

**INSURANCE**

**DEPARTMENT OF BANKING AND INSURANCE**

**DIVISION OF INSURANCE**

**Automobile Insurance**

**Proposed Readoption with Amendments: N.J.A.C. 11:3**

**Proposed Repeal and New Rule: N.J.A.C. 11:3-16 Appendix, Exhibit A**

**Proposed Repeals: N.J.A.C. 11:3-45 Appendix and 11:3-46 Appendix, Exhibit C**

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

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, 17:17-1 et seq., and 39:6A-1 et seq.

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

Proposal Number: PRN 2013-111.

Submit written comments by October 4, 2013 to:

Robert J. Melillo, Chief  
Legislation and Regulation  
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](mailto:legsregs@dobi.state.nj.us)

The agency proposal follows:

## Summary

The Department of Banking and Insurance (Department) proposes to readopt N.J.A.C. 11:3, which is scheduled to expire on June 7, 2013, in accordance with N.J.S.A. 52:14B-5.1b. In accordance with N.J.S.A. 52:14B-5.1.c(2), the submission of this notice to the Office of Administrative Law extended the expiration date 180 days to December 4, 2013.

The chapter contains rules, listed by subchapter codification below, concerning the following subjects:

1. The Commercial Automobile Insurance Plan (CAIP);
2. The New Jersey Personal Automobile Insurance Plan (PAIP);
- 2A. Special Automobile Insurance Policy;
- 2B. (Reserved);
3. Basic Automobile Insurance Policy;
- 3A. Reporting Requirements and Filing Deadlines;
4. Personal Injury Protection (PIP) Benefits; Medical Protocols; Diagnostic Tests;
5. PIP Dispute Resolution;
6. Insurance Identification Cards;
7. Automobile Reparation Reform Act;
8. Acceptance, Renewal, Nonrenewal and Cancellation of Automobile Insurance Policies;
9. Rating Information: Automobile Insurance on Private Passenger Cars;
10. Auto Physical Damage Claims;
11. Moped Insurance;

12. Automobile Rate Filers: Flattening of Premium Taxes and Assessments Made for the Unsatisfied Claim and Judgment Fund;
13. Collision and Comprehensive Coverage Deductibles and Options;
14. PIP Options for Standard Policies;
15. Buyers' Guide, Coverage Selection Form, and Automobile Insurance Consumer Bill of Rights for Standard and Basic Policies;
16. Rate Filing Requirements: Voluntary Market Private Passenger Automobile Insurance;
- 16A. Private Passenger Automobile Insurance Territorial Rating Plans;
- 16B. Rate Process for Limited Rate Changes; Calculations for Private Passenger Automobile Insurance Rate Changes;
17. (Reserved);
18. Private Passenger Automobile Insurance: Rate Filing Review Procedures;
19. (Reserved);
- 19A. Tier Rating Plans and Tier Placement Criteria;
20. Reporting Financial Disclosure and Excess Profits;
- 20A. (Reserved);
21. PIP Coverage: Reduced PIP Premium Charge for Additional Autos in One-Driver Households;
22. Coverage Option Survey PIP and Tort Threshold Options;
23. (Reserved);
24. Defensive Driving Rate Reductions;

25. Private Passenger Automobile Insurance: Notification by Treating Health Care Providers;
26. Unsatisfied Claim and Judgment Fund: Notice of Intent;
27. Unsatisfied Claim and Judgment Fund Board;
28. Unsatisfied Claim and Judgment Fund's Reimbursement of Excess Medical Expense Benefits Paid by Insurers;
- 28A. (Reserved);
29. Medical Fee Schedules: Automobile Insurance PIP and Motor Bus Medical Expense Insurance Coverage;
30. Motor Vehicle Self-Insurance;
31. (Reserved);
32. Certification of Compliance: Mandatory Liability Coverages;
33. Appeals from Denial of Automobile Insurance;
34. Eligible Persons Qualifications and Automobile Insurance Eligibility Point Schedule;
35. through 35A. (Reserved);
36. Automobile Physical Damage Insurance Inspection Procedures;
37. Order of Benefit Determination Between Automobile PIP and Health Insurance;
38. (Reserved);
39. Reductions in Premium Charges for Private Passenger Automobiles Equipped with Anti-theft, Vehicle Recovery and Safety Features;
40. through 44. (Reserved);
45. Insurers Required to Provide Survey Information;

46. Automobile Insurance Urban Enterprise Zone Program; and
47. (Reserved).

These rules implement many essential provisions of the statutory requirements of Titles 17, 39, and 52 of the New Jersey Statutes related to the provision of private passenger automobile insurance, motor vehicle insurance, and the self-insurance of motor vehicle insurance. As part of this readoption process, the Department has undertaken a review of N.J.A.C. 11:3 to determine the current effectiveness of the rules contained therein. This review was undertaken in order to ensure the continuing relevancy and effectiveness of the rules in the chapter. Each rule was examined to determine whether it still provides a useful function within the automobile insurance regulatory framework existing in New Jersey. The Department examined the continuing relevance of the rules and also considered whether they require unnecessary time and expense.

