Discussion Points

1. The mission of the Department of Banking and Insurance (DOBI) is to regulate the banking, insurance and real estate industries in a professional and timely manner that protects and educates consumers and promotes the growth, financial stability and efficiency of those industries. The funding used to support the department is generated primarily through the collection of assessments and premiums taxes on the industries that it regulates.

The FY 2016 Budget Recommendation anticipates that DOBI will collect a total of $149.2 million in revenue in FY 2016 and $139.8 million in revenue in FY 2015 (pages C-3 and C-9).

The FY 2016 Budget Recommendation (pages D-23 to D-29) also recommends $65.388 million be appropriated for the department's operations, which is a $640,000 increase from the current year's actual appropriations.

Question: a. Please provide a summary of all revenue collected through the department and specify the total amount that is dedicated to the department, the total amount transferred to other departments for their operations and the total remaining in the General Fund for other State purposes unrelated to the department's scope of activities.

Response: Below is a summary of revenue for FY 2014, the last year with complete information.

Revenue Category	FY 2014
Dedicated	$73,448,179
General Fund	$53,653,284
Transferred to other Departments	
Motor Vehicle Commission	$ 20,895,376
Department of Health	$133,938,134
Subtotal transfers	$154,833,510
Grand total	$281,934,973

b. Please detail the amounts transferred to other departments, by department and purpose.

Response:

Transferred to other Departments

Discussion Points (Cont'd)

Motor Vehicle Commission	$ 20,895,376
Motor Vehicle Security Responsibility Fund	
Department of Health	
Health Care Subsidy Fund	$133,938,134

2a. Hurricane Sandy made landfall in New Jersey as a Tropical Storm on October 29, 2012, causing in excess of $37 billion in damage. The DOBI responded by conducting outreach to State licensed financial institutions and insurance providers to coordinate a response to the emergency. In response to the OLS Discussion Points in the FY 2014 budget process, DOBI stated that it worked with the Governor's office in overseeing the insurance industry's response to its customers impacted by the storm. Staff from the department worked overtime coordinating the State's response, and to address the numerous questions raised regarding the response of the financial and insurance industries concerning hurricane deductibles, flood insurance, homeowners insurance, and public adjusters. Staff members at the Office of Consumer Protection responded to nearly 5,000 Sandy-related insurance inquires. As of March 1, 2013, New Jersey consumers had filed 445,200 Sandy related claims and 93 percent of Sandy related homeowners insurance cases had been closed. DOBI had hosted 20 mobile offices throughout the State and had sent more than 40 staff members to assist consumers in the field at Disaster Recovery Centers.

Moreover, the department reached out to banks prior to the storm and had daily communications with banks, the Federal Deposit Insurance Corporation and the Federal Reserve Banks of New York and Philadelphia after the storm. These communications were to receive factual information about the physical status of the banks and customer impact issues. These calls also provided information to reassure the federal agencies that New Jersey banks were operational and customers had access to cash. In the aftermath of the storm, the department participated on the Financial Sector Working Group, which was assigned the task of reviewing and recommending an after action plan by the Office of Homeland Security.

Question: a. Please provide the Legislature with details on the department's on-going response to Hurricane Sandy, including the outreach that has been conducted and the number of consumers assisted to date. What is the department's current level of activity related to Hurricane Sandy?

Response: The Department staffed various disaster recovery centers as requested by FEMA, continues to staff the mobile cabinets and other community events as indicated in the listing below. The Department's staff is available to attend any Sandy outreach events and consistently remains up to date with all Storm Sandy related information.

The number of consumers assisted in the Consumer Protection Services unit to date is 3,103, which is the total number of Super Storm Sandy inquiries and complaints as of March 31, 2015.

Super Storm Sandy Mobile Cabinets

Discussion Points (Cont'd)

Staffed by the Consumer Assistance and CIRC UNITS

Town	Date	Town	Date
Middlesex	November 15, 2012	Highlands	October 10, 2013
Monmouth	November 15, 2012	Little Ferry	October 15, 2013
Ocean	November 15, 2012	Middletown	October 16, 2013
Little Ferry	November 20, 2012	Surf City	October 17, 2013
North Wildwood	March 13, 2013	Oceanport	October 21, 2013
Ship Bottom	March 14, 2013	Little Silver	October 23, 2013
Highlands	March 18, 2013	Point Pleasant Borough	October 24, 2013
Vineland	April 2, 2013	Brick	October 28, 2013
Seaside Heights	April 4, 2013	Union Beach	October 30, 2013
Ortley Beach/Toms River	April 5, 2013	Sea Bright	November 4, 2013
Mantoloking	April 9, 2013	Somers Point	November 6, 2013
Brigantine	April 10, 2013	Manahawkin	November 7, 2013
Asbury Park	April 11, 2013	South River	November 11, 2013
Sayreville	April 17, 2013	Neptune Township	November 12, 2013
Bay Head	April 23, 2013	Toms River	November 13, 2013
Union Beach	April 24, 2013	Moonachie	November 19, 2013
Bayville	April 26, 2013	Manasquan	November 20, 2013
Egg Harbor Township	May 21, 2013	Sayreville	November 21, 2013
Aberdeen	May 23, 2013	Keansburg	December 2, 2013
Moonachie	May 29, 2013	Oceanport	December 5, 2013
Seaside Park	September 19, 2013	Galloway	February 11, 2014
Lyndhurst	September 24, 2013	Newark	February 12, 2014
Tuckerton	October 1, 2013	Middletown	February 21, 2014
Old Bridge	October 3, 2013	Port Monmouth	February 20, 2014
Margate	October 8, 2013	Toms River	March 4, 2014
Hoboken	October 9, 2013	South River	March 18, 2014

