Market Conduct Examination

PRUDENTIAL PROPERTY AND CASUALTY
INSURANCE COMPANY

Holmdel, New Jersey

STATE OF NEW JERSEY

DEPARTMENT OF BANKING AND INSURANCE

Office of Consumer Protection Services

Market Conduct Examination Unit

Report Adopted: October 10, 2003

REPORT

of the

MARKET CONDUCT EXAMINATION

of the

PRUDENTIAL PROPERTY AND CASUALTY INSURANCE COMPANY

OF NEW JERSEY

located in

HOLMDEL, NEW JERSEY

As of

JANUARY 9, 2003

BY EXAMINERS

of the

STATE OF NEW JERSEY

DEPARTMENT of BANKING and INSURANCE

OFFICE OF CONSUMER PROTECTION SERVICES

MARKET CONDUCT UNIT

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I. INTRODUCTION

This is a report of the Market Conduct activities of the Prudential Property and Casualty Insurance Company of New Jersey (hereinafter referred to as Prudential or the Company). In this report, examiners of the New Jersey Department of Banking and Insurance (NJDOBI) present their findings, conclusions and recommendations as a result of their market conduct examination.

A. SCOPE AND PURPOSE OF THE EXAMINATION

The purpose of this examination was to evaluate Prudential's compliance with certain regulations and statutes that pertain to homeowner and dwelling fire insurance. Areas of review included rating, underwriting and terminations. This examination covered the Company's New Jersey homeowner and dwelling fire insurance business activities during the period January 1, 2001 through December 31, 2001. Between October 28, 2002 and January 9, 2003 the examiners completed their field work at the Company's Woodbridge, New Jersey office. On various dates thereafter, the examiners completed additional review work and the writing of the report. The Market Conduct Examiners included Esther Turner, Examiner-in-Charge, Robert Guice and Denise Banks. The examiners randomly selected files and records from computer listings and documents provided by the Company. The random selection process is in accordance with the NAIC Market Conduct Handbook.

B. ERROR RATIOS

Error ratios are the percentage of files reviewed which an insurer handles in error. A file is counted as an error when it is mishandled or the insured is treated unfairly, even if no statute or regulation is applicable. If a file contains multiple errors, the examiners will count the file only once in calculating error ratios. However, any file that contains more than one error will be cited more than once in the report. In the event that the insurer corrects an error as a result of a consumer complaint or due to the examiners' findings, the error will be included in the error ratio. If the insurer corrects an error independent of a complaint or NJDOBI intervention, the error is not included in the error ratios.

There are errors cited in this report that define practices as specific acts that an insurer commits so frequently that it constitutes an improper general business practice. Whenever the examiners find that the errors constitute an improper general business practice, the examiners have stated this in the report that follows.

The examiners sometimes find improper general business practices of an insurer that may be technical in nature or which did not have an impact on a consumer. Even though such a practice would not be in compliance with applicable law, the examiners do not count each of these files as an error in determining error ratios. Whenever such business practices do have an impact on the consumer, each of the files in error will be counted in the error ratio. The examiners indicate in the report that follows whenever they did not count any particular files in the error ratio.

The examiners submitted written inquiries to Company representatives on the errors cited in this report. This provided Prudential the opportunity to respond to the examiners' findings and to provide exception to the statutory and/or regulatory errors or mishandling of files reported herein. In response to these inquiries, Prudential agreed with some of the errors cited in this report. On those errors with which the Company disagreed, the examiners evaluated the individual merits of each response and gave due consideration to all of its comments. In some instances, the examiners did not cite the files due to the Company's explanatory responses. In others, the errors remained as cited in the examiners' inquiries.

C. COMPANY PROFILE

Prudential Property and Casualty Insurance Company of New Jersey was incorporated under the laws of the State of New Jersey on November 15, 1985 and commenced business on October 21, 1987.

