

N.J.A.C 11:3-16B Appendix Exhibit A – Limited Rate Filings

Section	Description	Page Number
16B.3(a)1	•Cover letter <u>including proposed revision, effective date, and company contact information.</u>	
16B.3(a)2	Appendix Exhibit B from N.J.A.C. 11:3-16	
16B.3(a)3	This checklist	
16B.3(a)4	•Compliance with N.J.S.A. 17:29A-36 •No 65+ charged >1.25 x 65+average •Compliance with N.J.S.A. 17:29A-46.6(e)	
16B.3(a)5	•Revised Manual Pages •Includes calculation of new rates	
16B.3(a)6	Rating Examples	
16B.3(a)7	Rating Impacts	
16B.3(a)8	Data Disk	
16B.3(e)	Officer Certification	
16B.4(a)1	Indications by coverage based on three years of data (or two years if fully credible with that data)	
16B.4(a)2	Liability data can be either at basic or total limits	
16B.4(a)3	Required Indications by Types Sold: <ul style="list-style-type: none"> • Only split limit: separate BI and PD (with UM) • Only CSL: CSL (with UM) with losses developed separately • Both split & CSL: separate BI and PD (with UM) with CSL either allocated or done separately • Only Package: PACK (with UM) with losses developed separately 	
16B.4(b)1	Earned Premium by coverage by accident year	
16B.4(b)2	On-Level factors based on company NJ rate changes	
16B.4(b)3	Premium Trend Factors from ISO or internal data (with data and methods used for internal)	
16B.4(c)1	NJ incurred loss and incurred DCC (may be combined) by accident year by coverage (paid loss OK for COMP and COLL).	
16B.4(c)2	Loss Development Factors based on average of last five years excluding high and low (that is, middle three of five years' factors) <ul style="list-style-type: none"> • BI/PIP developed to 87 months, tail factor of 1.05 PD/Comp/Coll developed to 51 months, tail factor of 1.00 	
16B.4(c)3	Loss Trend Factors based on latest approved ISO filing or latest available NJ Fast Track, separately for frequency and severity by coverage. For Fast Track 12 quarter rolling average used, For COMP, countrywide Fast Track data permitted. Must use paid claims (not incurred claims)	
16B.4(c)4	AO Factor is ratio of incurred AO to incurred Loss + DCC, and comes from latest three available IEES.	

Section	Description	Page Number
16B.4(c)5	Changes that impact frequency and/or severity accounted for.	
16B.4(c)6	Catastrophe Factor permitted for Comp from either ISO or internal data (minimum 10 years)	
16B.4(d)1	Commission and Brokerage Expenses based on NJ WP from Page 14 (three-year average)	
16B.4(d)2	General Expense and Other Acquisition Expense based on CW EP from IEE (three-year average)	
16B.4(d)3	Expenses (1 and 2 above) capped by N.J.A.C. 11:3-16 Appendix E Calculation (see www.nj.gov/dobi for current expense caps)	
16B.4(d)4	Tax, License, and Fee Expense based on NJ WP from Page 14 (three-year average)	
16B.4(d)5	Profit and Contingency provision based on filer's latest approved filing under N.J.A.C. 11:3-16.10	
16B.4(d)6	Total Capped Expenses in sum of 3 through 5 above	
16B.4(e)	Permissible Loss Ratio is 1 minus (d)6	
16B.4(f)1	DOBI Credibility Standards BI/PD/CSL/PACK at total limits: 4,000 claims BI/PD/CSL/PACK at basic limits: 3,000 claims PIP/COMP/COLL: 3,000 claims	
16B.4(f)2	Company Calculated Credibility Standards (optional)	
16B.4(f)3	Credibility determined using square root rule, minimum 50 percent	
16B.4(g)	Complement of credibility assigned to Loss Ratio Trend (Loss Trend divided by Premium Trend), trend period is average date of earning during experience period to average date of earning during proposed period.	
16B.4(h)1	Projected Ultimate Loss +LAE Ratio is (c) / (b)	
16B.4(h)2	Raw indication is (h)1 / (e)	
16B.4(h)3	Credibility-weighted indication is as described	
16B.4(h)4	Overall indication is weighted average by latest year's earned premium	
16B.4(i)	If proposed territorial changes, territorial indication based on three years of data with credibility standard of 3,000 claims per territory (complement is Statewide indication above or current relativity)	
16B.4(j)	If expense fees changing, standard expense fee calculation. For other items changing, changes based on three-year relative loss ratios.	
16B.4(k)	Alternate Method permitted (optional, see regulation)	
16B.5(a)-(b)	Request overall limited to smaller of seven percent increase or indicated change	
16B.5(c)	Request by coverage limited to smaller of 10 percent or indicated change by coverage, provided the overall increase does not exceed seven percent.	

Section	Description	Page Number
16B.5(d)	Individual policy impact limited to 15 percent.	
16B.5[(d)](e)	Last limited rate change filing approved at least 12 Months ago	Yes/No

(Exhibit A – Limited Rate Filings 9-07)