Hope & Healing Hosted

Manahawkin (Sandy Fair)	June 1, 2013
Manahawkin	June 1, 2013
Princeton	May 18, 2013

Ocean County Library Hosted

Ocean County	November 7, 2013
Ocean County	November 13, 2013

Public Workshop

Monmouth Beach	December 4, 2014

Discussion Points (Cont'd)

Post Disaster Regulatory Guidance (C) Subgroup Of the Catastrophe Insurance (C) Working Group

Conference Call October 3, 2014

DRC Centers

The Department sent staff (a total of 40 employees) to the following FEMA disaster resource centers starting in the beginning November and continuing to the present.

COUNTY		LOCATIONS
Atlantic	3	Board Walk Hall
		Convention Hall
		Hamilton Mall
Burlington	1	Burlington Center Mall
Cape- May	2	Ocean Community Center
		Cape May County Court House
Camden	1	Camden Public Works Office
Cumberland	1	EMA Office
Essex	1	Willing Heart Community Center
Gloucester	1	Government Services Building
Hudson	4	City Hall
		Jersey City Museum
		Hudson County Building
		Adjacent to Police Dept.
Hunterdon	1	County Dept. of Public Safety Annex
Mercer 1		Mercer Community College
Middlesex	2	Woodbridge Health Center
		Sayreville Senior Center
Monmouth	5	Henry Hudson Activity Center
		Union Beach Municipal Building
		Belmar Municipal Building
		Long Branch Fire Station #4
		Memorial School
Ocean	11	Old Twp. Building
		Harvey Cedars Bible
		Bay Head Fire Station
		Brick twp. Civic Center
		Bell Crest Plaza Store front
		Little Egg Harbor Sr. Center
		Ocean County Southern Res. Center
		Drum Point Road
Passaic	1	Passaic County Dept. of Health
Salem	1	Penn's Grove EMS
Sussex	1	Sussex County Community College

Discussion Points (Cont'd)

Somerset	1	Somerset County Human
Union	3	Plainfield Senior Citizens
		Gregorio Recreation Center
		Chisholm School Community Center
Warren	1	Franklin Township Municipal Building
Bergen	1	Bergen County Plaza
Morris	1	Morris Plains Community Center

b. What were the results of the Financial Sector Working Group's meetings? Has the group concluded its work or are the meetings on-going? Were there any lessons learned from the response to Hurricane Sandy that the department will be using to implement changes in the future?

Response: The Financial Sector Working Group meetings have thus far been very productive, but the meetings are on-going as the Group works to continually review and update preparedness for emergency events. One of the lessons learned from the Department's experience following Superstorm Sandy is that the steps which were taken in response to the storm (by the Department, the Office of Homeland Security & Preparedness and the Office of Emergency Management) were quite successful (as evidenced by the banking and insurance industries' responses to the storm) and that any necessary adjustments to those steps will be based on actual experience.

2b. Since many of the property claims from Hurricane Sandy were due to flooding from overflow of inland or tidal waters, people looked to their flood insurance policies, if they had them, rather than their homeowners insurance, for coverage of their losses. In many instances, this was the first time individuals and businesses had incurred a flood loss and many were unaware that regular homeowners or commercial insurance does not cover this type of flood damage.

Flood damage from inland or tidal water is covered through the National Flood Insurance Program (NFIP), which is run by the federal government through the Federal Emergency Management Agency (FEMA) and is purchased separately from private homeowners insurance coverage. If a property is in a designated flood zone pursuant to the Flood Insurance Rate Maps (FIRMs) and the community participates in the NFIP, individuals and businesses can purchase federal flood insurance, but are not required to do so unless mandated by their financing agency. Unfortunately, Hurricane Sandy not only resulted in widespread flooding in designated flood zones, but also in certain areas that were not designated as flood zones, and thus not covered by the NFIP.