On November 26, 1985, Prudential Property and Casualty Insurance Company ("PRUPAC"), an Indiana insurer, purchased all of PRUPAC-NJ's authorized voting stock on original issue. On November 30, 1990, a distribution of all the shares of stock of PRUPAC-NJ was made to PRUCO, Inc., a New Jersey non-insurer which is the immediate parent of PRUPAC. On June 16, 1998, PRUCO, Inc., contributed the PRUPAC-NJ stock to The Prudential Property and Casualty New Jersey Holdings, Inc., ("NJ Holdings"), which is a New Jersey non-insurer, whose stock is wholly-owned by Prudential P&C Holding, Inc. ("P&C Holdings"). The latter is a Delaware non-insurer which is wholly-owned by PRUCO, Inc. The ultimate parent of Prudential Property and Casualty Insurance Company of New Jersey is Prudential Financial, Inc., a New Jersey non-insurer.

II. POLICY TERMINATIONS

A. INTRODUCTION

During the review period of January 1, 2001 to December 31, 2001, Prudential cancelled 758 policies beyond the first 60 days, of which 752 were cancelled due to non-payment of premium. Additionally, 86 new business applications were cancelled within the first 60 days. In the same period, the Company nonrenewed 1,153 policies. The examiners randomly selected and reviewed 74 nonrenewals and 99 cancellations. In the section that follows, the examiners list the errors found by type. The examiners checked for compliance with applicable statutes, regulations including **N.J.A.C. 11:1-20.2** (cancellation and nonrenewal notice requirements), **N.J.A.C. 11:1-20.3** (policy provisions relating to cancellation or nonrenewal) and **N.J.A.C. 11:1-20.4** (cancellation and nonrenewal underwriting guidelines) and standards identified by the National Association of Insurance Commissioners (NAIC).

B. TERMINATION ERROR RATIOS

The examiners calculated error ratios for the termination review by applying the procedure outlined in the introduction of this report. The following chart itemizes the review sample, the number of errors and the error ratio by type of termination.

	Files Reviewed	Files in Error	Error Ratio
Nonrenewals			
Homeowner	50	0	0%
Dwelling Fire	24	0	0%
Sub-total	**74**	**0**	**0%**
Cancellations			
First 60 Day			
Homeowner	15	1	7%
Dwelling Fire	8	0	0%
Sub-total	**23**	**1**	**4%**
Midterm			
Homeowner	31	3	10%
Dwelling Fire	45	0	0%
Sub-total	**76**	**3**	**4%**
Overall Totals	**173**	**4**	**2%**
Mail Review	**63**	**0**	**0%**

C. EXAMINERS' FINDINGS

1. **Failure to Disclose 21 day Time Limitations in Summary of Rights Notice**

N.J.S.A. 17:23A-10a(2) states that, "In the event of an adverse underwriting decision, the insurance institution … responsible for the decision shall provide the … policyholder … with a summary of the rights established under subsection b. of this section and sections 8 and 9 of this act." **N.J.S.A. 17:23A-10b** specifies that an insurer is required to respond to an insured's or applicant's written request for information within 21 business days from receipt of such a request. In its response to the draft report, Prudential advised that it does issue a summary of rights in all instances involving adverse underwriting decisions. Prudential also stated that internal procedures exist to respond to requests for information. However, the summary referenced in the response to the report, identified as form **PAC 4220S**, specifies a 30-business day response time regarding requests for information, and not 21 business days as required. Therefore, Prudential's response time and informational disclosure are contrary to this statute.

2. **Failure to Use Correct Complaint Address on Termination Notices**

(123 Files in Error)

N.J.A.C. 11:1-20.2(h) states that all notices of nonrenewal and cancellations, except where cancellation is for nonpayment of premium, must provide the insured with notice of the right to file a written complaint about the cancellation or nonrenewal with the New Jersey Department of Banking and Insurance. The examiners found that Prudential utilized an incorrect mailing address on its termination notices on 21 homeowner cancellations, 28 dwelling fire cancellations, 50 homeowner nonrenewals, and 24 dwelling fire nonrenewals. The notice states the following address: The Department of Insurance, Division of Licensing and Enforcement, CN 325, Trenton, New Jersey, 08625, whereas the address in the regulation specifies New Jersey Department of Banking and Insurance, Division of Enforcement and Consumer Protection, PO Box 325, Trenton, New Jersey 08625-0325. The Company agreed with this finding and stated that a correction was implemented on December 12, 2002. The examiners did not include these files in the error ratio.

