

INSURANCE
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF PROPERTY AND CASUALTY
DIVISION OF SOLVENCY REGULATION

Filings: Property and Casualty

Proposed New Rule: N.J.A.C. 11:2-36.8

Proposed Amendments: N.J.A.C. 11:1-2.1, 2.2, 2.6, and 2A.3, 11:2-42.3; and 11:2 Appendix, Exhibit A, 11:3-4.7, 16.3, 16.6, 16A.6, 16B.3, 16B.4, and 18.3; and 11:4-7.3

Proposed Repeal: N.J.A.C. 11:13-2.5

Authorized By: Steven M. Goldman, Commissioner, Department of Banking and Insurance

Authority: N.J.S.A. 17:1-8.1, 17:1-15e, 17:29A-1 et seq., 17:29AA-1 et seq. and 17:36-5.33-5.36

Calendar Reference: See Summary below for explanation of the exception to calendar requirement

Proposal Number: PRN 2009-34

Submit comments by March 21, 2009 to:

Robert J. Melillo, Chief
Legislative and Regulatory Affairs
New Jersey Department of Banking and Insurance
20 West State Street
P.O. Box 325
Trenton, NJ 08625-0325
Fax: (609) 292-0896
E-mail: legsregs@dobi.state.nj.us

The agency proposal follows:

Summary

The Department is proposing a new rule and amendments as part of its efforts to enhance its speed to market initiatives as well as continue to provide service to the public with fewer staff. The Department's proposed new rule and amendments implement the use of the SERFF (System for Electronic Rate and Form Filing) system for all property and casualty lines of insurance. The

Department's amendments also address purchasing groups form filings. The Department is already receiving 83 percent of its property and casualty filings through the SERFF System. Some of the advantages of SERFF are:

- Save on time and expense of handling paper filings.
- Eliminate the need to store older filings offsite.
- Quicker and more effective communications with companies on the status of a filing review.
- Eliminate the delays and misdirection that result from the manual processing of mail.
- Eliminate postage on all outgoing non-SERFF filings.

The Department is proposing a new N.J.A.C. 11:1-2.1(c) that requires all commercial and personal lines insurers to submit their filings to the Department beginning the effective date of the amendment through the use of the NAIC electronic filing system, SERFF. The provision notes that as of the effective date of the amendment, the Department will no longer accept rate, rule and form filings submitted through any means other than SERFF.

The Department is also amending N.J.A.C. 11:1-2.2 by deleting references to the NAIC Uniform Property and Casualty Transmittal Document, and adding the phrase "through the use of the NAIC electronic filing system SERFF" in subsection (b). The Department is deleting N.J.A.C. 11:1-2.2(d) because, as a result of these amendments, this provision is no longer necessary. The Department is also amending N.J.A.C. 11:1-2A.3(e), and 42.3(a), and 11:3-4.7(a), 16.3(c), 16.6(a)10, 16A.6(a), 16B.3(d) and 16B.4(l), by adding the same phrase when addressing how rate, rule and form filings should be submitted to the Department.

N.J.A.C. 11:1-2.6, and 42.3(b)1, and 11:3-16.3(d) and 16.6(a)1, are being amended to delete the reference to the NAIC Uniform Property and Casualty Transmittal Document and, with the exception of N.J.A.C. 11:3-16.3(d), the phrase “SERFF Filing General Information... Section” is being added to these rules. N.J.A.C. 11:3-16B.3(a)1 is being amended by adding language that makes reference to the SERFF Filing General Information Description Section. The Department is adding a new rule N.J.A.C. 11:2-36.8 which requires purchasing groups to submit any rate, rule and policy form filings to the Department through SERFF. The heading of N.J.A.C. 11:3-16B.4 is being amended to delete “calculation for private passenger automobile insurance.” N.J.A.C. 11:4-7.3 is being amended by adding text that requires Consent to Rate Filings applications sent to the Department to be submitted through the use of SERFF. The Department is repealing N.J.A.C. 11:13-2.5, transmittal documents, because it is no longer necessary. The Department is also amending Appendix, Exhibit A of N.J.A.C. 11:2-42.3 by deleting the reference to the NAIC Uniform Property and Casualty Transmittal Documents.