Discussion Points (Cont'd)

Subsequent to the storm, FEMA issued Advisory Base Flood Elevations (ABFEs) for all of New Jersey in November, 2012 and then issued preliminary work map data for all of New Jersey, except Burlington and Union Counties, which superseded the ABFEs. Prior to the storm, FEMA had been studying the New Jersey coastline to update the FIRMs, something that had not been done in 25 years, but FEMA had not yet completed updating the maps when the storm occurred. The ABFEs and the preliminary work maps are not final, but indicate a more current higher flood elevation in certain areas and were released to assist communities and homeowners in their reconstruction efforts. Additionally, the federal "Biggert-Waters Flood Insurance Reform Act of 2012" enacted on July 6, 2012, Pub.L. No.112-141, contained several reforms that could assist the State and local governments in implementing policies to adapt to sea-level rise and other flood impacts from climate change, including minimal requirements for building in the FIRMs.

Although the NFIP is a federal program administered by FEMA, it is not contrary to federal law for the DOBI to advocate for or assist New Jersey citizens in purchasing flood insurance or in assisting the individuals in mediating their claims.

Question: a. How many consumer inquiries did the department receive related to flood insurance in relation to damage from Hurricane Sandy? Please classify these inquiries by type.

Response: The number of consumer inquiries that the Department received related to flood insurance in relation to damage from Hurricane Sandy is 1,389. We did not keep information on the types of flood insurance complaints that we referred to NFIP so we do not have specific numbers on the types of flood complaints that were submitted to DOBI. The general categories of complaints were delay, denial and inadequate settlement.

b. How many complaints have been filed by individuals regarding the misrepresentation of insurance coverage? Has the department undertaken any new initiatives to ensure that individuals are aware of their flood and homeowners' coverage levels and limitations after Hurricane Sandy?

Response: There were 34 Storm Sandy related complaints filed by individuals regarding the misrepresentation of insurance coverage. After Sandy, the Legislature enacted P.L. 2013, c.53 to require insurance companies to provide a one-page summary of notable coverages and exclusions in the policy the notice accompanies. This summary will be provided in addition to other notices already required to be provided by law, such as notices that flooding is not covered, and does not take effect until the Department adopts regulations. The Department's Notice of Proposal was published in the May 5, 2014, NJ Register (46 N.J.R. 744(b)), and the Notice of Adoption was published in the March 2, 2015 NJ Register (47 N.J.R. 529(a)) with

Discussion Points (Cont'd)

minimal non-substantive edits. The insurers have 90 days from March 2, 2015, to implement the rule and begin providing the one-page summaries with homeowner's insurance new policies and renewals.

Starting this summer, consumers will receive this one-page summary at the time they purchase and are issued a new homeowners policy, and then at each renewal of the policy; policyholders under existing homeowners policies will receive their one-page summary at each renewal of the policy. The rule proposal and adoption can be found on the DOBI website at:

Rule proposal:

http://www.state.nj.us/dobi/proposed/prn14_59.pdf

Rule adoption and Notice of Administrative Correction:

http://www.state.nj.us/dobi/proposed/anr150302.pdf
http://www.state.nj.us/dobi/proposed/noac150302.pdf

c. How many flood related inquiries has the department referred to the NFIP in 2012, 2013, 2014 and thus far in 2015?

Response:

2012	2013	2014	2015
1	529	81	14

2c. On February 23, 2013, the department announced a new voluntary Super Storm Sandy Insurance Mediation Program to resolve claim disputes between insurers and New Jersey policyholders involving claims against homeowners, automobile, and commercial insurance policies as a result of Hurricane Sandy. The department awarded administration of the mediation program to the American Arbitration Association on March 28, 2013. The cost for mediation is $750 per claim and this cost will be borne by the insurance company. Policyholders may submit insurance claims related to Hurricane Sandy, except flood insurance claims, which are in excess of $1,000. Additional information on the mediation program is accessible at: www.adr.org.

How many claims are currently active in the mediation program? How many have been resolved? What has the outcome been for resolved claims? If a consumer is unhappy with the resolution of the mediation, what are the next steps for that consumer?

Discussion Points (Cont'd)

Response: As of April 1, 2015, 963 requests for mediation have been filed. As of the same date, 735 mediations have been completed with settlement or partial settlement occurring in 67 percent of cases. Even though Sandy was largely a flood event and the NFIP did not participate in the program, the Mediation Program has resulted in an additional $4.4 million in insurance claims payments to consumers and an average additional recovery of more than $15,000 per policyholder. Consumers who are unhappy with a proposed settlement are free to reject that settlement and initiate litigation.