The Department finds that Chapter 3 continues to provide the insurance industry, other regulated entities, business enterprises, and consumers with appropriate and useful regulatory standards concerning many aspects of automobile insurance and motor vehicle insurance. Thus, the Department has concluded that the purposes of Chapter 3 as declared in the rules continue to be relevant and necessary and the need for this chapter remains.

The Department is proposing various amendments to eliminate unnecessary or outdated references and to reflect current requirements as set forth below.

The Department is proposing to amend N.J.A.C. 11:3-3A.3(b) to delete the language, “The Consolidated Report shall include the following reports: In Force Exposures; Primary Classification; and Basic versus Standard Exposures,” as no longer necessary. The Department no longer collects data on primary classification. Further, the other information collected is

addressed in N.J.A.C. 11:3-3A.3(b)1 through 5, as proposed to be amended. Also, the Department is proposing to amend N.J.A.C. 11:3-3A.3(b) to reflect that the Consolidated Report required to be filed by all insurers writing auto insurance in New Jersey will contain five subheadings, rather than four. In addition, the reference to “written premiums” is proposed to be changed to “in-force premiums” to reflect current reporting requirements as set forth in Bulletin No. 08-22. In addition, paragraph (b)2 is proposed to be deleted as no longer necessary. The paragraph provides, in three subparagraphs, that the Consolidated Report shall: include the total number of exposures for each report itemized by classification and territory; include in-force exposure and written premium for each of 12 classifications (three for SAIP) based on age, gender and use; and not be modified in any way. The items referenced in subparagraphs (b)2i and ii are no longer collected. The requirement in subparagraph (b)2iii is redundant, as it is already covered under subsection (i).

N.J.A.C. 11:3-3A.3(c) is proposed to be amended to delete the requirement that the Limits of Liability Reports be filed on seven separate spreadsheets and to change the reference to filing information by territory to filing information by ZIP code, to reflect the manner by which this information is currently reported. In addition, the references to “no threshold” and “verbal threshold” in paragraphs (c)1 through 6 are proposed to be changed to “no limitation on lawsuit threshold” and “limitation on lawsuit threshold,” respectively, to reflect the proper terminology for these items.

N.J.A.C. 11:3-3A.3(d) and (e) are proposed to be amended to delete the references to reporting by territory and to replace them with references to reporting by ZIP code, consistent with the change proposed to subsection (c). Subsection (e) is also proposed to be amended to delete the reference to “combined” standard and basic in-force exposure types to reflect the

current form of the reporting template, which requires that this information be reported separately for each exposure type.

N.J.A.C. 11:3-3A.3(h) is proposed to be amended to provide the e-mail and mailing addresses for the required information and to delete the provision on filing information on floppy diskette, as this form of media is obsolete and longer used.

N.J.A.C. 11:3-3A.3(j) is proposed to be deleted as the address and e-mail information is now proposed to be codified in subsection (h).

Also, the Department is proposing to amend N.J.A.C. 11:3-16.6(a), which sets forth information to be filed in prior approval private passenger automobile insurance rate filings, to add a new paragraph (a)11 to provide that filers shall include a copy of proposed manual rate and/or rule pages. This is consistent with the requirement for limited private passenger automobile insurance rate filings under N.J.A.C. 11:3-16B.3.

N.J.A.C. 11:3-16 Appendix, Exhibit A, which provides the checklist for private passenger automobile rate filings, is proposed to be repealed and replaced with a new Exhibit A to correctly reference the proposed amendments and the rules proposed for readoption.

The Department is also proposing to amend N.J.A.C. 11:3-29.4(e)1, which sets forth databases that an insurer may use for comparison in determining a provider's usual, customary and reasonable fee for purposes of paying automobile personal injury protection claims. The Department proposes to delete the reference therein to Ingenix, which no longer publishes databases. Accordingly, the Department believes that it would be confusing to retain a reference to Ingenix in the rule. Nevertheless, Ingenix would continue to be an example of a national database of fees that insurers could rely upon as evidence of the reasonableness of the fees

charged by a provider for services rendered at a time when Ingenix was still publishing its fees database.

The Department is also proposing to amend the Physicians' Fee and Ambulatory Surgery Center (ASC) Facility Fee Schedule in Exhibit 1 in the Appendix to N.J.A.C. 11:3-29. In the recently adopted amendments to the Physicians' and ASC Facility Fee Schedule, the Department inadvertently failed to include "N1" and "X," codes for certain medical procedures. These codes indicate that the procedures can be done in an ASC, but are considered part of another procedure and cannot be billed separately. They are also not subject to the multiple procedures reduction formula. The Department intended to follow Medicare's guidelines and to have the fee schedule provide for reimbursement to ASCs on all procedures Medicare has determined can be safely performed in ASCs, but the rules as adopted inadvertently failed to do so. Currently, on the fee schedule as adopted on November 5, 2012, only the procedures that are on the fee schedule are permitted to be performed in ASCs. The omission of these "N1" and "X" codes means that they cannot be performed in ASCs. As this does not reflect current Medicare guidelines, these amendments to the Physicians' and ASC Facility Fee Schedule are proposed to eliminate this discrepancy.

