute provides no differentiation in compliance requirements specifically based on insurer size. As a result, these proposed amendments provide no differentiation in compliance requirements based on insurer size.

Smart Growth Impact

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

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

11:3-20.3 Definitions

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

. . .

"Actuarial gain" means the remainder obtained by subtracting the allowance for profit and contingencies from underwriting income, which remainder may be positive or negative. **[**The allowance for profit and contingencies is determined by the Clifford formula as 3.5 percent of Earned Premium or 5.38 percent on a pre-tax basis, using the Federal corporate tax rate of 35 percent.**]**

. . .

"Allowance for profit and contingencies" means the amount that is determined by the Return on Equity formula in accordance with N.J.A.C. 11:3-16.10(a)1.

"Calendar-accident year" means the period from January 1 to December 31, during which, in the appropriate context:

1. Premium or investment income was earned;

2. Expenses were incurred; or

3. Accidents occurred which resulted in losses, loss adjustment expenses, **and**/or **net** AIRE compensation **(allocation and investment income or assessments)**.

"Combined [profits] **profit** report" means the [Excess Profits Report] **excess profit report** consisting of the aggregated [profits] results of all members within an insurance holding company system.

. . .

“Development adjustment” means the difference obtained by subtracting:

1. Loss and loss adjustment expenses for that calendar accident year, developed to an ultimate basis and evaluated as of March 31 of the year preceding the year in which the [profits] **profit** report required by N.J.A.C. 11:3-20.5 is due**, plus net AIRE compensation for that calendar-accident year, developed to an ultimate basis and evaluated as of March 31 of the year in which the profit report is due**; from

2. Losses and loss adjustment expenses for the calendar-accident year, developed to an ultimate basis and evaluated as of March 31 of the year in which the [profits] **profit** report is due**, plus net AIRE compensation for that calendar-accident year, developed to an ultimate basis and evaluated as of March 31 of the year in which the profit report is due**.

. . .

"Excess liability" means personal catastrophe endorsements that may be purchased to cover excess personal automobile and homeowner’s losses.

"Extraordinary loss" means that portion of the loss above 5 percent of earned premium, determined over three calendar-accident years on an all coverage combined basis.

. . .

"Non-excessive subsidization" means the number of dollars of excess profit, as calculated pursuant to this subchapter, for an individual insurer within an insurance holding company system, that is less than or equal to .5 percent (one half of one percent) of its earned premiums for the three calendar-accident years immediately preceding the year in which the **[**Excess Profits Report**]** **excess profit report** is due to the extent that this excess profit has not been refunded or credited to policyholders.

. . .

"Page **[**15**]** **14**" means **[**Page 15 of the New Jersey statutory annual statement for CY 1995 and later, and Page 14 of the New Jersey statutory annual statement for CY 1994 and earlier**]** **statutory Page 14 from the insurer's annual statement for New Jersey**.

. . .

"Total actuarial gain" means the sum of **the** actuarial gains for the **[**three**]** **seven** calendar-accident years immediately preceding the due date of the **[**profits**]** **profit** report required by N.J.A.C. 11:3-20.5, less the development adjustments **submitted at the option of the insurer** for the calendar-accident years beginning with the **[**seventh**]** **11th** calendar-accident year immediately preceding the due date of the **[**profits**]** **profit** report and ending with the **[**fourth**]** **eighth** calendar-accident year immediately preceding the due date of the **[**profits**]** **profit** report.

. . .

"Underwriting income" means the remainder obtained by subtracting the sum of **all** losses developed to an ultimate basis, **all** loss adjustment expenses developed to an ultimate basis, and **all** other expenses exclusive of UCJF assessments, from the sum of premiums earned and **net** AIRE compensation developed to an ultimate basis, which remainder may be positive or negative.

. . .

11:3-20.4 General reporting requirements

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

(c) The data required by this subchapter shall be submitted either on a CD-ROM or e-mailed to the Department at the address identified either on the Department's website **[**(*www.dobi.state.nj.us*)**]** **(www.state.nj.us/DOBI)** or by telephone call to the Department's main number, (609) 292-5360, and the Exhibits shall be submitted in written copy by using the forms and record layouts contained in the Appendix to this subchapter. The information shall be presented in a Microsoft Excel 97 or compatible spreadsheet. The written copy of the Exhibits shall include in the left and top margins the row and column location, respectively, to all the data in the worksheets. Each page shall also display in the bottom right corner the name of the computer file on which it is contained. All calculated values shall be given as a formula in the spreadsheet. Data shall be submitted in the format set forth in Exhibits found in the Appendix to this subchapter, incorporated herein by reference. Companies may download from the Department web site or submit a blank CD-ROM and self-addressed, stamped mailer to receive copies of the Microsoft Excel spreadsheets for current and future use in the excess profit reports required pursuant to this subchapter.

