Calculation of Maximum Expenses for Prior Approval/Limited Auto Rate and Excess Profit Filings:
Effective June 1, 2022 (including for 2022 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, 2018-2019 and 2021, 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 were analyzed separately. The Department reviewed 2020 expense data, which is significantly affected by premium/expense payments made to policyholders during the year in response to reduced driving. Due to these distortions, the Department determined to exclude 2020 expense data.

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

<table>
<thead>
<tr>
<th></th>
<th>Direct Writers</th>
<th>Captive Agents</th>
<th>Independent Agents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto Liability</td>
<td>17.5%</td>
<td>27.2%</td>
<td>28.2%</td>
</tr>
<tr>
<td>Auto Physical Damage</td>
<td>17.6%</td>
<td>27.3%</td>
<td>28.8%</td>
</tr>
</tbody>
</table>

### Companies Included

- **Direct Writers**
  - Government Employees Ins Co
  - New Jersey Manufacturers Ins Co
  - Progressive Garden State Ins Co
  - GEICO Indemnity Co
  - Citizens United Reciprocal Exchange
  - Amica Mutual Ins Co
  - IDS Property Casualty Ins Co
  - Metromile Ins Co
  - Amica Property and Casualty Ins Co
  - Metropolitan Group P&C Ins Co
  - Metropolitan Casualty Ins Co
  - GEICO Casualty Co
  - Electric Ins Co
  - 21st Century Centennial Ins Co
  - Metropolitan General Ins Co
  - Nationwide Mutual Ins Co

- **Captive Agents**
  - Allstate NJ Property and Casualty Co
  - State Farm Indemnity Co
  - Wausau Underwriters Ins Co
  - High Point Property & Casualty Ins Co
  - Allstate NJ Ins Co
  - High Point Safety & Ins Co
  - Farmers Ins Exchange
  - Liberty Mutual Fire Ins Co
  - State Farm Guaranty Ins Co
  - Mid Century Ins Co
  - Liberty Mutual Mid-Atlantic Ins Co
  - United Farm Family Ins Co
  - LM Insurance Corp
  - Liberty Insurance Corp

- **Independent Agents**
  - Drive New Jersey Ins Co
  - St Paul Protective Ins Co
  - Palisades Safety & Ins Assoc
  - Metropolitan P&C Ins Co
  - Palisades Ins Co
  - Esurance Ins Co of NJ
  - Selective Auto Ins Co of NJ
  - Fidelity & Guaranty Ins Co
  - Foremost Ins Co Grand Rapids
  - Hanover Ins Co
  - Personal Service Ins Co
  - Mercury Indemnity Co of Amer
  - Encompass P&C Ins Co of NJ
  - Chubb Ins Co of NJ
  - Atlantic Employers Ins Co
  - Founders Ins Co
  - New Jersey Skylands Ins Assoc
  - Metropolitan Direct P&C Ins Co
  - Harleyville Worcester Ins Co
  - Privilege U/W Reciprocal Exch
  - Encompass Ins Co of NJ
  - AIG Property Cas Co
  - Cincinnati Ins Co
  - MIC General Ins Co
  - Harleyville Preferred Ins Co
  - Crestbrook Ins Co
  - Ins Co of the State of PA
  - Harleyville Insurance Co
  - Bankers Standard Ins Co
  - Fitchburg Mutual Ins Co
  - American Commerce of Ins Co