The Department also proposes to amend N.J.A.C. 11:3-45.3(c) and (d), which require private passenger automobile insurers to file survey information semi-annually with the Department. The Department proposes to delete the reference to the Appendix in existing subsection (c), as the Appendix is proposed to be repealed and replaced by a reference to the template on the Department's website, to reflect the current form of the reports filed. In addition, the Department proposes to codify the media through which insurers may submit the survey information in proposed subsection (c) to reflect the current form in which the reports are



filed. The Department is also proposing a new subsection (d) to provide that the surveys filed with the Department may not be modified in any way to reflect the standards in other rules. The address in existing subsection (d) is proposed to be recodified in subsection (c), modified to reflect current form.

N.J.A.C. 11:3-46.13(a), which sets forth the reporting requirements for Urban Enterprise Zone reports (UEZs), is proposed to be amended to reflect Bulletin No. 11-28 to provide that the reporting requirements are satisfied by filing the report under N.J.A.C. 11:3-3A. Similarly, subsection (d), which provides the mailing address for reports filed under N.J.A.C. 11:3-46.13, is proposed to be deleted as the reporting directions are set forth in N.J.A.C. 11:3-3A. In addition, N.J.A.C. 11:3-46 Appendix, Exhibit C, which sets forth the reporting format for the quarterly reports required to be filed under N.J.A.C. 11:3-46.13(a), is proposed to be deleted as the filing requirement related thereto in N.J.A.C. 11:3-46.13(a) is proposed to be deleted as set forth above.

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**

N.J.A.C. 11:3 implements numerous statutes that address various aspects of automobile and motor vehicle insurance in this State. These rules provide the framework for regulation of the automobile insurance market and seek to promote the availability and affordability of private passenger automobile insurance, commercial automobile insurance, and motor vehicle insurance.

Chapter 3 interprets statutes and establishes standards which are critical to the continuing stability of automobile insurance markets in this State. These rules are integrated into the rating systems by which mandatory automobile insurance is obtained by vehicle owners and operators. The chapter also provides consumers with information about insurance products and types of coverage available and their rights related thereto. These rules provide for the filing of data with the Department by insurers pertaining to rates, coverages, and premiums.

The insurance industry also has come to rely upon the presence of, and the predictability afforded by, these rules in their operations. Insurers are provided with standards of conduct which are identifiable, achievable, reasonable and predictable. This kind of stability in a regulatory structure is essential to the proper functioning of an insurance enterprise. Thus, the protections that these rules afford to consumers, insurers, and producers justify their continued existence.

The proposed amendments, new rule, and repeals will have a positive social impact by eliminating unnecessary or obsolete references and requirements and reflecting current requirements, thereby minimizing confusion among the regulated community. As set forth in the Summary, the proposed amendment to the Physicians' Fee Schedule, Exhibit 1 in the Appendix to N.J.A.C. 11:3-29, will reflect the Department's original intent that the fee schedule remain consistent with Medicare guidelines for permissible procedures to be performed at ASCs.

### **Economic Impact**

The readoption of N.J.A.C. 11:3 will not impose any additional economic impact on insurers, other regulated entities, or consumers because the readoption is merely continuing currently existing and longstanding regulatory requirements.

Insurers will continue to be required to incur costs associated with the compliance requirements established in Chapter 3. Some of these obligations include the following:

- Filing annual financial disclosure and excess profits reports;
- Filing tier rating plans;
- Petitions for rate review in private passenger automobile insurance;
- Preparation and dissemination of buyers' guides and coverage selection forms;
- Forms and other documents associated with the issuance of commercial automobile insurance;
- Participation in the New Jersey CAIP and PAIP;
- Preparation, dissemination, and issuance of insurance identification cards;
- Cancellation and nonrenewal of automobile insurance policies;
- Disposition and procedures associated with automobile physical damage claims;
- Issuance of moped insurance;
- Physical damage insurance inspection procedures;
- Procedures associated with premium reductions for vehicles equipped with anti-theft, vehicle recovery, and safety features;
- Special rules and obligations regarding the obligation to provide coverage in private passenger automobile insurance;
- The preparation and filing of annual premium survey information;
- Participation in and compliance with the automobile insurance urban enterprise program; and
- Compliance with PIP medical expense benefit review and processing requirements (special rules regarding diagnostic testing).

Insurers will incur costs associated with achieving compliance with these obligations and requirements. In many cases, the use of professional services required by these rules (for example, actuaries, claims professionals, certified public accountants, underwriting professionals, attorneys, etc.) will continue to be necessary. Insurers and other regulated entities have been aware of these requirements and either already have contracted for or employ in-house the necessary professional services required to continue to comply with the chapter.

The proposed amendments are primarily technical and will not result in any additional compliance costs. The proposed amendment to N.J.A.C. 11:3-16.6(a)11, which requires insurers filing for prior approval of private passenger automobile insurance rates to include the proposed manual rate and/or rule pages, should similarly not impose any undue costs on filers in that the proposed amendment merely requires insurers to file a copy of the changes to their rate and/or rule manuals they intend to implement. Any additional costs should be minimal, as the proposed amendment requires the inclusion of information that would have already been developed.

