



## State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

OFFICE OF SOLVENCY REGULATION

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December 31, 2022

**To: Foreign Fire & Casualty Insurers**

**Re: Annual Statement Filings**

All insurers licensed to transact business in this State must file with the New Jersey Department of Banking and Insurance ("the Department") an annual statement showing its financial condition as of and for the preceding year ending December 31. The annual statement filing is due on or before March 1<sup>st</sup> of every year. See N.J.S.A. 17:23-1. The annual statement filed with National Association of Insurance Commissioners ("NAIC") in its approved format, will satisfy this requirement. Therefore, Foreign Fire and Casualty insurers do not have to send a hard copy of their annual statement to the Department. **However, a foreign company with more than 90% of its direct written premiums in New Jersey should follow the instructions for a New Jersey domestic carrier.**

### **SCHEDULE T**

The workers' compensation portion of the homeowners' multiple peril premium must be reported on the New Jersey State Business Page (Exhibit of Premiums and Losses – Business in the State of New Jersey), line 16 (workers' compensation), **not** on line 4 (homeowners' multiple peril). This requirement pertains to any annual statement exhibit, schedule or supplement that distinguishes lines of business.

Pursuant to N.J.A.C. 11:3-28.9(a), for the purposes of completing the New Jersey State Business Page, the insurer must include the total amount of losses, including those in excess of \$75,000, for private passenger automobile and commercial automobile personal injury protection payments (lines 19.1 and 19.3). Insurers must also provide a footnote on the same page that indicates the amount of losses reported, excluding losses from payments of private passenger automobile and commercial automobile personal injury protection payments in excess of \$75,000.

Pursuant to the provisions of the FAIR Act (P.L. 1990, Chapter 8), certain lines of business are subject to a tax and/or assessment. Furthermore, to properly classify those lines of business subject to the aforementioned assessment, insurers are required to provide a detailed description

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of certain insurance coverages currently presented on the “Exhibit of Premiums and Losses”, of the annual statement.

Line 34: Aggregate Write–Ins for other lines of business

Line 34 Aggregate Write–Ins are often required for specific purposes. To ensure this section is used for the purposed intended, any insurance business listed under Line 34 requires a detail explanation of the insurance risk involved and the line from which it originated. For example, a write–in line for Excess Workers’ Compensation Insurance which, were it not broken out, would have been included in Other Liability, would be shown as follows:

3301. Excess Workers’ Compensation Insurance (Line 17.3)

Thus, any Line 34 Write-In must provide both a detailed description of the line of business as well as the line of business from which it was taken.

Other lines - Guaranty Fund Assessments

For purposes of the New Jersey Property Liability Insurance Guaranty Association, the following lines must be separately identified in the “Exhibit of Premiums and Losses” under the section pertaining to “Details of Write–ins”. If the lines listed below are not separately listed, they will be subject to the assessment.

The lines to list separately, starting at line 3401 on the State Business Page, are as follows:

1. Mechanical Breakdown (“warranty” instruments only)
2. Political Risk
3. Residual Value
4. Collateral Protection - Consumer Lending, Personal Property, Auto Floorplan Inventory and Tractor and Equipment Floorplan
5. Hospital Deductible
6. Nuclear
7. Miscellaneous Surety
8. Private Passenger Death and Dismemberment

This is not an all–inclusive list. The criteria for including a line in the assessment base depends on whether the line is covered by the New Jersey Property–Liability Insurance Guaranty Association (“NJPLIGA”). See N.J.S.A. 17:30A-2b. Policies written for these covered lines may represent unique coverages. Therefore, these policy forms, unless already evaluated, are subject to review by NJPLIGA. Once this review is completed, the Department will issue a determination concerning the inclusion or exclusion of the business in question from the assessment. Subsequent to the Department’s receipt of the annual Statement filing, and if applicable, the insurer will be notified of any requirements to file a new policy form.

## **SCHEDULE F**

Pursuant to N.J.A.C. 11:3-28.9(b), for purposes of completing Schedule F of the annual statement, insurers must consider the assumption and reimbursement by NJPLIGA of private passenger automobile and commercial automobile personal injury protection payments in excess of \$75,000 as a reinsurance transaction (the NAIC has assigned NJPLIGA the pool number of AA-9991160). Insurers must consider assessments paid to NJPLIGA pursuant to N.J.S.A. 39:6-63, based on the insurer's premiums for private passenger automobile liability insurance (including PIP) and commercial automobile liability insurance (including PIP) as ceded premium, prorated for the appropriate line of business on which the assessment was based.

Insurance companies not domiciled in an NAIC accredited state, or a state with *credit for reinsurance statutes* that employ substantially similar standards regarding credit for reinsurance to those set forth in N.J.A.C. 11:2-28.5, are required to recalculate their unauthorized reinsurance liability on a New Jersey basis.

## **PREMIUM TAXES**

A premium tax is imposed per N.J.S.A. 54:18A-1 et seq. on all direct premiums written on New Jersey business. Premiums must be reported annually on or before **March 1 on forms supplied by the Division of Taxation**. Except for fire insurance premium taxes, that are payable to the Firemen's Association on local fire districts, **all taxes are to be submitted to the Director of the Division of Taxation** and made payable to the **State Treasurer of New Jersey**.

The Firemen's Relief Association has identified all fire districts with an association code number. Accordingly, all taxes must be allocated to a valid local fire district code. As a reminder, insurers are not permitted to allocate fire insurance premium taxes to a 999 code for local fire districts not activated. A current listing of the codes may be obtained from:

New Jersey State Firemen's Association  
Attn: Robert Ordway  
1711 Route 34 South  
Wall Township, NJ 07727  
Or via email at roberto@njsfa.com

## **EXAMINATION REPORT**

Unless previously submitted, provide a copy of the report of any examination of the insurer during the year covered by the annual statement to the Department.

## **PRE-ACQUISITION NOTIFICATION**

Pursuant to N.J.S.A. 17:27A-4.1 et seq., when an insurance company is acquired by another corporation, a pre-acquisition notification must be sent to the Commissioner in advance, with ample time to comply with the thirty-day waiting period. The notification should conform with the NAIC model holding company law for Form E filing.

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