A 60-day comment period is provided for this notice of proposal and, therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, the proposal is not subject to the provisions of N.J.A.C. 1:30-3.1 and 3.2 governing rulemaking calendars.

Social Impact

The proposed new rule and amendments require property and casualty rate, rule and form filings to be submitted to the Department electronically. These provisions will have a beneficial social impact as they will expedite the processing of such filings and eliminate the need to store older filings offsite. These rules will also result in quicker and more effective communications with companies on the status of a filing review.

Economic Impact

The proposed new rule and amendments will save on the time and expense of handling paper filings. The proposed new rule and amendments are part of the Department's efforts to enhance its speed to market initiatives. The cost to submit a filing through the SERFF System for a company is no more than a nominal amount per filing. The new and amended rules will also eliminate filers postage expenses incurred on non-SERFF filings.

Federal Standards Statement

A Federal standards analysis is not required because the proposed new rule and amendments regulate the business of insurance and are not subject to any Federal requirements or standards.

Jobs Impact

The Department does not believe that these proposed new rule and amendments will cause any jobs to be generated or lost.

Agriculture Industry Impact

The Department does not expect any impact on the agriculture industry as a result of the proposed new rule and amendments.

Regulatory Flexibility Analysis

The proposed new rule and amendments will apply to few, if any, "small businesses," as that term is defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. To the extent the proposed amendments and new rule apply to small businesses, they will apply to New Jersey

domestic insurers seeking to comply with the Department's speed to market initiatives which these new and amended rules will enhance. As noted above, the Department does not anticipate any undue economic impact on insurers. Generally, small businesses will be required to incur costs associated with filing the required information. This information is currently required and, in any event, should be readily available to filers. The Department believes that no additional professional services will be required in order to comply with the proposed amendments and new rule.

The proposed amendments and new rule provide no differentiation in compliance requirements based on business size. As noted above, the proposed amendments and new rule are intended to facilitate the fast and efficient processing of property and casualty form filings by the Department. Any variations in the requirements based upon business size would not consistent with these goals.

Smart Growth Impact

The proposed new rule and amendments will not have an impact on the achievement of smart growth or the implementation of the State Development and Redevelopment Plan.

Housing Affordability Impact

The proposed new rule and amendments will not have an impact on housing affordability because the new rule and amendments relate to the form filing process for property and casualty lines of insurance.

Smart Growth Development Impact

The Department believes that there is an extreme unlikelihood that these amendments and new rule would evoke a change in housing production in Planning Areas 1 and 2 or within the designated centers under the State Development and Redevelopment Plan in New Jersey because the proposed new rule and amendments address the form filing requirements for property and casualty lines of insurance.

Full text of the rule proposed for repeal may be found in the New Jersey Administrative Code at N.J.A.C. 11:13-2.5.

Full text of the proposed amendments and new rule follows (additions indicated in boldface **thus** deletions indicated in brackets [thus]):

SUBCHAPTER 2. FILINGS: PROPERTY AND CASUALTY

11:1-2.1 Purpose and scope

(a) - (b) (No change.)

(c) All commercial and personal lines filings submitted to the Department on or after (the effective date of the amendment) shall be submitted through the use of the NAIC electronic filing system SERFF (System for Electronic Rate and Form Filing). Effective (the effective date of this amendment), the Office of Property and Casualty will no longer accept any rate, rule or policy form filings submitted to the Department other than through SERFF. Any such filings received after (one day prior to the effective date of this amendment) in any

method other than through SERFF will be closed without action and returned to the company without review.

11:1-2.2 Filing of rates, manual rules, rating plans, policy forms and endorsements

(a) (No change.)

(b) All commercial and personal lines filings **shall be** submitted to the Department **through the use of the NAIC electronic filing system SERFF (System for Electronic Rate and Form Filing)** [shall be accompanied by the January 1, 2006 NAIC Uniform Property and Casualty Transmittal Document, incorporated by reference, as amended and supplemented. The document and instructions with links are located on the Department website at <http://www.state.nj.us/dobi> and the NAIC website at www.NAIC.org/industry_rates_forms_trans_docs.htm].