The proposed change to the Physicians' Fee Schedule in Appendix Exhibit 1 to N.J.A.C. 11:3-29 will clarify that certain procedures, which are related to other procedures on the fee schedule, can be performed at ASCs. This will have a positive economic impact by allowing procedures Medicare has determined may be safely performed in ASCs to be performed at such facilities, thereby making the fee schedule more comprehensive and cost effective. The costs of procedures that can be safely performed in ASCs are generally lower than the costs of the same procedures when performed in hospitals.

The Department will continue to be required to incur any costs associated with reviewing the information filed by insurers pursuant to Chapter 3 and to ensure compliance with all of the rules set forth therein.

Failure to readopt Chapter 3 would require the automobile industry to comply with many significant statutory obligations without the structure provided by these rules. Insurers would be left with the obligation to achieve statutory compliance without the interpretive guidance supplied by the chapter. This would result in the imposition of substantial new costs on insurers to achieve acceptable levels of performance and compliance. In addition, a substantial disruption in the automobile insurance market would certainly result. Furthermore, the readoption of the current rules will enable the Department to continue to monitor insurers and to provide for the protection of consumers in a manner that is consistent with their statutory and contractual rights. The current procedures found in Chapter 3 have a proven record of effectiveness and are vital to the economic stability of the State, insurers and consumers. For all of the reasons set forth above, the Department believes that any costs associated with the readoption of the rules in Chapter 3 are outweighed by the benefits to be achieved by continuing such rules in effect.

The proposed amendments, new rule, and repeals will have a positive impact by eliminating unnecessary or obsolete references and requirements and reflecting current requirements, thereby minimizing confusion among the regulated community. The one additional proposed requirement, in proposed N.J.A.C. 11:3-16.6(a)11 – filing copies of proposed manual rate and/or rule pages – should not impose any undue burden on filers. This reflects current requirements for limited private passenger automobile rate filings. Moreover, the information should be readily and easily developed. No new professional services will be required for insurers to comply with this requirement.

The Department continues to monitor the impact of these rules through communication with the insurance industry and the public. The Department is not aware of any provisions that impose an undue hardship or unnecessary costs on insurers, producers, or consumers. Based

upon the foregoing, the substantial benefits of readopting the rules with the proposed amendments outweigh the costs of compliance with the requirements the rules impose.

### **Federal Standards Statement**

A Federal standards analysis is not required because the rules set forth in this chapter and the proposed amendments, new rule, and repeals are not subject to any Federal requirements or standards.

### **Jobs Impact**

The Department does not believe that the re adoption of Chapter 3 will cause any jobs to be generated or lost. However, if these rules are not re adopted, then commerce would be severely restricted and, as a result, jobs would likely be lost. If the chapter is re adopted in this proposed form, it is possible that new jobs may come into being as a result of the continued market stability and increased commerce that may result. These rules promote a healthy automobile insurance marketplace in which domestic insurers and related businesses may consider expanding or to which non-domestic insurers and related businesses may consider relocating.

The Department invites interested parties to submit any data or studies concerning the jobs impact of the rules proposed for re adoption with amendments, new rule, and repeals.

### **Agriculture Industry Impact**

The rules proposed for re adoption with amendments, new rule, and repeals will not have any impact on the agriculture industry in New Jersey.

### **Regulatory Flexibility Analysis**

The rules proposed for readoption with amendments, new rule, and repeals will apply to “small business,” as that term is defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. To the extent that the rules proposed for readoption apply to small businesses, the rules will apply to insurers providing automobile insurance in this State, producers selling or servicing such coverage, and entities seeking to self-insure motor vehicle insurance. The rules proposed for readoption impose regulatory compliance, reporting, and recordkeeping requirements on small businesses.

Numerous compliance, recordkeeping, and reporting requirements will continue to be imposed by these rules as set forth in the Economic Impact above. The costs and professional services required for continued compliance are also set forth in the Economic Impact above. The Department has determined that these rules continue to be reasonable and necessary for the purposes for which they were originally proposed and subsequently readopted. These rules apply to all insurers, insurance producers and related businesses without regard to size. Each rule implements statutory provisions, regulatory directives, or both, which apply even-handedly and without differentiation with respect to size. These rules address the regulatory structure for mandatory automobile insurance, which the Department continues to believe requires uniformity and consistency in order to promote stability and a healthy marketplace. The Department also notes that, with the exception of the proposed amendment to N.J.A.C. 11:3-16.6(a)11, the readoption of these rules will impose no new recordkeeping, reporting, or other compliance obligations, but merely continues those requirements which already exist. The proposed amendments to the Physicians’ Fee Schedule in Appendix Exhibit 1 to N.J.A.C. 11:3-29 merely

reflect Medicare guidelines and will have a positive economic impact on ASCs, insurers and policyholders due to the lower costs of performing such procedures in ASCs, as opposed to in hospitals. The other proposed amendments and the proposed new rule and repeals are technical and will not result in increased compliance costs.

The Department anticipates that the future annual costs of compliance with these rules should be consistent with annual costs already absorbed by insurers and producers. The use of professional services currently required by the rules (for example, actuaries, claims professionals, underwriting professionals, etc.) will continue to be necessary, at costs which will vary with the individual professional.