3. Insurance providers employ adjusters to survey the damage to property after an incident and decide on the value of a claim. Individuals may also employ public adjusters to evaluate the damage and assure that a settlement is consistent with the terms of the individual's coverage. In New Jersey, public adjusters must be licensed pursuant to P.L.1993, c. 66 (C.17:22B-1 et seq.). Anticipating the need for additional public adjusters after Hurricane Sandy, and pursuant to the law, the department established Temporary Public Adjuster Sublicenses, valid for up to 90 days from the date of the declaration of the catastrophic loss occurrence. However, according to the department's response to the OLS Discussion Points in the FY 2014 budget process, only two temporary licenses were issued. State regulations require that the public adjuster contract specify a list of services to be rendered and that the maximum fee charged must be "reasonably related to services rendered." (N.J.A.C. 11:1-37.7) However, based on department communications, press reports and testimony before Legislative committees, it appears that there are public adjusters who took advantage of the unprecedented need for their services and charged extremely high rates. The department issued Bulletin No. 12-16 to "remind all public adjusters… that any fees for adjusting services charged to consumers must be reasonably related to the services rendered" and that the department "will closely monitor all fees charged by public adjusters, and in particular any fees that appear excessive."

Adjusters are licensed every two years and pay a fee ranging from approximately $150 to $320 per license. The State historically has collected approximately $90,000 every other year in revenue from these fees. The temporary public adjuster fee is also $150.

Question: a. How many complaints regarding public adjusters has the department received in the aftermath of the storm?

Response: The Department received 84 complaints regarding public adjusters in the aftermath of the storm.

b. What information does the department have, even if only anecdotal in nature, concerning the average compensation collected by adjusters on Hurricane Sandy related claims? How does this level of compensation compare to adjusters' normal range of fees? What enforcement actions, if any, has the department taken against public adjusters due to excessive fees?

Discussion Points (Cont'd)

Response: While the Department does not collect data on fees charged by individual adjusters, it has taken enforcement actions against three public adjusters for charging excessive fees to Sandy victims.

One public adjuster who committed multiple violations, including charging excessive fees, had his public adjuster license revoked, had the fees in his in force public adjuster contracts reduced from 50 percent to 25 percent, and had his prospective public adjuster fees capped at 20 percent,

Two other public adjusters who were alleged to have charged excessive fees were required to waive their fees on the matters which generated the complaints.

4. Hurricane Sandy is one in a long list of extreme weather events in the United States over the past 20 years. Industry experts, most recently in the National Climate Assessment and Development Advisory Committee's Report (released on May 6, 2014), predict that the Northeast is statistically likely to endure more catastrophic weather events in the future. The combination of these weather events and the experts' warnings have led insurance companies to exercise increased caution in writing new policies in coastal areas and to apply stricter standards to the type and condition of homes they would insure. In response to FY 2015 OLS Discussion Points, the department stated that there are approximately 109 companies writing homeowners insurance throughout the State. However, 24 of these companies, which represent 22 percent of the market share, are only writing renewal business. Additionally, some of these companies do not write coastal policies and some consider the entire State to be coastal.

Question: a. Please provide the 2014 New Jersey Market Share for Homeowners Insurance report and indicate: which companies are writing new business in the State and where; which companies are not writing in coastal areas; which companies only write in the surplus market; and, which companies are only writing renewal policies, and are not accepting new homeowners policies.

Response: Please refer to Attachment 1–HO Market Share for the 2014 market share information for admitted companies. Please refer to Attachment 2 Insurers that write Homeowners. This will indicate which companies are writing new or renewal business in New Jersey. We cannot provide individual data, but included information in our response to 4b on this matter.

Please refer to Attachment 3-HO Surplus Lines Market Share for a listing of companies who write homeowners policies. We only get information on domestic (New Jersey) and foreign

Discussion Points (Cont'd)

(United States) companies. We do not have information on alien (foreign country) companies since they do not report such information to us.

b. Please provide collected data on where homeowners' insurance carriers are writing business in the State.

Response: As of December 31, 2014 there were a total of 500,111 Coastal policies written and 83,022 Barrier Island policies out of a total of 2,580,991 state wide policies written.

As of December 31, 2014, 34 percent of the market has no restrictions on coastal writings, 18 percent of the market will not write risks within two miles from the coast, 12 percent of the market will not write risks less than five miles from the coast, 21 percent of the market has various restrictions based on specific zip codes and 15 percent of the market is not writing new business.

5a. The "Patient Protection and Affordable Care Act," Pub. L.111-148, and the "Health Care and Education Reconciliation Act of 2010," Pub.L.111-152, collectively more commonly known as the "Affordable Care Act" (ACA) was a comprehensive piece of federal legislation enacted in March, 2010 to facilitate the availability and affordability of health insurance nationally.

Since the passage of the ACA, the State has received funding for consumer outreach, health insurance rate review and investigating the possibility of establishing a State based health care exchange, or marketplace. The majority of this funding has been completed and more details on the funding received and spent thus far can be accessed in previous discussion points (FY 2011 through FY 2015 OLS Discussion Points). However, in many instances, grant funds were authorized to DOBI that the department did not expend. (See Discussion Points 5b. and 5c. for a summary of the grants authorized for the State, the activities performed and the amounts spent on those activities.)