SEE APPENDIX A-1 FOR LIST OF POLICIES IN ERROR

3. **Failure to Send Cancellation Notice between 30 and 120 Days**

(3 Files in Error)

N.J.A.C. 11:1-20.2(d) states that no notice of cancellation, other than a cancellation based upon nonpayment of premium or for moral hazard, shall be valid unless it is mailed or delivered by the insurer to the insured no more than 120 days nor less than 30 days prior to the effective date of cancellation. This regulation is similar to Standard number 17 (Termination Practices) of the NAIC Handbook, which states that examiners should verify that cancellation/nonrenewal notices comply with policy provisions and state laws, including the amount of advance notice provided to the insured. Contrary to the aforementioned regulation, Prudential failed to send the notice of cancellation within the required time frames on three policies. In response to an inquiry, the Company agreed with the examiners' findings.

SEE APPENDIX A-2 FOR LIST OF POLICIES IN ERROR

D. MISCELLANEOUS ERRORS

1. Failure to Provide Standard or Reason and Factual Basis For Cancellation

(2 Files in Error)

N.J.A.C. 11:1-20.2(g) states that no cancellation shall be valid unless the notice contains the standard or reason upon which the termination is premised, and specifies in detail the factual basis upon which the insurer relies. Contrary to the regulation, the examiners found that the Company did not provide any reason or factual basis whatsoever on two homeowner policy cancellation notices. In response to an inquiry, the Company agreed with the examiners' findings.

SEE APPENDIX A-3 FOR LIST OF POLICIES IN ERROR

2. Invalid Cancellations

a. Failure to Retain Cancellation Notice

(1 File in Error)

N.J.A.C. 11:1-20(i)2 states that no Cancellation Notice shall be valid unless the insurer retains a duplicate copy of mailed notice. Contrary to the regulation, the Company failed to retain a duplicate copy on homeowner policy number **257H282613**. In response to an inquiry, the Company agreed with this error.

b. Failure to Obtain Proof of Mailing

(1 File in Error)

N.J.A.C. 11:1-20(i)2 requires that the insurer obtain proof of mailing showing the name and address of the insured. Contrary to the regulation, the Company failed to obtain proof of mailing on homeowner policy number **257H282613**. The Company agreed with the examiners' finding.

E. MAIL REVIEW

On January 13, 2003 the examiners conducted a mail review at Prudential's Millville, New Jersey office. This review consisted of 12 homeowner midterm cancellations, five homeowner cancellations within the first 60 days, six dwelling fire cancellations within the first 60 days and one dwelling fire nonrenewal. The examiners checked for compliance with proof of mailing requirements **(N.J.A.C. 11:1-20.2(i)2))** and applicable minimum notice requirements on terminations **(N.J.A.C.. 11:1-20.2(d), (e) and (g)).** The examiners did not find any errors during this review.

III. RATING, UNDERWRITING AND POLICYHOLDER SERVICE

A. INTRODUCTION

The examiners reviewed randomly selected policy files from Prudential's database runs of 229,836 homeowners policies and 5,621 dwelling fire policies written or renewed between January 1, 2001 to December 31, 2001. The examiners checked for compliance with applicable statutes and regulations including **N.J.S.A. 17:29A-6 and 15**, (filed and approved rating methodologies), **N.J.S.A. 17:29A-4d** (rate reductions for structures equipped with operative smoke detection devices), all of which relate to NAIC Standards of Chapter VI - Conducting Property and Casualty Insurance Examinations of the Market Conduct Examination Handbook.

B. ERROR/EXCEPTION RATIOS

The examiners calculated error ratios for each random sample by applying the procedure outlined in the introduction of this report. Error ratios are itemized separately for the review samples as indicated in the chart that follows.