The proposed amendments, new rule, and repeals eliminate unnecessary or obsolete references and requirements and reflect current requirements, thereby minimizing confusion among the regulated community. As noted in the Economic Impact above, the one additional requirement proposed in new N.J.A.C. 11:3-16.6(a)11 – filing copies of proposed manual rate and/or rule pages – should not impose any undue burden on filers. The information should be readily and easily developed as part of normal practice. No new professional services will be required for insurers to comply with this requirement.

It should also be noted that, in most instances, these rules simply implement statutory obligations which make no distinction between small and large businesses. Thus, the Department does not believe that any adjustments for the size of the regulated businesses are needed or possible. Therefore, these rules proposed for readoption with amendment provide no differing reporting, recordkeeping, or compliance requirements based on business size.



### **Housing Affordability Impact Analysis**

The rules proposed for readoption with amendments, new rule, and repeals will not have an impact on housing affordability in this State in that the rules proposed for readoption with amendments, new rule, and repeals relate to the provision of automobile and motor vehicle insurance.

### **Smart Growth Development Impact Analysis**

The rules proposed for readoption with amendments, new rule, and repeals will not have an impact on smart growth in this State and there is an extreme unlikelihood that the rules would evoke a change in housing production in Planning Areas 1 or 2 or within designated centers under the State Development and Redevelopment Plan in New Jersey in that the rules proposed for readoption with amendments, new rule, and repeals relate to the provision of automobile and motor vehicle insurance.

**Full text** of the rules proposed for readoption may be found in the New Jersey Administrative Code at N.J.A.C. 11:3.

**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 Appendix, Exhibit A; 11:3-45 Appendix; and 11:3-46 Appendix, Exhibit C.

**Full text** of the proposed amendments and new rule follows (additions indicated in boldface **thus**, except in N.J.A.C. 11:3-29 Appendix, Exhibit 1, where additions are indicated in underlined boldface **thus**; deletions indicated in brackets [thus]):

### SUBCHAPTER 3A. REPORTING REQUIREMENTS AND FILING DEADLINES

#### 11:3-3A.3 Report requirements

(a) (No change.)

[(b) The Consolidated Report shall include the following reports: In Force Exposures; Primary Classification; and Basic versus Standard Exposures.]

[1.] (b) The Consolidated Report shall be filed in accordance with the template found at <http://www.state.nj.us/dobi>. The Consolidated Report forms shall be filed for the following [four] **five** subheadings:

[i.] **1.** Voluntary Standard Policy In-Force Exposure and [Written] **In-Force** Premiums;

[ii.] **2.** Voluntary Basic Policy In-Force Exposures and [Written] **In-Force** Premiums;

[iii.] **3.** Voluntary Special Automobile Insurance Plan In-Force Exposures and [Written] **In-Force** Premiums;

[iv.] **4.** PAIP Standard Policy In-Force Exposures and [Written] **In-Force** Premiums; and

[v.] **5.** PAIP Basic Policy In-Force Exposures and [Written] **In-Force** Premium.

[2. The Consolidated Report shall:

i. Include the total number of exposures for each report itemized by classification and territory;

ii. Include in-force exposure and written premium for each of 12 classifications (three for SAIP) based on age, gender and use; and

iii. Not be modified in any way.]

(c) The Limits of Liability Report [shall be provided on seven separate spreadsheets and] shall be filed in accordance with the template found at <http://www.state.nj.us/dobi>, which itemizes limits of liability by [territory] **ZIP code** for the following subheadings:

1. Standard policy no **limitation on lawsuit** threshold--bodily injury split limits of liability;

2. Standard policy [verbal] **limitation on lawsuit** threshold--bodily injury split limits of liability;

3. Standard policy [verbal] **limitation on lawsuit** threshold--property damage split limits of liability;

4. Standard policy no **limitation on lawsuit** threshold--property damage split limits of liability;

5. Standard policy [verbal] **limitation on lawsuit** threshold--combined single limit;

6. Standard policy no **limitation on lawsuit** threshold--combined single limit; and

7. (No change.)

(d) The Coverage Option Survey--PIP Deductibles, Threshold Options Report shall be filed in accordance with the template found at <http://www.state.nj.us/dobi>, and shall:

1. -2. (No change.)

3. Indicate the named driver exclusion, medical expense only, personal injury protection deductible, health primary or automobile primary, and lawsuit threshold or no threshold options selected with respect to each automobile by [territory] **ZIP code** and total.

(e) The PIP Medical Expense Limits Report shall be filed in accordance with the template found at <http://www.state.nj.us/dobi>, listing the total number of standard and basic [combined] in-force exposures for the six standard medical expense limits (\$15,000; \$50,000; \$75,000; \$150,000; \$250,000; and excess of \$250,000) and total by [territory] **ZIP code**.

(f) – (g) (No change.)

(h) Reports shall be submitted using the Excel templates, available on the Department's website at <http://www.state.nj.us/dobi> on one of the following media:

1. E-mail (preferred media) to [reports@dobi.state.nj.us](mailto:reports@dobi.state.nj.us); or

2. CD-ROM mailed to:

**New Jersey Department of Banking and Insurance**

**Office of Property and Casualty**

**PO Box 325**

**Trenton, NJ 08625-0325** [; or

3. Floppy Diskette.]

(i) (No change.)

