



State of New Jersey

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BULLETIN NO.: 10-18

**TO: ALL AUTHORIZED AND ADMITTED INSURERS TRANSACTING
MEDICAL MALPRACTICE LIABILITY INSURANCE IN THIS STATE**

FROM: THOMAS B. CONSIDINE, COMMISSIONER

**RE: CHANGES TO MEDICAL MALPRACTICE LIABILITY INSURANCE
RATES PURSUANT TO N.J.S.A. 17:29AA-5.1**

N.J.S.A. 17:29AA-1 et seq., as amended by P.L. 2009, c. 248, effective August 1, 2010, (see N.J.S.A. 17:29AA-5.1) revised the method by which rates for medical malpractice liability insurance may be changed. Previously, changes in rates for medical malpractice liability insurance could be implemented with notice being provided to the Department of Banking and Insurance (Department) within 30 days after the effectuation of such change, pursuant to N.J.S.A. 17:29AA-1 et seq. N.J.S.A. 17:29AA-5.1 modified this procedure to provide that all rate changes for medical malpractice liability insurance are subject either to "file and use" or "prior approval."

As amended, the law now provides that, with respect to medical malpractice liability insurance for certain types of providers to be specified by the Commissioner of Banking and Insurance (Commissioner), the Commissioner shall designate a maximum rate change percentage, which shall be not less than plus or minus five percent and not more than plus or minus 15 percent, and within which range any rate, supplementary rate information, or change or amendment thereof filed by an insurer or rating organization shall become operative not less than 30 days after the filing, unless disapproved by the Department prior to the expiration of the 30 day period. Filings by an insurer or rating organization proposing a rate change for providers so specified by the Commissioner that exceed the designated maximum rate change range, or proposing an additional rate change within the designated maximum range during any 12-month period, will be subject to prior approval by the Commissioner pursuant to N.J.S.A. 17:29A-14.

The Department has proposed new rules, N.J.A.C. 11:27-14, to implement the above-referenced statute. The proposal appeared in the July 19, 2010 issue of the New Jersey Register at 42 N.J.R. 1473(a) and may be accessed on the Departments website at <http://www.state.nj.us/dobi/legsregs.htm>. Comments on the proposed new rules may be submitted through September 17, 2010. The purpose of this Bulletin is to advise insurers of procedures by which changes to medical malpractice liability insurance rates may be made pending the adoption of the proposed rules. Insurers seeking to change rates for medical

malpractice liability insurance pending the adoption of the rules should follow the procedures set forth in the proposed rules. Filings for rate changes that do not exceed plus or minus 15 percent shall be filed no later than 30 days prior to the implementation thereof, and thereafter may be implemented unless disapproved by the Department within that 30 day period. Filings seeking rate changes in excess of plus or minus 15 percent, or proposing an additional change during any 12-month period, shall be subject to prior approval pursuant to N.J.S.A. 17:29-14.

August 2, 2010

Date



Thomas B. Considine
Commissioner

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