

ADOPTIONS

INSURANCE

<u>Citation</u>	<u>Class</u>	<u>Type of Violation</u>	<u>First Offense</u>	<u>Second Offense</u>	<u>Third Offense</u>	<u>Fourth and Each Subsequent Offense</u>
2. From 25 through 50 percent over the allowable standard		NM	\$8,000	\$16,000	\$40,000	\$50,000
3. Greater than 50 percent over the allowable standard		NM	\$10,000	\$20,000	\$50,000	\$50,000
Greater than 67,100 hp Turbine						
1. Less than 25 percent over the allowable standard		NM	\$8,000	\$16,000	\$40,000	\$50,000
2. From 25 through 50 percent over the allowable standard		NM	\$10,000	\$20,000	\$50,000	\$50,000
3. Greater than 50 percent over the allowable standard		NM	\$10,000	\$20,000	\$50,000	\$50,000
...						
N.J.A.C. 7:27-19.8(g) or (h)	Compressor engines greater than or equal to 200 bhp but less than 500 bhp					
Actual Emissions (grams per bhp-hr)						
1. Less than 25 percent over the allowable standard		NM	\$4,000	\$8,000	\$20,000	\$40,000
2. From 25 through 50 percent over the allowable standard		NM	\$6,000	\$12,000	\$30,000	\$50,000
3. Greater than 50 percent over the allowable standard		NM	\$9,000	\$18,000	\$45,000	\$50,000
...						
20.-34. (No change.)						
(n)-(u) (No change.)						

8 [\$5,629 | \$5,660
 more than 8 add [\$313 | \$312 each person

HUMAN SERVICES

(a)

DIVISION OF FAMILY DEVELOPMENT

**Notice of Administrative Changes
 Standard of Need**

N.J.A.C. 10:84-1.6

Take notice that, in accordance with N.J.A.C. 10:84-1.6(d), the Department of Human Services announces an updated standard of need for 2017. The standard of need is required to be established pursuant to P.L. 1997, c. 13. The law also requires that the standard of need be updated annually.

Full text of the changed rule follows (additions indicated in boldface thus; deletions indicated in brackets [thus]):

10:84-1.6 Standard of need

(a)-(c) (No change.)

(d) The standard of need is set forth in the table below. Each year, the Department of Human Services will provide, through a notice of administrative change published in the New Jersey Register, an updated standard of need.

<u>Number in Family</u>	<u>Standard of Need</u>	<u>Monthly Standard</u>
1	[\$1,898] \$1,942	
2	[\$2,210] \$2,254	
3	[\$2,920] \$3,004	
4	[\$3,782] \$3,872	
5	[\$4,095] \$4,184	
6	[\$5,004] \$5,037	
7	[\$5,316] \$5,349	

INSURANCE

(b)

**DEPARTMENT OF BANKING AND INSURANCE
 OFFICE OF PROPERTY AND CASUALTY**

**Buyer's Guide, Coverage Selection Form, and
 Automobile Insurance Consumer Bill of Rights
 for Standard and Basic Policies**

**Adopted Amendments: N.J.A.C. 11:3-15 Appendix,
 Exhibits 1 and 3**

Proposed: April 3, 2017, at 49 N.J.R. 630(a).

Adopted: October 3, 2017, by Richard J. Badolato, Commissioner, Department of Banking and Insurance.

Filed: October 3, 2017, as R.2017 d.193, **without change.**

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, 17:29A-14.c(4), 17:33B-42, and 39:6A-23.

Effective Date: November 6, 2017.

Operative Date: May 6, 2018.

Expiration Date: December 3, 2020.

Summary of Public Comments and Agency Responses:

The Department of Banking and Insurance (Department) received timely written comments from Allstate New Jersey Insurance Company, National General Insurance Company, NJM Insurance Group, New Jersey Hospital Association, Insurance Council of New Jersey, and Property Casualty Insurers Association of America.

COMMENT: One commenter asked if the "Standard Policy Coverage Selection Form" is required for commercial automobile policies. The commenter stated that the affected lines of business noted on the bulletin include personal and commercial automobile.

