

Calculation of Maximum Expenses for Prior Approval/Limited Auto Rate and Excess Profit Filings:

Effective June 1, 2018 (including for 2018 Excess Profit Filings)

In accordance with N.J.A.C. 11:3-16.9(c), all insurers filing for Private Passenger Automobile rate revisions shall limit the historic expense provision for Commission and Brokerage, Other Acquisition Expenses, and General Expenses on a combined basis to the weighted average plus five percent of those companies that use the same marketing method as the filer. Companies with membership requirements or only write motorcycle, specialty, PAIP policies are excluded.

Written Premium volume and Commission and Brokerage Expense are based on data from the Statutory Page 14 Exhibit for New Jersey. Other Acquisition Expense and General Expense are based on direct countrywide data from Part 3 of the Insurance Expense Exhibit. Three years of data, 2015-2017, were analyzed. A weighted average by New Jersey Written Premium was calculated individually by year, and the three years were averaged to calculate a cap. Liability and Physical Damage data was analyzed separately.

All expense ratios were calculated as a percent of Direct Written Premium or Direct Earned Premium net of dividends, but gross of excess profits to reflect the reduced premiums of companies that consistently pay dividends.

	Expense Caps		
	<u>Direct Writers</u>	<u>Captive Agents</u>	<u>Independent Agents</u>
Auto Liability	16.9%	27.1%	29.9%
Auto Physical Damage	16.9%	27.2%	30.7%

Companies Included		
<u>Direct Writers</u>	<u>Captive Agents</u>	<u>Independent Agents</u>
Government Employees Ins Co	State Farm Indemnity Co	Drive New Jersey Ins Co
GEICO Indemnity Co	Allstate NJ Property and Casualty Co	Palisades Safety & Ins Assoc
Progressive Garden State Ins Co	Wausau Underwriters Ins Co	St Paul Protective Ins Co
Citizens United Reciprocal Exchange	Allstate NJ Ins Co	Metropolitan P&C Ins Co
Amica Mutual Ins Co	High Point Property & Casualty Ins Co	Palisades Ins Co
IDS Property Casualty Ins Co	High Point Safety & Ins Co	Fidelity & Guaranty Ins Co
Amica Property and Casualty Ins Co	Mid-Century Ins Co	Esurance Ins Co of NJ
21st Century Centennial Ins Co	Liberty Mutual Fire Ins Co	Foremost Ins Co Grand Rapids
Metropolitan Group P&C Ins Co	Liberty Mutual Mid-Atlantic Ins Co	Selective Auto Ins Co of NJ
Nationwide Mutual Ins Co	State Farm Guaranty Ins Co	Personal Service Ins Co
21st Century Assurance Co	Farmers Ins Exchange	Hanover Ins Co
Metromile Ins Co	LM Insurance Corp	Mercury Indemnity Co of Amer
GEICO Casualty Co	Liberty Insurance Corp	New Jersey Skylands Ins Assoc
21st Century Pinnacle Ins Co		Chubb Ins Co of NJ
Electric Ins Co		Founders Ins Co
Metropolitan Casualty Ins Co		Encompass P&C Ins Co of NJ
Metropolitan General Ins Co		American Commerce of Ins Co
Progressive Freedom Ins Co		Encompass Ins Co of NJ
Response Ins Co		Metropolitan Direct P&C Ins Co
Unitrin Direct Ins Co		Atlantic Employers Ins Co
		AIG Property Cas Co
		CSAA Affinity Ins Co
		Harleysville Worcester Ins Co
		Privilege U/W Reciprocal Exch
		Insurance Co of the State of PA
		Harleysville Preferred Ins Co
		Fitchburg Mutual Ins Co
		MIC General Ins Co
		Harleysville Ins Co
		Bankers Standard Ins Co
		Cincinnati Ins Co
		Crestbrook Ins Co
		Great Northern Ins Co
		Federal Insurance Co
		Fireman's Fund Ind Corp
		IFA Ins Co