

INSURANCE

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

OFFICE OF PROPERTY AND CASUALTY

Automobile Insurance - Voluntary Written Exposure and Primary Classification Data;

Homeowners Comparison Survey

Proposed Repeals: N.J.A.C. 11:3-16.12 and 11:4-29

Authorized By: Thomas B. Considine, Commissioner, Department of Banking and Insurance.

Authority: N.J.S.A. 17:1-8.1 and 17:1-15.e.

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

Proposal Number: PRN 2010–291.

Submit comments by January 14, 2011 to:

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The agency proposal follows:

Summary

The Department is proposing to repeal in its entirety N.J.A.C. 11:3-16.12. This rule requires that all private passenger automobile insurers semi-annually 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.

The primary classification data that companies are required to report pursuant to N.J.A.C. 11:3-16.12 was primarily used in rating during the 1980's and 1990's. The Department has determined that due to the complexity of current rating systems, many of the primary class codes once used in rating systems are now obsolete and that the semi-annual filings that insurers are required to report pursuant to N.J.A.C. 11:3-16.12 are no longer useful. Accordingly, the Department proposes to repeal this rule.

The Department is also proposing to repeal in its entirety N.J.A.C. 11:4-29. This subchapter requires the submission of data by insurers concerning premiums on personal homeowners, tenant and/or condominium coverage to enable the Department to compile an annual Homeowners Insurance Price Comparison Guide for use by the general public. The Department has determined that due to the complexity of current homeowners rating systems, it is difficult to specify representative sample policies that are meaningful to individual prospective insureds. Accordingly, the Department has determined that the premium data insurers are required to report pursuant to N.J.A.C. 11:4-29 is no longer useful, and the Department proposes to repeal this subchapter.

A 60-day comment period is provided for the 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 repeals eliminate the requirements that insurers submit semi-annual private passenger automobile comparison survey data and annual homeowners price comparison data to the Department for publication. These repeals will have a neutral social impact in that the required compliance by insurers with the standards for competitive private passenger automobile and homeowners insurance premium rates will continue to be maintained within the rules.

Economic Impact

The proposed repeals will have a favorable economic impact upon insurance companies transacting or seeking to transact business in the State. The costs for the submission to the Department of all comparison survey data of these insurance products will be saved by affected insurers. Consequently, no cost/benefit analysis is required in this instance. The Department invites interested parties to submit any data or studies concerning the economic impact of these proposed repeals together with their written comments on other aspects of the repeals.

Federal Standards Statement

Executive Order No. 27 (1994) and P.L. 1995, c. 65 require State agencies that adopt, readopt or amend State regulations that exceed any Federal standards or requirements to include in the rulemaking document a comparison with Federal law. A Federal standards analysis is not required in this instance because there are no Federal standards or requirements applicable to the proposed repeals.

Jobs Impact

The Department does not believe that these proposed repeals will cause any jobs to be generated or lost. The Department invites interested parties to submit any data or studies

concerning the jobs impact of these repeals together with their written comments on other aspects of the repeals.

Agriculture Industry Impact

The Department does not expect any impact upon the State agriculture industry by these proposed repeals.

Regulatory Flexibility Statement

A regulatory flexibility analysis is not required because the proposed repeals do not impose any reporting, recordkeeping or other compliance requirements on small businesses but rather will eliminate certain reporting requirements.

Smart Growth Impact

The proposed repeals will not have an impact upon the achievement of smart growth or the implementation of the State Development and Redevelopment Plan.

Housing Affordability Impact

The proposed repeals will not have an impact on housing affordability because the proposed repeals relieve insurers from requirements to report data that the Department has concluded is no longer useful as a result of changes that have occurred in the auto and property insurance markets since the rules proposed for repeal were adopted.

Smart Growth Development Impact

The Department believes that there is an extreme unlikelihood that these proposed repeals would evoke a change in the housing production in Planning Areas 1 and 2 or within the

designated centers under the State Development and Redevelopment Plan in New Jersey because the rules proposed for repeal address insurance company comparison survey data.

Full text of the rules proposed for repeal may be found in the New Jersey Administrative Code at N.J.A.C. 11:3-16.12 and 11:4-29.