RESPONSE: The Coverage Selection Form applies to personal lines private passenger automobile insurance policies and individually-owned private passenger automobiles written on commercial automobile insurance policies.

COMMENT: One commenter stated that given the technological solutions available to potential policyholders to obtain quotes online with varying limits of coverage or deductibles, the coverage selection form has become antiquated and serves a limited purpose. The commenter stated that it recognized that N.J.S.A. 39:6A-23 requires an applicant to indicate the options elected on the Coverage Selection Forms (CSF), then sign and return the form to the insurer. However, the commenter requested that the Department clarify that this process can also be done with an electronic signature. The commenter stated that the statute leaves significant discretion to the Department on the contents of the form that it believes should be reexamined.

The commenter also stated that if the Department chooses not to expand its review of the CSF, the commenter is seeking confirmation that the intent of the Department's proposal is to require a range of estimated average dollar amount reductions because the actual amounts may vary depending on a customer's selection of other coverages. Additionally, the commenter recommended that the Department change the form to include the words "an estimated average \$ _____" to "or a _____% to _____% reduction." The commenter stated that given the potential for confusion, the Department should consider developing a message for applicants to use in contacting their insurance company for a policy review in order to obtain the specific premium impact for the various options available.

RESPONSE: Electronic signatures may be used pursuant to the requirements contained in N.J.A.C. 11:1-47.3 and 11:3-15.4 and 15.7.

The intent of the Department's rulemaking is to require a range of estimated average dollar amount reductions because the actual amounts may vary depending on a customer's selection of other coverages. The Department notes that the commenter suggested that it change the form to include the words "an estimated average," but the Department does not believe that the clarification is necessary.

The Department also does not believe that it is necessary to develop a message for applicants to use in contacting their insurance company for a policy review. The Buyer's Guide, which accompanies the Coverage Selection Form, already informs consumers that it is intended to provide general information and additional information regarding coverages or premiums is available from the insurer or producer. Also, the rulemaking does not prohibit insurers from providing additional materials and advice to consumers regarding their coverages and limit selections.

COMMENT: One commenter expressed concern that the proposed changes will generate more questions than answers from consumers by requiring insurers to provide a range of premium dollar reductions in addition to percentages currently required. The commenter stated that there can be very large differences in premiums due to individual risk factors; so the range of dollar values for different coverage options is likely to be very large and provides little to no comparative value to the consumer.

Additionally, the commenter stated that changes, such as those proposed, result in substantial cost for insurers as procedures and programming must be changed, which costs will be borne by the consumer. The commenter stated that it is important that consumers get a significant enough benefit to justify the cost, however incremental it may be to the individual.

RESPONSE: The Department does not believe that the proposed change will necessarily generate more questions. The additional information provided may have a mitigating effect with regard to the number of questions consumers may have. Individual risk factors do not need to be incorporated into the calculations. The rulemaking permits calculations based on an insurer's average Statewide premium. This should moderate the large differences in premium savings while still providing value to the consumer.

With regard to costs for insurers and programming, as noted in the Economic Impact statement, insurers will be required to calculate the premium reductions that correspond to the percentage reductions and print new versions of the Coverage Selection Form to distribute to their applicants and insureds. The Department does not anticipate a

substantial change in costs for insurers. The same number of Coverage Selection Forms would be issued with or without the proposed change and programming should be limited.

COMMENT: Two commenters stated that the Department's rule proposal is silent on how often these calculations need to be made. The commenter stated that presuming that the dollar amount on the form will need to be recalculated each time an insurer changes their rates, programming and other costs will be incurred each time. Another commenter asked whether the revisions for their average premium will be done monthly, quarterly, or annually; and will the Department choose a specific date(s) for revisions. One commenter contends that these costs could be brought under control if the Department allowed companies to update their forms every two or three years or aggregate them across underwriting companies.