Question: Has the department applied for any new ACA grants in FY 2015 and are there any plans for the department to apply for any new ACA grants in FY 2016?

Response: In July of FY 2015 the Department applied for additional Rate Review Grant Funds (Rate Review Cycle IV). Funds in the amount of $1,179,000 were awarded on September 19, 2014. The grant runs to September of FY 2017. The Department does not currently have plans to apply for any new ACA grants in FY 2016.

5b. The department was awarded a grant of $982,000 for Federal FY 2011 for the Consumer Assistance Program (CAP), which is a federally funded program that enhances and

Discussion Points (Cont'd)

expands many of the services currently provided by the department's Consumer Assistance Unit. The Consumer Assistance Unit, currently employing nine investigators, two supervisors and a manager, is responsible for responding to consumer calls about health insurance issues of a technical or emergent nature. The staff also investigates inquiries and complaints involving all lines of insurance.

According to the department's response to the FY 2014 OLS Discussion Points, the department expended $265,019 (27 percent of original grant) to temporarily hire two new consumer assistance staff members, who developed resource lists for members of the public, trained department employees and assisted in setting up the data reporting system required of CAP grant recipients. The enhancements to the system implemented by these temporary employees were needed due to the changes required as a result of the ACA. For example, the State may now accept complaints from, and advocate on behalf of, persons covered by self funded health benefits plans, an area in which the State was precluded from interceding prior to enactment of the ACA.

Question: a. Please provide the number of customer inquiries, by subject area, handled by the Consumer Assistance Unit in FY 2013, FY 2014 and thus far in FY 2015.

LINE OF INSURANCE	FY2013	FY 2014	FY 2015
Accident Only	238	236	11
Annuity	124	163	103
Auto Insurance	4095	4852	3351
Commercial	478	444	312
Dental	159	164	153
Disability	95	119	68
DPO (Dental Provider Org)	01	05	0
Flood	948	345	96
Costal/Windstorm; Derecho; Hurricane; HO Replacement Cost; Sandy			
Health	5652	6149	3837
HMO (Health Maintenance Org)	19	23	5
Homeowner	3303	2294	1281
JIF (Joint Ins Fund)	03	03	0
Life	1056	1191	924
Long Term Care	233	214	119
Medical Mal Practice	08	05	8
Medicare Sup	313	496	242
MEWA	03	0	1
Miscellaneous (Hang-ups; Wrong #)	8054	4994	841
Other	2679	2168	1188
Pet Insurance	07	07	3
PLIGA	23	12	14
Property/Casualty	473	526	252
Public Adjuster	208	145	94
Reinsurance	02	0	0

Discussion Points (Cont'd)

RRG/PRG (Risk Retention)	01	0	0
Surety	09	11	1
Surplus Lines	53	35	15
Title	137	119	93
Unknown	250	287	36
Vision	0	03	0
Warranty/Guaranty	41	56	38
Workers Compensation	157	142	164

b. Please detail the current Consumer Assistance Unit staffing levels.

Response: The current staffing level of the Consumer Assistance Unit, which as of January 2014 now includes the Department's Call Center known as the Consumer Inquiry and Response Center (CIRC), is 34.

5c. The department also received approval for two Rate Review grants totaling $5.146 million for Federal FYs 2011 through 2014 ($1 million for Cycle I and $4.146 million for Cycle II) to enhance the department's ability to review insurance companies' rate proposals. Pursuant to the ACA, the federal Department of Health and Human Services must work with state insurance departments to review unreasonable rate increases for health insurance plans.

According to the department's responses to previous OLS Discussion Points, the department engaged the Hay Group from 2011 though 2015 to: study the actuarial information that should be included in the rate filings; develop an automated process for receiving and analyzing the numerical information in rate filings published on the federal website, www.HealthCare.gov; include standardization of non-numerical information; study the impact on rates of ACA risk mitigation programs; and compare federal and state rate requirements; among other tasks. The department reported that the Hay Group had received an estimated total of $857,439 through FY 2014 for its work. The funding was also used, in cooperation with other states' funding, to assist the National Association of Insurance Commissioners (NAIC) in modifying the State Electronic Rate and Form Filing (SERFF) system to allow direct capture of information on rate increases. The State has also held annual rate forums, providing training and outreach efforts to stakeholders, and is preparing a report on the effectiveness of its rate review process. (Please see the OLS background paper, "Health Insurance Rate Review; Federal Health Care Reform Law Requirements" in the FY 2013 budget analysis book for more information.)

In its response to the OLS Discussion Points in FY 2015, the department stated that it is possible that the Rate Review grant could be extended through September 30, 2016.

