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BULLETIN NO. 05-27

TO: All Property and Casualty Insurance Companies and Rating Organizations

FROM: Donald Bryan, Acting Commissioner
Department of Banking and Insurance

RE: Effect of the Public Advocate Restoration Act of 2005 upon Policyholder Notices for Personal Lines

P.L. 2005, c. 155, effective January 17, 2006 (“the Act”) restores the Department of the Public Advocate as a principal department in the Executive Branch of State government. This Act also establishes in the Department of the Public Advocate, the Division of Rate Counsel. Pursuant to the Act, the Division of Rate Counsel may represent and protect the public interest in significant proceedings that pertain solely to prior approval rate increases for personal lines property casualty coverage or Medicare supplemental coverages. Pursuant to the Act, the Division of Rate Counsel shall have no jurisdiction or authority to participate or intervene in: 1) expedited prior approval rate filings made by an insurer or affiliated group of insurers; or 2) prior approval rate filings of seven percent or less; or 3) rule or form filings for any other form of insurance. The Act also mandates specific timeframes for the issuance of certain notices related to rate filings.

The purpose of this Bulletin is to advise insurers and rating organizations and address concerns they may have on the effect of this Act on the Department’s policies and rules governing policyholder notices for personal lines. The impact of the Act on the personal lines

property and casualty coverages mentioned above is as follows:

- Effective January 17, 2006, consumer notices will only need to be sent on personal lines prior approval rate filings that result in an overall increase of over 7%.
- The time frame for companies (See N.J.A.C.11:1-45.3(a)) to send these notices is revised from 10 to 7 business days from submission of the filing to the Department.
- The time frame for Rating Organizations (See N.J.A.C. 11:1-45.3(c)) to publish notices in the local newspapers and on their websites is revised from within 10 to within 7 business days from submission of the filing to the Department.
- It will be necessary for companies and/or Rating Organizations to provide a copy of all personal lines prior approval rate filings over 7% to the Division of Rate Counsel. An address will be provided at a later date.

The Department is currently in the process of revising its current rules found at N.J.A.C. 11:1-45 – Notice to Policyholders of Consumer Insurance Rate Increases to reflect the necessary changes, as listed above. Moreover, the Department will be providing additional information at a future date regarding the annual insurance assessments that will be implemented in order to cover the expenses incurred for the special functions of the Division of Rate Counsel as provided by law.

12/13/05
Date

/s/Donald Bryan
Donald Bryan
Acting Commissioner