RESPONSE: The intention of the rulemaking is not to change the frequency of the calculations. The Department notes that the Lawsuit Option section currently requires dollar ranges. When insurers revise their Bodily Injury Liability (or Combined Single Limit) rates, they should review the Lawsuit Option section to determine if a change is necessary to maintain accuracy. Many insurers already do this. The updating of the Personal Injury Protection paragraph to also include dollar ranges should not be treated differently with regard to frequency of updates.

COMMENT: One commenter suggested that the effective date of these rules should be no earlier than June 2018, in order to allow companies sufficient time to plan and budget for these changes.

RESPONSE: The Department does not anticipate that the revision requires significant planning or budgetary impacts. However, the Department recognizes that Coverage Selection Forms must be sent out with renewals at least 30 to 45 days prior to when the renewal premium is due. Therefore, the Department is providing a delayed operative date of six months from the effective date of the rulemaking.

COMMENT: One commenter stated that in addition to indicating the dollars that can be saved by changing PIP coverage levels, the materials for consumers should also include a reminder to check their health plan for limitations on services and benefits before they opt to reduce PIP coverage. The commenter stated that it is important for consumers to understand any risks they may be taking in terms of having needed services covered following an automobile accident.

Finally, the commenter stated that the PIP medical expense limit of \$250,000 has been in existence since the 1990s. The commenter contends that it is more common now than ever for patients to exhaust their PIP medical expense limit during an acute care phase of their recovery from injuries, which often leaves them having to cope with limits on their outpatient and rehabilitative services because they must rely upon their health plans. The commenter stated that it is concerned that the changes will have the inadvertent effect of incentivizing consumers to reduce their PIP medical expense limit unless there is an accompanying explanation of what a consumer should check before making this decision.

RESPONSE: The rulemaking is not intended to incentivize consumers towards the purchase of any specific PIP limits or deductibles, but instead provides consumers with more information about the likely impact of those selections.

The rulemaking does not prohibit insurers from providing additional materials and advice to consumers regarding their coverages and limit selections. The function of the Coverage Selection Form is not to replace those tasks that are best provided by insurers, agents, producers, and on-line quoting systems, including explanations of the consequences of reducing coverage.

The Buyer's Guide, which accompanies the Coverage Selection Form, informs consumers that it is intended to provide general information and additional information regarding coverages or premiums is available from the insurer or producer.

COMMENT: One commenter suggested that instead of the proposed changes, the Department should convene a panel of experts from insurance companies, agents, and vendors to produce a new Coverage Selection Form that is better aligned with consumer shopping experiences and new technologies.

RESPONSE: The commenter's suggestion is beyond the scope of the proposal and the Department does not believe that it is necessary.

COMMENT: One commenter stated that the Department should consider the confusion that will occur when consumers are faced with side-by-side savings comparisons offered in both dollar amounts and percentages. The commenter contends that on its face these premium reductions based on Statewide averages may seem simple to quantify, but they will not necessarily correlate and will not offer the consumer a true picture of savings. The commenter stated that if an insurance carrier uses a combination Bodily Injury, Property Damage, Personal Injury Protection (BI/PD/PIP) premium, in its quote/bill of said premium it will not break out the bill for a specific coverage. Therefore, although insurers are able to develop a range of projected percentages that could be calculated into dollar savings, the ranges will be so broad that they fail to give the consumer guidance. The commenter contends that while this already is an issue today, under the percentage of savings rule, if the Department's proposal is adopted, extreme values could yield results that make the situation even more confusing for consumers.

The commenter suggested that the Department should just compare a BI/PD/PIP premium for an 18-year-old single male in a high-cost territory and a 60-year-old driver in a lower rated territory, with all other things being equal. The commenter stated that the BI/PD/PIP premium for the 18-year-old could be upwards of \$2,500. For the 60-year-old, it could be less than \$500.00. A company would then need to figure out the impact a lower PIP limit would have to the overall premium. The commenter contends that the range would need to include possible options of both the dollar impact for an 18-year-old and 60-year-old. The dollar impact of moving to a lower PIP limit would be hundreds for the younger driver, yet significantly less in terms of the dollar amount for the 60-year-old, despite the percentage of deduction remaining similar.