	Files Reviewed	Files In Error	Error Ratio
Random Underwriting-			
HO	44	2	5%
DF	46	26	57%
Subtotal	90	28	31%
Select Review – Protective Device Discount			
DF New Business	50	50	100%
DF Renewal	50	1	2%
Subtotal	100	51	51%
Overall Totals:	**190**	**79**	**42%***

*Excluding the improper general business practice, which is related to the Dwelling Fire line of business only, the error ratio is 5%.

	Files Reviewed	Files In Error	Error Ratio
Manual Rating Review			
HO	6	0	0%
DF	4	2	50%
Total:	**10**	**2**	**20%**

C. EXAMINERS FINDINGS

1. Failure to Apply 2% Rate Reduction on Structures Equipped with Smoke Detection Devices – 69 Random Files in Error (Improper General Business Practice on Dwelling Fire Policies)

N.J.S.A. 17:29A-6 and 15 require insurers to charge rates in strict conformity with the rating system filed with and approved by the Commissioner. **N.J.S.A. 17:29A-4(d)** requires insurers to give a rate reduction for fire insurance on structures equipped with operative smoke detection devices. In addition, Standard One of the Underwriting and Rating Guidelines of the Market Conduct Examiners Handbook specifies that, "The rates charged for the policy coverage (should be) in accordance with filed rates…"

Of the 190 files randomly selected and reviewed (90 underwriting and 100 Select Review), the Company failed to apply a 2% rate reduction on 68 Dwelling Fire policies and one Homeowner policy where structures equipped with operative smoke detection devices were present and identified on the application. This is contrary to the aforementioned statute, as well as Standard One of the Underwriting and Rating section of the NAIC M.C.E. Handbook. This error was also found in the Sample Rate Calculations described below.

In response to the examiners' inquiry, the Company agreed with this finding and stated that there was an error in the processing of the application of this discount on its Dwelling Fire product line. In a follow-up inquiry, the examiners requested the Company to conduct an internal self-audit to determine how many policies were affected by this processing error, as well as the total consumer dollar impact. In a written response, Prudential stated that, after reviewing its entire book of 4,857 New Jersey Dwelling Fire policies, a total of 798 policies required application of the alarm credit for either the current or prior term (Prudential advised that a total of 2,878 policy terms among the 798 policies were in error). The self-audit revealed a total dollar impact of $29,204.00 in consumer overcharges. Prudential advised that it would institute means to correct this problem immediately.

PLEASE SEE APPENDIX B-1 FOR FILES IN ERROR

2. Failure to Correctly Apply Fire Protection Class Code

(10 Files in Error – Random Sample)

N.J.S.A. 17:29A-6 and 15 require insurers to charge rates in strict conformity with the rating system filed with and approved by the Commissioner. Contrary to these statutes, the examiners found that, of the 90 files reviewed, the Company applied the incorrect Fire Protection Class Code on nine dwelling fire policies and one homeowner policy. Of the 10 errors, the one homeowner policy did not result in under or overcharges because rates are not indexed exclusively to protection classes. However, on the remaining nine dwelling fire policies, protection class is directly related to rates. As a result, this error caused one undercharge ($24.57) and eight overcharges (random sample total of $204.85), with a total random sample premium error of $229.42. Including two additional errors outlined in number 3.b below, the aggregate overcharge for the random and select sample reviews is $224.16, with a combined random and select sample premium error of $248.73. The examiners determined that this error was not pervasive and did not constitute an improper general business practice.

PLEASE SEE APPENDIX B-2 FOR FILES IN ERROR

3. Sample Rate Calculations

(3 Files in Error)

Upon request, the Prudential underwriting staff provided the examiners with itemized manual rate calculations for 10 files. The calculations included discounts for new home and protective device credits, mature homeowner credit, windstorm deductible credit, all perils deductible credit, home safety credit, and group affinity program discount. The examiners checked all calculations and found the following errors:

a. On dwelling fire policy number **253D803440**, the Company failed to apply a 2% rate reduction on a structure equipped with an operative smoke detector, contrary to **N.J.S.A. 17:29A-6** and **N.J.S.A. 17:29A-4(d)**. The Company agreed with this finding.

b. On two dwelling fire policies the Company applied the incorrect Fire Protection Class Code, contrary to **N.J.S.A. 17:29A-6**. The incorrect protection class code resulted in an overcharge on these two dwelling fire policies. In response to an inquiry, the Company agreed with these errors and stated that the premium has been adjusted as of the original effective dates and refunds have been issued.