[(j) Reports shall be submitted to:

New Jersey Department of Banking and Insurance

Office of Property and Casualty

PO Box 325

Trenton, NJ 08625-0325

E-mail: [reports@dobi.state.nj.us](mailto:reports@dobi.state.nj.us)]

SUBCHAPTER 16. RATE FILING REQUIREMENTS: VOLUNTARY MARKET PRIVATE PASSENGER AUTOMOBILE INSURANCE

11:3-16.6 Filings for rates requiring prior approval

(a) Any filer that desires to modify its rates or rating systems in a manner other than that provided by N.J.S.A. 17:29A-46.6 shall provide the following standard information in support of its application:

1. – 8 (No change.)

9. Calculations showing that the proposed rates are in compliance with N.J.S.A. 17:29A-36; [and]

10. Data described in N.J.A.C. 11:3-16.8, 16.9, and 16.10 shall be submitted through the use of the NAIC electronic filing system SERFF (System for Electronic Rate and Form Filing). The information shall be provided in a Microsoft Excel 2003 or compatible spreadsheet. All calculated values shall be given as a formula in the spreadsheet[.]; **and**

**11. Proposed manual rate and/or rule pages.**

(b) – (e) (No change.)

APPENDIX

EXHIBIT A

PRIOR APPROVAL FILINGS

Company/Group: \_\_\_\_\_

Company File No.: \_\_\_\_\_

<b>Section</b>	<b>Item</b>	<b>Page #</b>
<b>1)</b>	<b>Filing Requirements</b>	
<b>16.3(d)</b>	<b>Certification of compliance (exact text in regulation) signed by officer</b>	<b>Yes / No</b>
<b>16.3(e)</b>	<b>All data reported on direct basis exclusive of reinsurance</b>	<b>Yes / No</b>
<b>16.6(a)1</b>	<b>Cover letter including proposed revision, effective date, and company contact information</b>	_____
<b>16.6(a)2</b>	<b>This checklist</b>	<b>Yes / No</b>
<b>16.6(a)3</b>	<b>Appendix Exhibit B</b>	<b>Yes / No</b>
<b>16.6(a)4</b>	<b>Narrative overview</b>	<b>Yes / No</b>
<b>16.6(a)8</b>	<b>Proposed rates (or loss costs) for each territory and coverage together with their derivation.</b>	_____
<b>16.6(a)9</b>	<b>Calculation demonstrating compliance with NJSA 17:29A-36</b>	_____
<b>16.6(a)10</b>	<b>Data in Microsoft Excel 2003 or compatible spreadsheet</b>	<b>Yes / No</b>
<b>16.6(a)11</b>	<b>Proposed manual rate and/or rule pages</b>	<b>Yes/No</b>
<b>16.6(c)</b>	<b>Revised Manual Pages</b>	_____
<b>2) Premium, Loss, and LAE Data -- All data must be at total limits and/or basic limits and must be consistent throughout the filing. All data is to be provided by coverage by accident year for each of the latest three years.</b>		
<b>16.8(a)1</b>	<b>NJ direct earned premium (or loss cost) at present rates with supporting documentation</b>	_____
<b>16.8(a)2</b>	<b>Premium trend exhibits</b>	_____
<b>16.8(a)3</b>	<b>NJ direct earned exposures</b>	_____
<b>16.8(a)4</b>	<b>NJ direct paid and/or incurred losses</b>	_____
<b>16.8(a)5</b>	<b>NJ direct paid and/or incurred D&amp;CC LAE</b>	_____
<b>16.8(a)6</b>	<b>NJ direct paid and/or incurred A&amp;O LAE</b>	_____
<b>16.8(a)7</b>	<b>Ultimate developed loss and LAE</b>	_____
<b>16.8(a)8</b>	<b>NJ direct paid and/or incurred claim counts</b>	_____

<b>16.8(a)9</b>	<b>Ultimate developed claim counts</b>	_____
<b>16.8(a)10</b>	<b>Loss trend exhibits</b>	_____
<b>16.8(a)11</b>	<b>Trended ultimate developed loss and LAE</b>	_____
<b>16.8(b)</b>	<b>(Required only if losses are separated into catastrophe and non-catastrophe)</b>	
	• <b>Clear description and justification of the standard used</b>	_____
	• <b>At least 10 years used to determine catastrophe load</b>	_____
	• <b>Explanation if database used for catastrophe load is different from that used for rate level change</b>	_____
<b>16.8(c)</b>	<b>(Required only if territorial factors are changing)</b>	
	• <b>Territorial rate indications</b>	_____
<b>16.8(d)</b>	<b>(Required only if classification factors are changing)</b>	
	• <b>Differentials and loss ratios by class</b>	_____
<b>16.8(e)</b>	<b>(Required only if tier relativities are changing)</b>	
	• <b>Differentials and loss ratios by tier</b>	_____
<b>16.8(f)</b>	<b>Credibility exhibits</b>	_____
 <b>3) Expense Data</b>		
<b>16.9(a)1</b>	<b>Selected expense provisions and related information</b>	_____
<b>16.9(a)2i</b>	<b>Commission and Brokerage expenses from NJ Page 14</b>	_____
<b>16.9(a)2ii</b>	<b>Other acquisition expenses from IEE</b>	_____
<b>16.9(a)2iii</b>	<b>General expenses from IEE</b>	_____
<b>16.9(a)2iv</b>	<b>Taxes, Licenses, and Fees expenses from NJ Page 14</b>	_____
<b>16.9(a)3</b>	<b>Finance and other miscellaneous charges</b>	_____
<b>16.9(a)4</b>	<b>Description of affiliated-company transactions</b>	_____
<b>16.9(b)</b>	<b>Expense flattening per NJSA 17:29A-37</b>	_____