RESPONSE: The Department recognizes that the calculations may result in a wide range of dollar savings. However, the rulemaking permits a calculation based on an insurer's average Statewide premium. This should moderate the large differences in premium while still providing value to the consumer.

COMMENT: One commenter stated that it has issues with the Department's proposal for non-combined PIP premiums. The commenter contends that these ranges will become less accurate because the ranges are a percentage change on a premium for certain types of coverage, but the underlying premium for the policy is impacted by every change. The commenter stated that if a customer elects to make three coverage changes that affect PIP premium in three scenarios (that is, PIP limits, PIP deductibles, and extra PIP options), then one of the dollar impacts would be accurate, whereas, the other two dollar impacts would be smaller than stated because the premium base is already smaller based on the first change. Ultimately, the dollar figure in either scenario likely will be less accurate than any percentages, resulting in frustrated consumers and unnecessary complaints to the Department.

RESPONSE: The Department recognizes that rating systems vary and the type of coverages and the number of changes to limits all work together and impact final results. However, the rulemaking permits a calculation based on an insurer's average Statewide premium. This should help maintain an overall level of accuracy while providing value to the consumer.

COMMENT: One commenter requested that the Department consider using a Statewide average PIP premium of \$350.00, and basing the percentage discount ranges on an average from multiple carriers as listed below:

| | \$ 500 deductible, for a .5% to 7%, or a \$1.75 to \$24.50, reduction in the PIP premium.

| | \$ 1,000 deductible, for a 2% to 16%, or a \$7.00 to \$56.00, reduction in the PIP premium.

| | \$ 2,000 deductible, for a 3% to 23%, or a \$10.50 to \$80.50, reduction in the PIP premium.

| | \$ 2,500 deductible, for a 4.5% to 26%, or a \$15.75 to \$91.00, reduction in the PIP premium.

| | \$150,000 limit, for a 1% to 4%, or a \$3.50 to \$14.00, reduction in the PIP premium.

| | \$ 75,000 limit, for a 3% to 10%, or a \$10.50 to \$30.50, reduction in the PIP premium.

| | \$ 50,000 limit, for a 6% to 13%, or a \$21.00 to \$45.50, reduction in the PIP premium.

| | \$ 15,000 limit, for a 4.5% to 32.5%, or a \$49.00 to \$113.75, reduction in the PIP premium.

The commenter stated that the expected reduction in premium for choosing the \$15,000 limit is bolded. However, tens of thousands of policies are currently underwritten with much lower premium than the stated average. The commenter noted that the following illustration shows the discount in dollars when the premium is \$100.00:

| | \$ 500 deductible, for a .5% to 7%, or a \$.50 to \$7.00, reduction in the PIP premium.

| | \$ 1,000 deductible, for a 2% to 16%, or a \$2.00 to \$16.00, reduction in the PIP premium.

| | \$ 2,000 deductible, for a 3% to 23%, or a \$3.00 to \$23.00, reduction in the PIP premium.

| | \$ 2,500 deductible, for a 4.5% to 26%, or a \$4.50 to \$26.00, reduction in the PIP premium.

| | \$150,000 limit, for a 1% to 4%, or a \$1.00 to \$4.00, reduction in the PIP premium.

| | \$ 75,000 limit, for a 3% to 10%, or a \$3.00 to \$10.00, reduction in the PIP premium.

| | \$ 50,000 limit, for a 6% to 13%, or a \$6.00 to \$13.00, reduction in the PIP premium.

| | \$ 15,000 limit, for a 4.5% to 32.5%, or a \$14.00 to \$32.50, reduction in the PIP premium.

The commenter stated that the actual PIP premium is less than the Statewide average; the discount is less than what will be anticipated if this rulemaking is implemented. These savings ranges exhibit how the Coverage Selection Form will suggest a savings of \$49.00 to \$113.75 for selecting the \$15,000 PIP limit, when in fact it could be \$14.00 to \$32.50 in reduced premium.

RESPONSE: The Department disagrees with the commenter's suggestion to use an industrywide average Personal Injury Protection premium. Calculations based on an insurer's own average premium will provide a more accurate range of savings than an industrywide average.