PLEASE SEE APPENDIX B-3 FOR FILES IN ERROR

4. Newer Home Credit

The examiners reviewed 44 Homeowner underwriting files to determine if Prudential issued the appropriate New Home Premium credit for homes less than 11 years old. There is no newer home credit provided on Dwelling Fire policies. This review was designed to check for compliance with **N.J.S.A. 17:29A-6 and 15** and Standard One of the Underwriting and Rating Section of the NAIC M.C.E. Handbook. In reviewing the Company's filed and approved underwriting manual, the examiners noted that each credit is computed by the age of the home as of the effective year of policy minus the year of construction. The credits range from 5% - 15%. In no instance did the examiners find any errors on the 6 policies that qualified for the New Home Credit discount.

5. Mature Homeowner Credit

The examiners reviewed homeowner underwriting files and found 28 that qualified for this discount. The examiners verified that the Company correctly applied the required 5%

credit for insureds 55 or older as of the effective date of the policy, pursuant to **N.J.S.A. 17:29A-6 and 15**. This credit applies only to the primary residence and is available for Homeowner and Condominium policy forms only.

D. MAIL REVIEW

On December 2, 2002 and December 3, 2002 the examiners conducted a mail review at Prudential's Holmdel, New Jersey location and on January 13, 2003 at Prudential's Millville, New Jersey location. In addition, the Company supplied copies of new business packages on December 5 that were generated on December 4, 2002. The Holmdel review consisted of 15 dwelling fire policy packages (five new business and 10 renewals) and the Millville review consisted of 20 homeowner policy packages (10 new business and 10 renewals). The examiners checked Prudential's mail operation to verify that new business and renewal packages were sent in a timely fashion, and to determine if Prudential included all required notices and informational disclosures. The examiners found no errors.

IV. RECOMMENDATIONS

Prudential should inform all responsible personnel and third party entities that handle the files and records cited as errors in this report of the examiners' recommendations and remedial measures which follow in the report sections indicated. It is also recommended that the Company establish procedures to monitor compliance with these measures.

The examiners acknowledge that the Company has agreed with and has already complied with, either in whole or in part, some of the recommendations during the examination. For the purpose of obtaining proof of compliance and for the Company to provide its personnel with a document they can use for future reference, the examiners have included all recommendations below.

A. GENERAL INSTRUCTIONS

For all items requested for the Commissioner and copies of all written instructions, procedures, policies, recommended forms and premium refunds, copies of each accompanying letter described below, computer runs, etc., should be sent to the Commissioner, c/o Clifton Day, Manager of Market Conduct Examinations and Anti-Fraud Compliance Unit, 20 West State Street, PO Box 329, Trenton, NJ 08625, within thirty (30) days of the date of the adopted report.

On all policies to be reopened with additional payment as recommended, the letter should be sent to the insured with an accompanying cover letter containing the following first paragraph (variable language is included in parentheses):

PREMIUM REFUND/ADJUSTMENT

"During a recent review of our policy files by market conduct examiners of the New Jersey Department of Banking and Insurance, they found that we failed to discount your [Dwelling Fire Insurance/Homeowner] Policy due to being eligible for a protective device credit/rating adjustment. Enclosed is our [payment/credit] in the amount of [insert amount] to correct our error. We have rerated your policy to provide you with this discount on all eligible policies."

B. TERMINATIONS

1. Prudential must issue written instructions to all appropriate personnel setting forth the requirement of **N.J.S.A. 17:23A-10a(2)** and **N.J.S.A. 17:23A-10b**, which states the insurer's responsibility to include in the summary of rights a 21 day time frame within which the Company must respond to the written request for additional information in the event of an adverse underwriting decision.

2. Prudential should remind all appropriate personnel to utilize an appropriate New Jersey Department of Banking and Insurance address on all termination notices. Use of the address change effected by Prudential on December 12, 2002 satisfies this recommendation.