<b>16.9(c)</b>	<b>Expenses Capped by Appendix Exhibit E Calculation (available on DOBI web site)</b>	<b>Yes / No</b>
<b>16.9(d)</b>	<b>Excluded Expenses (state if none)</b>	_____
<b>16.9(e)</b>	<b>Bodily Injury Liability Commissions equalized using Appendix Exhibit C</b>	_____
<b>16.9(f)</b>	<b>Expense data on direct basis</b>	<b>Yes / No</b>

**4) Profit and contingency provision**

<b>16.10(a)</b>	<b>Profit and contingency provision does not result in rates that are excessive, inadequate, or unfairly discriminatory</b>	_____
-----------------	---	-------

SUBCHAPTER 29. MEDICAL FEE SCHEDULES: AUTOMOBILE INSURANCE  
PERSONAL INJURY PROTECTION AND MOTOR BUS MEDICAL EXPENSE  
INSURANCE COVERAGE

11:3-29.4 Application of medical fee schedules

(a) – (d) (No change.)

(e) Except as noted in (e)1 through 3 below, the insurer's limit of liability for any medical expense benefit for any service or equipment not set forth in or not covered by the fee schedules shall be a reasonable amount considering the fee schedule amount for similar services or equipment in the region where the service or equipment was provided or, in the case of elective services or equipment provided outside the State, the region in which the insured resides. When a CPT, CDT, or HCPCS code for the service performed has been changed since the fee schedule rule was last amended, the provider shall always bill the actual and correct code found in the most recent version of the American Medical Association's Current Procedural Terminology or the American Dental Association's Current Dental Terminology. The amount that the insurer pays for the service shall be in accordance with this subsection. Where the fee



schedule does not contain a reference to similar services or equipment as set forth in the preceding sentence, the insurer's limit of liability for any medical expense benefit for any service or equipment not set forth in the fee schedules shall not exceed the usual, customary and reasonable fee.

1. For the purposes of this subchapter, determination of the usual, reasonable and customary fee means that the provider submits to the insurer his or her usual and customary fee by means of explanations of benefits from payors showing the provider's billed and paid fee(s). The insurer determines the reasonableness of the provider's fee by comparison of its experience with that provider and with other providers in the region. National databases of fees, such as those published by [Ingenix ([www.ingenixonline.com](http://www.ingenixonline.com)),] FAIR Health ([www.fairhealthus.org](http://www.fairhealthus.org)) or Wasserman (<http://www.medfees.com/>), for example, are evidence of the reasonableness of fees for the provider's geographic region or [zip] **ZIP** code. The use of national databases of fees is not limited to the above examples. When using a database as evidence of the reasonableness of a fee, the insurer shall identify the database used, the edition date, the geozip, and the percentile.

2. – 3. (No change.)

(f) – (p) (No change.)

**APPENDIX**  
Exhibit 1  
Physicians' & Ambulatory Surgical Center (ASC) Facility Fee Schedule

CPT* HCPCS	MOD	DESCRIPTION	Physicians' Fees North	Physicians' Fees South	ASC Fees North	ASC Fees South	Payment Indicator (See bottom for codes)
*Current Procedural Terminology (CPT) is copyright 2010 American Medical Association (AMA). All Rights Reserved. No fee schedules, basic units, relative values, or related listings are included in CPT. The AMA assumes no liability for the data contained herein. Applicable FARS/DFARS restrictions apply to government use. CPT® is a trademark of the American Medical Association.							
...							
19290		PLACE NEEDLE WIRE, BREAST	262.84	248.72			<u>X, N1</u>
...							
20975		ELECTRICAL BONE STIMULATION	968.04	932.18			<u>X, N1</u>
...							
20985		COMPUTER-ASSIST DIR MS PX	233.28	225.44			<u>X, N1</u>
...							
21116		INJECTION, JAW JOINT X-RAY	242.27	228.15			<u>X, N1</u>
...							
23350		INJECTION FOR SHOULDER X-RAY	245.78	232.06			<u>X, N1</u>
...							
24220		INJECTION FOR ELBOW X-RAY	265.46	251.25			<u>X, N1</u>
...							
25246		INJECTION FOR WRIST X-RAY	268.94	254.91			<u>X, N1</u>
...							
27093		INJECTION FOR HIP X-RAY	313.73	296.32			<u>X, N1</u>
27095		INJECTION FOR HIP X-RAY	384.77	363.23			<u>X, N1</u>
...							
36000		PLACE NEEDLE IN VEIN	41.55	39.31			<u>X, N1</u>
36005		INJECTION EXT VENOGRAPHY	590.62	553.75			<u>X, N1</u>
36010		PLACE CATHETER IN VEIN	952.65	895.82			<u>X, N1</u>
36011		PLACE CATHETER IN VEIN	1,569.24	1,473.07			<u>X, N1</u>
36013		PLACE CATHETER IN ARTERY	1,386.90	1,301.48			<u>X, N1</u>
36014		PLACE CATHETER IN ARTERY	1,452.05	1,363.05			<u>X, N1</u>
36140		ESTABLISH ACCESS TO ARTERY	818.12	769.44			<u>X, N1</u>
36200		PLACE CATHETER IN AORTA	1,104.48	1,039.78			<u>X, N1</u>
36215		PLACE CATHETER IN ARTERY	1,968.28	1,850.35			<u>X, N1</u>
36216		PLACE CATHETER IN ARTERY	2,164.58	2,035.32			<u>X, N1</u>
36217		PLACE CATHETER IN ARTERY	3,554.81	3,335.12			<u>X, N1</u>
36218		PLACE CATHETER IN ARTERY	325.68	306.84			<u>X, N1</u>
36245		PLACE CATHETER IN ARTERY	2,078.60	1,953.45			<u>X, N1</u>
36246		PLACE CATHETER IN ARTERY	2,094.97	1,970.56			<u>X, N1</u>
36247		PLACE CATHETER IN ARTERY	3,310.67	3,107.79			<u>X, N1</u>