The Department thanks the commenter for the savings examples. Because the Coverage Selection Form savings are not intended to be policy specific, the rulemaking permits a calculation based on an insurer's average Statewide premium. This should provide a sufficient level of accuracy for calculating the dollar range of premium savings.

COMMENT: One commenter stated that applicants have the ability to get multiple quotes for varying levels of coverage from agents, producers, and for themselves directly online. The commenter contends that these quotes more accurately inform the purchaser's decision than a dollar range listed on the Coverage Selection Form based upon an average that may or may not apply to that particular applicant.

RESPONSE: The function of the Coverage Selection Form is not to replace those tasks that are best provided by insurers, agents, producers, and online quoting systems. The Department recognizes that online quoting systems are more accurate for specific consumer circumstances. The rulemaking does not prohibit or discourage consumers using online quoting systems or from gathering the information they deem necessary to make an informed decision regarding their automobile insurance purchase.

Federal Standards Statement

A Federal standards analysis is not required because the adopted amendments are not subject to any Federal requirements or standards.

Full text of the adoption follows:

APPENDIX

EXHIBIT I

STANDARD POLICY COVERAGE SELECTION FORM

... PERSONAL INJURY PROTECTION (PIP)—Buyer's Guide page
insert page #here

... | | \$150,000* for a ___% to ___%, or a \$___ to \$___, reduction in the PIP premium

- \$75,000* for a ___% to ___%, or a \$___ to \$___, reduction in the PIP premium
- \$50,000* for a ___% to ___%, or a \$___ to \$___, reduction in the PIP premium
- \$15,000* delete for a ___% to ___%, or a \$___ to \$___, reduction in the PIP premium

Include both the range of percentage reduction and corresponding dollar amounts based upon your average Statewide premium.

*Even if you choose one of the amounts above, all medically necessary treatment over the policy limit up to \$250,000 will be paid for permanent or significant brain injury, spinal cord injury or disfigurement or treatment of other permanent or significant injuries rendered at a trauma center or acute care hospital immediately following the accident and until a doctor says that you no longer require critical care.

- Choose the PIP Medical Expenses Deductible you want:
- \$250 deductible, minimum required by law.
 - \$500 deductible, for a ___% to ___%, or a \$___ to \$___, reduction in the PIP premium.
 - \$1,000 deductible, for a ___% to ___%, or a \$___ to \$___, reduction in the PIP premium.
 - \$2,000 deductible, for a ___% to ___%, or a \$___ to \$___, reduction in the PIP premium.
 - \$2,500 deductible, for a ___% to ___%, or a \$___ to \$___, reduction in the PIP premium.

Include both the range of percentage reduction and corresponding dollar amounts based upon your average Statewide premium.

Health Insurer for PIP Option
 I choose the health insurer for PIP option—Buyer's Guide, page *insert page #here*.

- The name of my health insurer(s) is (are):
1. _____
Policy/Group#/Certificate# _____
 2. _____
Policy/Group#/Certificate# _____

Extra PIP Package Coverage Options
 The Extra PIP Package benefits include income continuation, essential services, death benefits and funeral expense benefits—Buyer's Guide page *insert page #here*

You may choose not to have the Extra PIP Package benefits for a ___% to ___%, or a \$___ to \$___, reduction in the ___ PIP premium.
Include both the range of percentage reduction and the corresponding dollar amounts in comparison to your average Statewide base PIP premium

...

EXHIBIT 2

(No change.)

EXHIBIT 3

BASIC POLICY COVERAGE SELECTION FORM

...
 PERSONAL INJURY PROTECTION—Buyer's Guide, page *insert page #here*

WARNING: For a BASIC POLICY, the limit on PIP Medical Expense Coverage is \$15,000 but includes up to \$250,000 for emergency care of certain catastrophic injuries (See Buyer's Guide page *insert page #here*). Prior to *insert effective date of P.L. 1998, c.21*, all automobile insurance policies had PIP Medical Expense limits of \$250,000. The PIP Medical Expense Coverage for a BASIC POLICY is significantly less than previously required by law. *Warning must be in at least 12 point type.*

- Choose the PIP Medical Expenses Deductible you want:
- \$250 deductible, minimum required by law.
 - \$500 deductible, for a ___% to ___%, or a \$___ to \$___, reduction in the PIP premium.
 - \$1,000 deductible, for a ___% to ___%, or a \$___ to \$___, reduction in the PIP premium.
 - \$2,000 deductible, for a ___% to ___%, or a \$___ to \$___, reduction in the PIP premium.