3. Pursuant to **N.J.A.C. 11:1-20.2(d)**, the Company must remind all appropriate personnel that cancellation notices, other than a cancellation based upon nonpayment of premium or for moral hazard, must be mailed no less than 30 days and no more than 120 days prior to the effective date of the cancellation.

4. The Company should remind appropriate personnel that, in order to comply with **N.J.A.C. 11:1-20.2(g)**, Prudential must provide the standard or reason and factual basis for cancellation on the notice.

5. Pursuant to **N.J.A.C. 11:1-20(i)2**, the Company should remind appropriate personnel to retain a duplicate copy of the mailed notice of cancellation.

6. Pursuant to **N.J.A.C. 11:1-20(i)2**, the Company must remind appropriate personnel to obtain proof of mailing showing the name and address of the insured when canceling a policy.

C. RATING AND UNDERWRITING

7. Prudential must issue written instructions to appropriate personnel advising that policies that insure structures equipped with protective devices must receive the correct rating discount pursuant to **N.J.S.A. 17:29A-4(d) and N.J.S.A. 17:29A-6 and 15**. Prudential must review and revise its rating and underwriting procedures for all dwelling fire policies to ensure that this discount is applied to all eligible structures. A copy of all instructions issued should be provided to the Commissioner for review.

8. The Company must issue the appropriate credits or refunds on 798 dwelling fire policies for all applicable policy terms where insureds were eligible for protective device credits. The company must provide the Commissioner with a report outlining the policy numbers, the named insureds, amount returned or credited for all policy periods in error, retroactive to the first period in which the error occurred.

9. In order to comply with **N.J.S.A. 17:29A-6 and 15**, the Company must issue written instructions to all appropriate personnel to ensure the correct application of fire protection class codes. The Company should develop and implement random internal self-audits to monitor the implementation of the instructions that are provided to applicable staff. A copy

of these instructions and self-audit procedures should be provided to the Commissioner for review.

10. The Company must issue the appropriate credits/refunds retroactive to the policy inception date on the 8 policies designated as overcharges in Appendix B2, as well as the two policies designated as overcharges in Appendix B.3.

V. APPENDICES

APPENDIX A – POLICY TERMINATIONS

1. Failure to Use Correct Complaint Address on Termination Notices

(123 Files in Errors)

	POLICY NUMBER		POLICY NUMBER		POLICY NUMBER
1	252D803188	43	253D803331	85	257H069197
2	253D760931	44	253D803397	86	257H073297
3	253D761077	45	253D803410	87	257H091892
4	253D763252	46	253D803466	88	257H101668
5	253D763541	47	253D803498	89	257H140457
6	253D764315	48	253D803551	90	257H148436
7	253D766833	49	253D803632	91	257H165363
8	253D769846	50	253D778759	92	257H169326
9	253D773683	51	252H013259	93	257H174436
10	253D774765	52	252H298242	94	257H232522
11	253D775127	53	252H305511	95	257H249047
12	253D775703	54	253H615714	96	257H255943
13	253D775782	55	253D803290	97	257H261593
14	253D776738	56	253H037378	98	257H266300
15	253D776547	57	253H052659	99	257H271121
16	253D779039	58	253H159904	100	257H282613
17	253D779661	59	253H225167	101	257H296878
18	253D780394	60	253H242066	102	257H316631
19	253D781713	61	253H254708	103	257H365499
20	253D782361	62	253H263191	104	257H367691
21	253D782904	63	253H284302	105	25AH602160
22	253D783572	64	253H374256	106	25AH604283
23	253D783757	65	253H442397	107	25AH604374
24	253D787027	66	253H448110	108	25AH604571
25	253D788960	67	253H481917	109	25AH604716
26	253D800193	68	253H490155	110	25AH604828
27	253D800255	69	253H503918	111	25AH604877
28	253D800872	70	253H506724	112	25AH604975
29	253D801081	71	253H578385	113	25AH605133
30	253D802109	72	253H691934	114	25AH605316
31	253D802401	73	253H753685	115	25AH605484
32	253D802636	74	253H838637	116	25AH605517
33	253D802663	75	253H871905	117	25AH605960
34	253D802768	76	253H953115	118	25AH607482
35	253D802928	77	253H984447	119	25AH607717
36	253D802930	78	253H996959	120	25AH607747
37	253D802985	79	257H016172	121	257H612597
38	253D802990	80	257H018520	122	257H204755
39	253D802994	81	257H023066	123	253D768899
40	253D803084	82	257H026438		
41	253D803289	83	257H034527		
42	253D803293	84	257H057744		