Question: a. Please update the Legislature on the work of the Hay Group, hired to develop an automated process for receiving and analyzing the numerical information in rate filings, as well as on the use of the enhanced SERFF system. Please detail any remaining work to be completed by the Hay Group. Please provide details on how much money has been provided to the Hay Group for their services, including a

Discussion Points (Cont'd)

description of what the money was used for in FY 2012, FY 2013, FY 2014, FY 2015, and FY 2016.

Response: In the most recent fiscal and calendar year (2015, 2014), Hay Groups primary activities were assisting in rate review (new Federal reporting requirements) and assisting us with interpretation of ACA related items such as risk adjustment. They are not doing work on the automated transfer and data base that is now in-house at the Department. Hay group also worked with us on the rate filing and rate review process that is now virtually complete.

FY 2011 $239,557	Cycle I Grant
FY 2012 $186,650	All but $932 Cycle I
FY 2013 $237,268	Cycle II
FY 2014 $127,556	Cycle II
FY 2015 $160,000	Cycle II Estimate $81,440 through 12/31/2014
FY2016 $ 90,000	Estimated

b. Please detail the number of staff deployed under the Rate Review program in FY 2015 and FY2016.

Response: First month of FY 2015, three dedicated professional staff; two and one-half professional staff until December 31, 2014; two professional staff until June 30, 2015. There are no plans to increase dedicated staff from two. Non-dedicated staff (approximately .5 person) partially funded by Rate Review grant up to one FTE in FY 2015 and FY 2016.

c. Please detail how the department anticipates using the remaining grant funding, if any, authorized for Rate Review. What is the timeline for the use of these funds?

Response: Approximately $3.3 million remains as of December 31, 2014 from Cycle II and Cycle IV. Use of funds includes staffing to maintain the database, provide enhanced rate review capacity (especially in tracking, completeness, and Federal requirements), enhanced ability to develop consumer information (including rate calculators) and enhanced complaint handling. Hay Group will still be used on a limited basis for troublesome filings or filings where compliance with Federal standards is in question. Additional funding is being used for a Rutgers "Migration" study about consumer choices (including change of coverage) due to the ACA.

6. The ACA establishes a minimum of health care benefits that all qualified health plans (QHPs) must offer and additionally requires that a state which chooses to mandate health care benefits beyond the minimum must pay for these mandated benefits. Federal regulations,

Discussion Points (Cont'd)

effective December 30, 2013, promulgated this part of the ACA (45 CFR Parts 147, 155 and 156).

Section 1302 of the ACA provides for the establishment of a minimum level of benefits, referred to as the Essential Health Benefits (EHB) package. The EHB must be equal in scope to benefits covered by a typical employer plan and cover at least the following 10 general categories: ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorder services, including behavioral health treatment; prescription drugs; rehabilitative and habilitative services and devices; laboratory services; preventive and wellness services and chronic disease management; and pediatric services, including oral and vision care. All QHPs offered through the Exchange must offer the EHBs. States then selected a "benchmark plan" that offers all of these benefits and to use as the standard for plans offered in the state. New Jersey's benchmark plan is the Horizon HMO Access HAS Compatible.

Additionally, Section 1311(d)(3)(B) of the ACA establishes that states may require a QHP to cover additional mandated benefits beyond those in the EHB, provided that the state defrays the costs of such mandated benefits. However, the regulations (45 CFR Parts 147, 155 and 156) provide that states may include, as part of their "benchmark plan," state benefit mandates that were enacted before December 31, 2011. If a state mandates issuers to cover additional benefits mandated after December 31, 2011, then the State must defray the costs of these benefits in the QHPs. New Jersey has enacted three laws which mandate certain health care benefits since December 31, 2011: P.L.2011, c.188 (approved January 17, 2012) requiring coverage for oral anticancer medication under certain circumstances; P.L.2011, c.210 (approved January 17, 2012) requiring coverage for sickle cell anemia; and P.L.2013, c.50 (approved May 6, 2013) requiring coverage for refills of prescription eye drops in certain circumstances.

Although the ACA requires states to defray the costs of these mandated benefits in the QHPs, the regulations permit states flexibility in determining the method of payment. The calculations of the cost of additional benefits are to be made by a member of the American Academy of Actuaries, in accordance with generally accepted actuarial principals and methodologies. The calculations should also be made "prospectively to allow for the offset of an enrollee's share of premium and for purposes of calculating the premium tax credit and reduced cost sharing." However, states may choose to either make payments to individuals or issuers. Additionally, the payments may be based on the statewide average cost of the additional state mandated benefits or the issuer's actual cost.

Question: a. What department is responsible for providing the mandated benefits payments? If there is no designated department, please update the Legislature on how the State plans to implement this requirement of the ACA.

Response: There are active discussions with several Departments regarding which Department will be designated. 45 C.F.R. 155.170 and the corresponding comments and response provide guidance on state responsibilities.