(d) The information shall be provided with respect to the insurer's New Jersey private passenger automobile insurance business separately for each of the following coverages:

1. (No change.)

2. Bodily injury liability, **[**including uninsured and underinsured motorist coverages**]** reported at total limits;

3. **[**Property damage**]** **Other** liability **consisting of property damage liability and uninsured and underinsured motorist coverages, all** reported at the total limits; and

4. (No change.)

(e) Any insurer having fewer than 150 earned car years of exposure in New Jersey during the three calendar-accident years immediately preceding the date the **[**profits**]** **profit** report is due shall file a certification to that effect, in lieu of all other requirements of this subchapter.

(f) (No change.)

11:3-20.5 Excess profit report

(a) Each insurer shall submit a complete and accurate **[**profits**]** **profit** report in the format of the exhibits appended to this subchapter, which exhibits are hereby incorporated by reference as part of these rules.

(b) The excess profit report shall contain the following information for each of the **[**eight**]** **12** most recent calendar-accident years, with an evaluation date as of March 31 of the year in which the excess profit report is due.

1. – 8. (No change.)

(c) In addition to the requirements in (b) above, each insurer shall file in the format of the exhibits appended to this subchapter, the following information of the calendar-accident year ending December 31 immediately preceding the date the excess profit report is due:

1. - 3. (No change.)

4. Other expenses incurred, itemized separately as follows:

i. – ii. (No change.)

iii. AIRE charges;

[iii.**]** **iv.** (No change in text.)

[v.**]** **v.** Other acquisition costs and general expenses **[**and**];**

[v.] **vi.** **[**Policyholder**]** **All policyholder** dividends **incurred by the insurer,** including any excess **[**profits**]** **profit** refunded or credited to policyholders;

vii. The net of all catastrophe reinsurance premiums incurred to unaffiliated catastrophe reinsurers and all sums paid or owed by unaffiliated catastrophe reinsurers for losses that occurred during the calendar-accident year; and

viii. All expenses incurred for the services of a limited assignment distribution center pursuant to N.J.S.A. 17:29D-1 et seq.

5. (No change.)

6. UCJF **[**reimbursements received**]** **assessments**.

(d) The excess profit report shall include a calculation of each of the following items in the format of the exhibits appended to this subchapter:

1. Underwriting income for each of the **[**three**]** **seven** calendar-accident years immediately preceding the date of the **[**profits**]** **profit** report.

2. Actuarial gain for each of the **[**three**]** **<u>seven</u>** calendar-accident years immediately preceding the date of the **[**profits**]** **<u>profit</u>** report;

3. Actual investment income for each of the **[**three**]** **<u>seven</u>** calendar accident years immediately preceding the date of the excess profit report;

4. Development adjustment for the calendar-accident years beginning with the **[**seventh**]** **<u>eighth</u>** calendar-accident year immediately preceding the due date of the **[**profits**]** **<u>profit</u>** report and ending with the **[**fourth**]** **<u>eighth</u>** calendar-accident year immediately preceding the due date of the **[**profits**]** **<u>profit</u>** report.

5. Total actuarial gain; **[**and**]**

<u>6. Monies spent and monies encumbered to fund reinvestments by the insurer in the New Jersey private passenger automobile insurance market; and</u>

[6**]** **<u>7.</u>** Excess **[**profits**]** **<u>profit</u>**.

[(e) No expenses included in the Excess Profits Report shall include cash call payments to the National Consumer Insurance Company with respect to NCIC Pool losses.**]**

[(f)**]** **<u>(e)</u>** An officer of the insurer shall certify on the **[**profits**]** **<u>profit</u>** report forms that the report complies with all statutory and regulatory requirements to the best of his or her information, knowledge and belief. The officer shall sign his or her name and provide title**<u>,</u>** **[**and**]** date, and phone number.

11:3-20.6 Reporting requirements for insurance holding company systems

(a) (No change.)

(b) The Commissioner may order a complete excess **[**profits**]** **profit** report for any insurer in an insurance holding company system if, in his or her judgment, one or more of the insurers in that system are excessively subsidizing other insurers in that system. Excessive subsidization may exist if the number of dollars of excess profit, as calculated pursuant to this subchapter, for an individual insurer within an insurance holding company system, exceeds .5 percent (one half of one percent) of its earned premiums for the three calendar-accident years immediately preceding the year in which the **[**Excess Profits Report**]** **excess profits report** is due to the extent that this excess profit has not been refunded or credited to policyholders.