2. **<u>Failure to Send Cancellation Notice between 30 and 120 Days</u>**

(3 Files in Error)

POLICY NUMBER	MAILING DATE	TERMINATION DATE	DAYS GIVEN
257H271121	12/07/01	9/06/01	-92
257H255943	12/07/01	8/21/01	-108
253H604571	2/15/01	3/15/01	28

4. **<u>Failure to Provide Standard or Reason and Factual Basis For Cancellation</u>**

(2 Files in Error)

<u>POLICY NUMBER</u>

257H271121
257H255943

APPENDIX B

1. Failure to Apply 2% Rate Reduction on Structures Equipped with Smoke Detection Devices – Improper General Business Practice on Dwelling Fire Policies

(69 Random Files in Error)

1	253D754691	24	253D803379	47	253D803629
2	253D788094	25	253D803396	48	253D803653
3	253D802923	26	253D803398	49	253D803660
4	253D802927	27	253D803401	50	253D803675
5	253D802933	28	253D803406	51	253D803684
6	253D802935	29	253D803408	52	253D803692
7	253D802940	30	253D803423	53	253D803710
8	253D802946	31	253D803425	54	253D803714
9	253D802964	32	253D803434	55	253D803717
10	253D802983	33	253D803443	56	253D803721
11	253D802987	34	253D803447	57	253D803729
12	253D803052	35	253D803457	58	253D803733
13	253D803056	36	253D803472	59	253D803763
14	253D803318	37	253D803482	60	253D803770
15	253D803320	38	253D803495	61	253D803780
16	253D803332	39	253D803499	62	253D803904
17	253D803338	40	253D803540	63	253D803909
18	253D803341	41	253D803552	64	253D803919
19	253D803351	42	253D803569	65	253D803921
20	253D803354	43	253D803578	66	253D803925
21	253D803363	44	253D803587	67	253D803926
22	253D803364	45	253D803601	68	253D803931
23	253D803375	46	253D803604	69	253H746321

2. Failure to Correctly Apply Fire Protection Class Code

(10 Files in Error – Random Sample)

	Policy Number	Protection Class Required	Protection Class Provided	Premium Over/ Undercharge
1	253D775047	4	5	$16.60
2	253D760160	3	4	31.35
3	253D760862	3	4	19.60
4	253D784568	2	3	7.65
5	253D787720	4	5	9.20
6	253D800680	7	4	-24.57
7	253D801696	3	6	47.70
8	253D802964	3	6	41.40
9	253D803351	2	4	31.35
10	257H145227	5	3	0

3. Failure to Correctly Apply Fire Protection Class Code – Manual Rating Review

(2 Files in Error)

Policy Number	Protection Class Required	Protection Class Given	Overcharge
253D803440	4	5	$12.01
253D859906	4	5	7.30

VERIFICATION PAGE

1. I, Esther Turner, am the Examiner-in-Charge of the Market Conduct Examination of the Prudential Property and Casualty Insurance Company conducted by examiners of the New Jersey Department of Banking and Insurance. This verification is based on my personal knowledge as acquired in my official capacity.

2. The findings, conclusions and recommendations contained in the foregoing report represent, to the best of my knowledge, a full and true statement of the Market Conduct examination of Prudential Property and Casualty Company as of December 31, 2001.

3. I certify that the foregoing statements are true. I am aware that if any of the foregoing statements made by me is willfully false, I am subject to punishment.

Date:

Esther Turner
Examiner-in-Charge,
New Jersey Department of
Banking and Insurance