(c) (No change.)

[(d) Every insurer and rating organization shall fully complete the NAIC Uniform Property and Casualty Transmittal Document. If all items are not properly addressed, the filing will be closed and returned to the filer and must be resubmitted as a new filing.]

11:1-2.6 Notification

The filing with a cover letter shall be submitted to the Department of Banking and Insurance. The filing shall be accompanied by [an NAIC Uniform Property and Casualty Transmittal Document and] **a properly completed** MARS002, as described in [, and incorporated by reference at,] N.J.A.C. 11:1-2.2[(b) and] (c)[, properly completed and signed by the person authorized by the company to make filings]. Filers may choose to eliminate the submission of a cover letter provided that the **SERFF Filing's General Information** [“]Filing Description[”] of the

NAIC Uniform Property and Casualty Transmittal Document] **Section** is fully completed with a clear and precise description of the filing.

SUBCHAPTER 2A. PERSONAL LINES FILINGS: RATE FILING REVIEW PROCEDURES

11:1-2A.3 General filing provisions

(a) - (d) (No change.)

(e) All filings [and other items] submitted to the Commissioner shall be sent to the Department **through the use of the NAIC electronic filing system SERFF (System for Electronic Rate and Form Filing).** [at the following address:

New Jersey Department of Banking and Insurance
 Property/Casualty Division
 20 West State Street
 PO Box 325
 Trenton, NJ 08625-0325]

(f) (No change.)

SUBCHAPTER 36. RISK RETENTION GROUPS AND PURCHASING GROUPS

11:2-36.8 Purchasing groups rate, rule and form filings

Effective (the effective date of this rule), the Office of Solvency Regulation will no longer accept any rate, rule or policy form filings submitted by purchasing groups to the Department other than through SERFF (System for Electronic Rate and Form Filing). Any filing received after (one day prior to the effective date of this rule) in any method other than through SERFF will be closed without action and returned to the company without review.

This applies to initial registrations, subsequent registrations, or the subsequent addition of insurers. All rate, rule or form filings shall be filed through SERFF. If the filing is related to a purchasing group, then the name of the purchasing group shall be incorporated in the SERFF Filing's General Information, Product Name field.

SUBCHAPTER 42. HOMEOWNERS' INSURANCE: STANDARD HURRICANE
DEDUCTIBLES AND EXPEDITED PROCESS FOR HOMEOWNERS'
INSURANCE RATE CHANGES

11:2-42.3 Expedited rate filings; general requirements

(a) All filings shall meet the following requirements and shall be submitted to the Department **through the use of the NAIC electronic filing system SERFF (System for Electronic Rate and Form Filing)**. [at the following address:

1. New Jersey Department of Banking and Insurance
Office of Property and Casualty
20 West State Street
PO Box 325
Trenton, New Jersey 08625-0325;

2. All filings shall be accompanied by a NAIC Uniform Property and Casualty Transmittal Document as identified in N.J.A.C. 11:1-2.2(b), incorporated herein by reference, signed by an officer of the filer and a qualified actuary;]

Recodify existing 3. - 7. as 1.- 5. (No change in text.)

(b) An insurer and/or rating organization, pursuant to N.J.S.A. 17:36-5.35 may file for a rate change in accordance with this subchapter. The filer shall provide the following information in support of its filing:

1. A cover letter notifying the Department of its intention to make a rate change according to the provisions of this subchapter; a completed Exhibit C in the subchapter Appendix incorporated herein by reference; a statement containing the effective date of the change; and the name, telephone number and mailing address of the company officer familiar with the filing to whom further inquires regarding the filing may be directed. Filers may choose to eliminate the submission of a cover letter provided that the **SERFF Filing's General Information** [“Filing Description” of the NAIC Uniform Property and Casualty Transmittal Document is] **Section** is fully completed with a clear and precise description of the filing;

2. - 10. (No change.)

(c) (No change.)