Discussion Points (Cont'd)

b. What is the department's estimate for the costs for QHP's to provide the benefits mandated pursuant to P.L.2011, c.188; P.L.2011, c.210; and P.L.2013, c.50?

Response: To date, the federal government has not provided sufficient guidance specific to these laws to permit the Department to calculate how much, if anything, would be required to defray the costs of complying with those laws.

c. What is the process the department will use to pay for the costs of these mandated benefits? Will the department pay individuals or insurers? Will the payments be based on the Statewide average cost or the issuer's actual cost?

Response: As discussed above, the federal government has not provided sufficient guidance specific to whether defrayment is triggered by the above-referenced laws. To date, no defrayment requests or decisions with regard to process have been made.

7. Pursuant to the Affordable Care Act (ACA), individuals are now supposed to be able to access information regarding health insurance carrier requests for rate increases on the federal website devoted to the ACA, www.healthcare.gov. Rate increase requests that meet the threshold of 10 percent or more are required to be on the website. A review of this website in March 2015 did not locate any rate review requests. This may be due to the fact that the website is currently undergoing some restructuring or it may be that no carriers requested increases to plans that met the federal threshold of 10 percent. The Kaiser Family Foundation and the Health Research & Educational Trust conduct an annual survey of non-federal private and public employers with three or more workers, and found that there were only modest increases in premiums for both single coverage (2 percent) and family coverage (3 percent) (January through May 2014). However, the percentage of covered workers enrolled in plans with a general annual deductible increased from 78 percent to 88 percent in 2014.

The department has the responsibility to disapprove rates in the Individual Health Care and Small Employer Health Care markets. (Please see the OLS background paper, "Health Insurance Rate Review; Federal Health Care Reform Law Requirements" in the FY 2013 OLS budget analysis of the department for more information.)

Question: a. Please describe the rate review process the department employs and any changes that have been made to this process in the last year. Please describe any instance in the last year in which a rate has been deemed excessive and the insurance carrier has been instructed to re-evaluate its proposal or been disapproved. Does the absence of rate information on the website indicate a lack of requests?

Response: The rate review process is largely unchanged from last year. This year's process involved more scrutiny of benefits. This year's process also involved more scrutiny of the Federally required analysis (the URRT). URRT analysis is relevant to the relative rates for different plans, but provides little insight into overall rate levels.

Discussion Points (Cont'd)

One company, which operates in both the individual and small employer markets, reduced its rate increase from around 7.5 percent to 0 percent as the Department asserted that the rates were out of range compared to the rest of the market.

b. Please provide the filed rate increase or decrease requests for FY 2014 and thus far in FY 2015.

Response: ***2015 Rate Actions -- IHC***

Starting in 2014, individual rates change annually beginning January 1, 2015. Because of ACA requirements, rate changes are generally the same or almost the same for all products of a carrier.

AmeriHealth, Horizon and Oxford all have significant enrollment. For 2015 AmeriHealth increased rates about 12 percent. Horizon's rates were almost unchanged. Oxford decreased rates as much as 15 percent. Among carriers with relatively low enrollment, Health Republic decreased rates about 6 percent, CIGNA did not change rates, and Aetna increased rates about 17 percent.

2015 Rate Actions -- SEH

New ACA requirements became effective in 2014. Consequently, many plans non-renewed and were replaced in 2014. Also, there were adjustments to rating factors that affected many employers. This makes it difficult to estimate the percentage rate increase experienced by an employer on a "same plan" basis. However, we estimated in spring of 2014 that the average increase was about 12 percent. ACA-related fees probably contributed to this increase.

The way in which small groups are rated changed significantly in 2014 because of the ACA. The gender composition of a small group no longer enters into the calculation. Also, the ACA limits (through the single risk pool concept) the amount by which rates for plans with high cost sharing (cheap plans) and plans with low cost sharing (expensive plans) can vary. As a consequence, small employers with a high percentage of young male or older female employees, or small employers with low cost plans, probably are seeing increases much higher than the average in 2014. (Conversely, some employers will be seeing very modest increases if they have the opposite composition or have high cost plans).

Discussion Points (Cont'd)

Annual rate increases effective 1/1/2015 were moderate, often less than 10 percent. Horizon increased rates about six percent, AmeriHealth about nine percent, and Aetna about 18 percent. Oxford was less than two percent, and Health Republic less than one percent. CIGNA's rates stayed the same.

SEH carriers are permitted to change rates quarterly.

c. Did the department find an increase in the number of plans that include a general annual deductible? Did the department find an increase in the amount of the general annual deductible offered?

