

INSURANCE

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF PROPERTY AND CASUALTY

Automobile Insurance

Insurers Required to Provide Survey Information

Proposed Repeals: N.J.A.C. 11:3-45

Authorized By: Richard J. Badolato, Commissioner, Department of Banking and Insurance.

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, and 39:6A-23.1.

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

Proposal Number: PRN 2016-183.

Submit comments by January 6, 2017, to:

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The agency proposal follows:

Summary

The Department of Banking and Insurance (Department) is proposing to repeal N.J.A.C. 11:3-45. This subchapter sets forth the procedures for the submission of data by automobile insurers concerning premiums charged for specific automobile insurance coverage. The Department has determined that over the years, the rating systems for automobile insurance have become more refined and complex as insurers have developed sophisticated systems using a wider universe of actuarial justified rating factors. As these insurers' rating systems have advanced in specificity and complexity, the number of hours and amount of work required by the Department to distill this data into "representative samples" of automobile insurance premiums by rating territory has increased significantly with over 100 hours being expended this year alone. Additionally, the consumer benefit of this automobile premium survey has decreased dramatically because the complexity of modern rating systems results in automobile premiums tailored to an insured's unique risk factors in a way that cannot be captured by a tool of this kind. Further, the increase in the number of quoting systems, including the comparative quoting systems, available on the internet has made it much easier for insureds to shop around online and obtain accurate premium quotes tailored to their specific circumstances. For these reasons, the Department proposes to repeal N.J.A.C. 11:3-45, eliminating the annual premium survey filing for insurers and the annual publication of the survey on the Department's website.

A 60-day comment period is provided for the notice of proposal, and therefore, pursuant to N.J.A.C. 1:30-3.3(a)(5), the notice is excepted from the provisions of N.J.A.C. 1:30-3.1 and 3.2 governing rulemaking calendars.

Social Impact

The rules proposed for repeal eliminates the requirement that automobile insurers annually submit a premium survey to the Department for publication. The rules proposed for repeal will have a neutral social impact in that insurers will continue to be required to comply with the standards for competitive private passenger automobile premium rates. Further, insureds are still able to obtain more accurate quotes directly from insurers through the premium quoting systems available on the internet.

Economic Impact

The rules proposed for repeal will have a favorable economic impact upon insurance companies transacting or seeking to transact business in this State. The costs for the submission to the Department of the annual premium survey will be saved by automobile insurers. The Department invites interested parties to submit any data or studies concerning the economic impact of the rules proposed for repeal together with their written comments on other aspects of the rules proposed for repeal .

Federal Standards Statement

A Federal standards analysis is not required because the rules proposed for repeal is not subject to any Federal requirements or standards.

Jobs Impact

The Department does not anticipate that any jobs will be generated or lost as a result of the rules proposed for repeal . The Department invites interested parties to submit any data or studies concerning the jobs impact of the rules proposed for repeal together with their written comments on other aspects of the rules proposed for repeal .

Agriculture Industry Impact

The rules proposed for repeal will not have any impact on the agriculture industry in New Jersey.

Regulatory Flexibility Statement

A regulatory flexibility analysis is not required because the rules proposed for repeal do not impose any reporting, recordkeeping, or other compliance requirements on small businesses but rather eliminates certain reporting requirements from automobile insurers.

Housing Affordability Impact Analysis

The rules proposed for repeal will not have any impact on housing affordability because the rules proposed for repeal relieves insurers from requirements to report data that the Department has concluded is no longer necessary as a result of changes that have occurred in the automobile insurance market since the rules proposed for repeal were adopted.

Smart Growth Development Impact Analysis

The Department believes that there is an extreme unlikelihood that the rules proposed for repeal would evoke a change in the housing productions in Planning Areas 1 and 2, or within the designated centers, under the State Development and Redevelopment Plan in New Jersey because the rules proposed for repeal address annual automobile insurance premium survey data.

Full text of the rules proposed for repeal may be found in the New Jersey Administrative Code at N.J.A.C. 11:3-45.