APPENDIX

EXHIBIT A

Expedited Homeowners Filings

Company/Group: _____

Company File No. _____

Section	Item	Page #
11:2-42.3	Filing Requirements	
(a)2	NAIC Uniform Property and Casualty Transmittal Document	_____]
(a)3	Information required on each page	Yes/No
(a)4	All data reported on direct basis exclusive of reinsurance	Yes/No
(a)5	All data from voluntary market only	Yes/No
(a)6	Most recent AY ends no more than 15 months prior to submission date	Yes/No
(a)7	Three copies of filing submitted	Yes/No
(b)1	<ul style="list-style-type: none"> • Cover letter notifying DOBI of intention to modify rates under expedited approval procedure • Exhibit C, Rate change information _____ • Proposed effective date _____ • Name/Telephone/Address of Company officer to whom inquiries about the filing may be directed _____ 	
(b)2	Exhibit A, this checklist	
(b)3	<ul style="list-style-type: none"> • Manual rating pages _____ • Explanatory memorandum _____ • Company File # _____ • New/Renewal Effective Dates _____ 	
(b)4	Rating Examples	
(b)5	Exhibit B, rate change distribution by interval	
(b)6	Maximum Increase/Decrease with profile	
(b)7	Territorial Definitions	
(b)8	Justification for Minimum Premium (if changing)	
(b)9	Effects of each change in detail	
(b)10	Seven year rate history	

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SUBCHAPTER 4. PERSONAL INJURY PROTECTION BENEFITS; MEDICAL
PROTOCOLS; DIAGNOSTIC TESTS

11:3-4.7 Decision point review plans

(a) No insurer shall impose the co-payments permitted in N.J.A.C. 11:3-4.4(d), (e) and (f) unless it has an approved decision point review plan.

1. Initial decision point review plan filings and amendments to approved plans shall be submitted to the Department **through the use of the NAIC electronic filing system SERFF (System for Electronic Rate and Form Filing)** [at the following address:

New Jersey Department of Banking and Insurance
Office of Property Casualty – DPR
20 West State Street
PO Box 325
Trenton, New Jersey 08625-0325]

(b) - (g) (No change.)

SUBCHAPTER 16. RATE FILING REQUIREMENTS: VOLUNTARY MARKET PRIVATE
PASSENGER AUTOMOBILE INSURANCE

11:3-16.3 General requirements and filing format

(a) - (b) (No change.)

(c) All filings shall be submitted to the Department **through the use of the NAIC electronic filing system SERFF (System for Electronic Rate and Form Filing)** [at the following address:

New Jersey Department of Banking and Insurance
Office of Property and Casualty
20 West State Street
PO Box 325
Trenton, New Jersey 08625-0325;

(d) All filings shall be accompanied by a NAIC Uniform Property and Casualty Transmittal Document and accessible, with instructions, at N.J.A.C. 11:1-2.2(b).]

Recodify existing (e) and (f) as **(d) and (e)** (No change in text.)

11:3-16.6 Filings for rates requiring prior approval

(a) Any filer that desires to modify its rates or rating systems in a manner other than that provided by N.J.S.A. 17:29A-46.6 shall provide the following standard information in support of its application:

1. A cover letter notifying the Department of its intention to modify its rating system in a manner that requires prior approval, pursuant to N.J.S.A. 17:29A-14; a statement describing the proposed changes, which shall include the proposed effective date of the change, and the name, telephone number and mailing address of the company officer familiar with the filing, to whom **[inquiries] inquiries** about the filing may be directed. Filers may choose to eliminate the submission of a cover letter provided that the **SERFF Filing's General Information** [“]Filing Description[” of the NAIC Uniform Property and Casualty Transmittal Document referenced in N.J.A.C. 11:3-16.3(d)] **Section** is fully completed with a clear and precise description of the filing;

2. - 9. (No change.)

10. Data described in N.J.A.C. 11:3-16.8, 16.9 and 16.10 shall be submitted [in written copy and, except for purely textual information, on an MS-DOS formatted 3.5 inch 1.44 MB disk or a CD-ROM.] **through the use of the NAIC electronic filing system SERFF (System for Electronic Rate and Form Filing)**. The information shall be provided in a Microsoft Excel [97] **2003** or compatible spreadsheet. All calculated values shall be given as a formula in the spreadsheet.