36248		PLACE CATHETER IN ARTERY	272.11	256.86				<u>X, N1</u>
36400		BLOOD DRAW < 3 YRS FEM/JUGULAR	46.92	44.88				<u>X, N1</u>
36406		BLOOD DRAW < 3 YRS OTHER VEIN	28.17	26.82				<u>X, N1</u>
36410		NON-ROUTINE BL DRAW > 3 YRS	29.91	28.45				<u>X, N1</u>
...								
36592		COLLECT BLOOD PICC	44.20	41.25				<u>X, N1</u>
...								
36600		WITHDRAW ARTERIAL BLOOD	50.41	47.90				<u>X, N1</u>
36620		INSERT CATHETER, ARTERY	210.31	204.69				<u>X, N1</u>
36625		INSERT CATHETER, ARTERY	169.68	164.90				<u>X, N1</u>
...								
38200		INJECTION FOR SPLEEN X-RAY	234.86	227.73				<u>X, N1</u>
...								
50394		INJECTION FOR KIDNEY X-RAY	173.81	164.23				<u>X, N1</u>
51600		INJECTION FOR BLADDER X-RAY	328.90	309.24				<u>X, N1</u>
51610		INJECTION FOR BLADDER X-RAY	184.26	174.79				<u>X, N1</u>
...								
58340		CATHETER FOR HYSTERORRHAPHY	203.46	192.36				<u>X, N1</u>
...								
62284		INJECTION FOR MYELOGRAM	544.03	514.23				<u>X, N1</u>
...								
62290		INJECT FOR SPINE DISK X-RAY	1,256.74	1,191.64				<u>X, N1</u>
62291		INJECT FOR SPINE DISK X-RAY	1,184.82	1,123.82				<u>X, N1</u>
...								
69990		MICROSURG, ADDED	529.56	513.23				<u>X, N1</u>
...								
		N1 = ASC Packaged Procedure no separate payment						
		X = ASC codes Not Subject to Multiple Procedure Reductions						

SUBCHAPTER 45. INSURER REQUIRED TO PROVIDE SURVEY INFORMATION

11:3-45.3 Annual premium survey filing

(a) – (b) (No change.)

[(c) Auto insurers shall prepare and file the information required by this subchapter in accordance with the forms contained in the Appendix and incorporated herein by reference.]

[(d)] (c) **Surveys required by this subchapter shall be submitted using the Excel template available on the Department’s website at <http://www.state.nj.us/dobi> on one of the following media:**

- 1. E-mail (preferred media) to:** reports@dobi.state.nj.us; **or**
- 2. CD-ROM mailed** [Completed annual premium survey forms shall be

submitted] to:

New Jersey Department of Banking and Insurance

Office of Property[/] **and** Casualty

[20 West State Street]

PO Box 325

Trenton, NJ 08625-0325

Attn: Automobile Premium Comparison Survey

**(d) The Excel templates shall not be modified by the user in any way.**

SUBCHAPTER 46. AUTOMOBILE INSURANCE URBAN ENTERPRISE ZONE PROGRAM

11:3-46.13 Reporting requirements

(a) Each automobile insurer shall report [on a quarterly basis its in-force private passenger automobile exposures in UEZs by zip code for the periods ending March 31, June 30,

September 30, and December 31. Such reports shall be filed within 10 days of the end of each quarter and shall be in the form set forth in Exhibit C in the Appendix to this subchapter, incorporated herein by reference] **information on its exposures in UEZs by complying with the requirements set forth in N.J.A.C. 11:3-3A.**

(b) – (c) (No change.)

[(d) All reports filed pursuant to this section shall be filed with the Department at the following address:

New Jersey Department of Banking and Insurance

Office of Property and Casualty

PO Box 325

Trenton, NJ 08625-0325]