Calculation of Maximum Expenses for Prior Approval/Limited Auto Rate and Excess Profit Filings:
Effective June 1, 2023 (including for 2024 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, 2019 and 2021-2022, 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.

<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>18.5%</td>
<td>27.2%</td>
<td>27.9%</td>
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<tr>
<td>Auto Physical Damage</td>
<td>16.4%</td>
<td>27.1%</td>
<td>28.2%</td>
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</table>

**Expenses Caps**

**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
- Farmers Casualty Ins Co
- IDS Property Casualty Ins Co
- Metromile Ins Co
- Amica Property and Casualty Ins Co
- Farmers Group P&C Ins Co
- 21st Century Centennial Ins Co
- Electric Ins Co
- GEICO Casualty Co
- Metropolitan General Ins Co
- Nationwide Mutual Ins Co

**Captive Agents**
- State Farm Indemnity Co
- Allstate NJ Property and Casualty Co
- Wausau Underwriters Ins Co
- High Point Property & Casualty Ins Co
- Allstate NJ Ins Co
- High Point Safety & Ins Co
- State Farm Guaranty Ins Co
- Liberty Mutual Fire Ins Co
- Farmers Ins Exchange
- 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
- Palisades Ins Co
- Farmers P&C Ins Co
- Esurance Ins Co of NJ
- Selective Auto Ins Co of NJ
- Foremost Ins Co Grand Rapids
- Hanover Ins Co
- Fidelity & Guaranty Ins Co
- Personal Service Ins Co
- Encompass P&C Ins Co of NJ
- Chubb Ins Co of NJ
- Atlantic Employers Ins Co
- Founders Ins Co
- Mercury Indemnity Co of Amer
- Farmers Direct P&C Ins Co
- New Jersey Skylands Ins Assoc
- Privilege U/W Reciprocal Exch
- AIG Property Cas Co
- Cincinnati Ins Co
- Encompass Ins Co of NJ
- MIC General Ins Co
- Crestbrook Ins Co
- Bankers Standard Ins Co
- Harleysville Worcester Ins Co
- Harleysville Preferred Ins Co
- Harleysville Insurance Co
- Ins Co of the State of PA
- American Commerce of Ins Co