(b) - (e) (No change.)

SUBCHAPTER 16A. PRIVATE PASSENGER AUTOMOBILE INSURANCE TERRITORIAL
RATING PLANS

11:3-16A.6 Review of filings

(a) All filings and other items submitted to the Commissioner pursuant to this subchapter shall be sent to the Department **through the use of the NAIC electronic filing system**

SERFF (System for Electronic Rate and Form Filing [at the following address:

New Jersey Department of Banking and Insurance
Office of Property and Casualty
20 West State Street
P.O. Box 325
Trenton, NJ 08625-0325]

(b) – (d) (No change.)

SUBCHAPTER 16B. RATE PROCESS FOR LIMITED RATE CHANGES; CALCULATIONS
FOR PRIVATE PASSENGER AUTOMOBILE INSURANCE RATE
CHANGES

11:3-16B.3 Rate process for limited rate changes; insurers and rating organizations

(a) An insurer and/or rating organization pursuant to N.J.S.A. 17:33B-31, may file for a rate change in accordance with this subchapter. The insurer shall provide the following information in support of its filing:

1. A cover letter notifying the Department of its intention to make a rate change according to the provisions of this subchapter; a statement containing the effective date of the change for new and renewal policyholders; and the name, telephone number and mailing address of the company officer familiar with the filing to whom further inquiries regarding the filing may be directed[;]. **Filers may choose to eliminate the submission of a cover letter provided that the SERFF Filing's General Information Description Section is fully completed with a clear and precise description of the filing;**

2. – 7. (No change.)

8. [A CD-ROM or MS-DOS formatted 3.5 inch 1.44 MB disk, as described at N.J.A.C. 11:3-16B.4(e).] **Data in the medium and format specified in N.J.A.C. 11:3-16B.4(l).**

(b) – (c) (No change.)

(d) All filings shall be submitted to the Department **through the use of the NAIC electronic filing system SERFF (System for Electronic Rate and Form Filing** [at the following address:

New Jersey Department of Banking and Insurance
Office of Property and Casualty
P.O. Box 325
Trenton, NJ 08625-0325]

(e) – (f) (No change.)

11:3-16B.4 Rate process for limited rate changes[; calculation for private passenger automobile insurance]

(a) – (k) (No change.)

(l) Data described above in this section shall be submitted **through the use of the NAIC electronic filing system SERFF (System for Electronic Rate and Form Filing.** [in written copy and, except for purely textual information, on an MS-DOS formatted 3.5 inch 1.44 MB disk or

a CD-ROM]. The information shall be provided in a Microsoft Excel **2003** or compatible worksheet. All calculated values shall be given as a formula in the spreadsheet.

SUBCHAPTER 18. PRIVATE PASSENGER AUTOMOBILE INSURANCE: RATE FILING
REVIEW PROCEDURES

11:3-18.3 General provisions applicable to all filings

(a) – (e) (No change.)

(f) All filings and other items submitted to the Commissioner shall be sent to the Department **through the use of the NAIC electronic filing system SERFF (System for Electronic Rate and Form Filing)** [at the following address:

New Jersey Department of Banking and Insurance
Property/Casualty Division
20 West State Street
P.O. Box 325
Trenton, NJ 08625-0325]

(g) (No change.)

SUBCHAPTER 7. PROCEDURE FOR THE REGULATION OF CONSENT TO HIGHER
RATE FILINGS

11:4-7.3 Filing requirements

(a) Applications shall be filed with the Commissioner within 20 work days after the insured has signed it or within 20 work days of the inception date of the policy, whichever is earlier. All applications shall be made by filing the appropriate application form included in the Appendix to this subchapter as Exhibits A, B and C, incorporated herein by reference. The application forms

are also available on the Department's website at njdobi.org. **Applications shall be sent to the Department through the use of the NAIC electronic filing system SERFF (System for Electronic Rate and Form Filing).**

(b) (No change.)

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