- \$2,500 deductible, for a ___% to ___%, or a \$___ to \$___, reduction in the PIP premium.

Include both the range of percentage reduction and corresponding dollar amounts based upon your average Statewide premium.

...

LABOR AND WORKFORCE DEVELOPMENT

(a)

DIVISION OF WAGE AND HOUR COMPLIANCE

Notice of Administrative Changes
 Minimum Wage

N.J.A.C. 12:56-3.1

Take notice that the Department of Labor and Workforce Development has requested, and the Office of Administrative Law has agreed to permit, an administrative change to N.J.A.C. 12:56-3.1(a). In pertinent part, that subsection states that "except as provided in N.J.A.C. 12:56-3.2, every employee shall, effective January 1, 2017, be paid not less than \$8.44 per hour, the minimum hourly wage rate set by section 6(a)(1) of the Federal 'Fair Labor Standards Act of 1938' (29 U.S.C. § 206(a)(1)), or the rate provided under N.J.S.A. 34:11-56a4, whichever is greatest." Pursuant to N.J.A.C. 12:56-3.1(b), on an annual basis, on or about September 30, the Department shall revise the minimum hourly wage rate, "based on any percentage increase during the one-year period of August of the prior year through August of the current year of the consumer price index (CPI) for all urban wage earners and clerical workers (CPI-W, U.S. City Average), as released by the United States Department of Labor, Bureau of Labor Statistics." N.J.A.C. 12:56-3.1 indicates further that the Department shall annually, (1) through a public notice published in the New Jersey Register, provide the new CPI-adjusted minimum hourly wage rate, and (2) no later than September 30 of each year, publish the aforementioned public notice on the Department's website. The percent increase in the CPI-W, U.S. City Average, for the one-year period, August 2016 through August 2017, is 1.9 percent. That is, the CPI-W, U.S. City Average, in August 2016 was 234.904, and in August 2017 it was 239.448. Consequently, the change in the index over the one-year period equals 4.544, or an increase of 1.9 percent (4.544/234.904x100). Using as a base for the calculation the current New Jersey minimum hourly wage rate of \$8.44 (since as of this date, \$8.44 is greater than both the minimum hourly wage rate set by section 6(a)(1) of the Federal Fair Labor Standards Act and the rate provided under N.J.S.A. 34:11-56a4), a 1.9 percent increase (rounded to the nearest penny) is \$0.16, yielding an adjusted State minimum hourly wage rate, effective January 1, 2018, of \$8.60. Therefore, pursuant to Article 1, Paragraph 23, of the New Jersey Constitution, and N.J.A.C. 12:56-3.1(b), the State minimum hourly wage rate, effective January 1, 2018, must be changed from \$8.44 to \$8.60. This requires making two administrative changes to N.J.A.C. 12:56-3.1(a): (1) the date, January 1, 2017, must be replaced by the date, January 1, 2018; and (2) the amount, \$8.44, must be replaced by the amount, \$8.60.

Full text of the changed rule follows (additions indicated in boldface *titus*; deletions indicated in brackets [*titus*]):

- 12:56-3.1 Statutory minimum wage rates for specific years
 (a) Except as provided in N.J.A.C. 12:56-3.2, every employee shall, effective January 1, [2017] **2018**, be paid not less than [~~\$8.44~~] **\$8.60** per hour, the minimum hourly wage rate set by section 6(a)(1) of the Federal "Fair Labor Standards Act of 1938" (29 U.S.C. § 206(a)(1)), or the rate provided under N.J.S.A. 34:11-56a4, whichever is greatest.
 (b)-(c) (No change.)