(c) Notwithstanding any provision of this section to the contrary, for purposes of evaluating the **[**Excess Profits Reports**]** **excess profit reports**, the excess **[**profits**]** **profit** computation shall be performed solely on the insurance holding company system's combined excess profits report.

11:3-20.7 Determination of an excess profit

[An**]** **The existence of an** excess profit shall **[**exist if**]** **be determined based upon calculations made in accordance with the Exhibits set forth in the Appendix to this subchapter** for the **[**three**]** **seven** calendar-accident years immediately preceding the date the excess profit report is due**[**,**]** **. An excess profit shall be deemed to exist when** an insurer's total actuarial gain for all private passenger automobile coverages combined exceeds 2.5 percent of earned premium, or 3.85 percent on a pre-tax basis, using the Federal corporate tax rate of 35 percent.

11:3-20.8 Refund or credit of an excess profit

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

(c) The insurer shall submit to the Commissioner a fair, practicable and nondiscriminatory plan to refund or credit to policyholders the excess [profits] **profit** within 30 days after **receipt of** the written notice **referenced** in (a) above or**, if an insurer requests a reevaluation, within 30 days after notification, in accordance with** (b)**3** above, **is made to the insurer that it is required to refund an excess profit subsequent to the reevaluation having been performed** [, as applicable, has been given to the insurer by the Commissioner].

1. The refund or credit plan shall be subject to approval by the Commissioner. **Any refund or credit plan shall provide for the refund or credit to such group or groups of policyholders as the Commissioner may determine to be reasonable in consideration of the insurer's financial and business circumstances.**

2. (No change.)

(d) Upon approval of the insurer's refund or credit plan, the Commissioner shall issue an order requiring the insurer to distribute all excess [profits] **profit** according to the approved plan.

(e) Within 15 days after the excess [profits have] **profit** **has** been refunded or credited to policyholders, the insurer's corporate official shall certify that such refund or credit has occurred.

(f) Any refund or credit shall be deemed a policyholder dividend applicable to the year in which it is incurred for reporting in subsequent excess [profits] **profit** reports.

11:3-20.9 Excess profit**, __extraordinary loss,__** carry **[**forward**]** **__forwards__**

(a) (No change.)

__(b) In the event an extraordinary loss is incurred by an insurer and subsequent excess profit reports demonstrate that an excess profit is indicated, an extraordinary loss carry forward shall be established.__

[(b)**]__(c)__** **[**This excess**]** **__Excess__** profit **__and/or extraordinary loss,__** carry **[**forward**]** **__forwards__** shall be applied by such insurer as **[**a credit**]** **__an allowance__** against future determinations of excess profits. The **[**credit**]** **__allowance__** shall only be applied in the filing year that generates an excess profit. In such filing year, the insurer shall assign the carry forward or a portion thereof to the latest three AYs of that filing. Once a carry forward is assigned to an AY, it shall remain with that AY until it is no longer displayed in subsequent filings. Once a carry forward or a portion thereof is assigned to a particular AY, that portion of the carry forward amount is exhausted and shall not be applied as **[**a credit**]** **__an allowance__** against any other AY. The carry forward may be used until such **[**credit**]** **__allowance__** is exhausted or the end of a 15 year period from the date the excess profit was paid, whichever occurs first.

11:3-20.10 Order for further information

(a) If, after examination of the insurer's excess profit report, the Commissioner finds that any information or calculation in such report contains, results in, or is based upon aberrant, unusual or irregular data, the Commissioner shall issue an order to such insurer **[**,**]** directing that the information or calculation be altered in a manner necessary to eliminate the effect of the aberrant, unusual or irregular data.

(b) (No change.)

11:3-20.11 Supplemental filings

(a) An insurer may request permission to supplement its **[**Excess Profits Report**]** **excess profit report** filing due to good faith error or excusable mistake by submitting a written request to the Department containing the following:

1. - 2. (No change).

3. The reasons why the insurer failed to provide this information in its initial **[**Excess Profits Report**]** **excess profit report** filing.

(b) (No change.).

11:3-20.13 Penalties

Failure to file a complete and accurate excess **[**profits**]** **profit** report so that it is received by the Commissioner on or before July 1 shall constitute a violation of this subchapter, and may result in the imposition of penalties as provided by statute.

DHT03-07/inoregs