Response: As required by the Affordable Care Act all individual and small employer plans must include the essential health benefits, there can be no annual or lifetime limits with respect to benefits, and many services that were previously limited by an age limit or a visit limit cannot be so limited. The resultant benefit designs are very rich. In order to moderate the impact of rich benefits carriers elected to design plans that feature more patient cost sharing by means of deductible and coinsurance. In order to satisfy the actuarial value requirements for certain metal level plans, particularly bronze and silver, the inclusion of a deductible is an essential cost sharing feature.

8a. The New Jersey Individual Health Coverage Program (IHCP), P.L.1992, c.161 (C.17B:27A-2 et seq.), was established to provide access to a broad choice of private health insurance products to any New Jersey resident who does not have access to employer-based or other group health benefits coverage. At first, the IHCP market was robust, but starting in the mid 1990's, there were several changes to the program which resulted in a steady increase in the premium and a change in participation toward older and potentially higher risk insureds. In 1993, its first year of reporting, the IHCP detailed 156,565 covered lives. This increased to a maximum of 220,384 lives covered in 1995, gradually decreasing to 152,520 in the third quarter of 2013.

From 2001 to 2013, the Legislature made two changes to the original IHCP intended to make more affordable policies available to a wider population. P.L.2001, c.368 (C.17B:27A-4.4 et seq.) requires health insurance carriers to offer a limited health care services plan, known as the Basic and Essential Health Care Services Plan (the "B&E Plan") that is more affordable than the standard IHCP plans, although not as generous in coverage. The act permits carriers to rate the B&E Plan by using factors for age, gender, and geographic location, but by no more than a 3.5 to 1 ratio between the highest and lowest rated plans. The B&E Plan was successful for those individuals who could choose a plan with limited coverage. It covered 814 lives in the first year of implementation (2003), increasing to 112,161 in the third quarter of 2013.

Discussion Points (Cont'd)

However, as of December 31, 2013, the B&E plan is no longer available since it does not offer the essential health benefits as required pursuant to the ACA (and discussed in more detail in Discussion Point #5). The department, in OLS Discussion Points during the FY 2015 budget process, indicated that some individuals were able to keep their B&E plan until December 30, 2014. The federal Center for Consumer Information and Insurance Oversight announced in November 2012 that states could allow insurers to create transitional policies that would not meet the essential health benefits requirements of the ACA. Subsequently, DOBI announced that health insurers in the State could choose to allow New Jersey residents to keep their existing coverage but that insurers could not continue to extend previous waivers of annual policy limits. Insurers chose not to continue to offer B&E policies into 2014, due to the cost increases to the plans caused by the removal of the annual policy limits.

Question: What were the close-out costs to the department, if any, associated with the end of the B&E plans? Did the department receive any complaints from individuals who attempted to secure new coverage after the end of the B&E plans?

Response: Any costs associated with the non-renewal of inforce B&E plans were borne by the carriers. As with the non-renewal of other pre-2014 plan designs, carriers sent notices to the policyholders to advise them of the upcoming non-renewal and provide information regarding new plan options. The carriers "mapped" the B&E policyholders to plans the carriers believed would be most attractive to the consumers. Consumers, of course, had the opportunity to make alternate plan selections. The mapping process helped ensure no consumer became uninsured due to inaction. Some consumers complained that the rates for the new plans were higher than the rates for the B&E plan. Because of the guaranteed issue requirements of New Jersey and now federal law, no consumer would have had a barrier to purchasing replacement coverage other than cost.

8b. In 2008, the Legislature recognized the need for more affordable policies with full coverage. P.L.2008, c.38 (C.26:15-1 et al) modified the requirements on policies available under IHCP to make them more affordable and therefore attractive to younger uninsured persons. These modifications, including modified community rating; reduction in the number of plans required to be offered; and the addition of optional riders on the policies, were intended to control policy costs for the insureds. The changes appear to have increased the number of people choosing standard IHCP coverage, which recently surpassed the maximum of 220,384 covered lives in 1995 to 238,920 covered lives in the third quarter of 2014.

Additionally, the Small Employer Health Benefits Program (SEH), enacted pursuant to P.L. 1992, c.162 (C. 17B:27A -17 et seq.), was established to provide small employers (those with 2 – 50 employees) with the option to purchase standardized health benefits plans. The plan can be modified based on the age, gender and family status of the employees and location of the business. However, the ratio for the highest rates for a SEH plan to the lowest rates may not exceed 2:1. In 1994, its first year of reporting, the SEH program reported 694,312 covered

Discussion Points (Cont'd)

lives. This increased to a maximum of 919,953 covered lives in 2005 and has gradually decreased to 521,484 covered lives reported in the third quarter of 2014.

In 2013, the department proposed regulations (PRN 2013-144) to amend the IHCP and the SEH plans to ensure compliance with federal law. Section 1302 of the ACA requires that all health coverage products must provide certain essential health benefits.

Question: a. Please provide sample policy costs for individuals purchasing policies through the IHCP, for the three most recent years available. Please explain the difference in the cost of policies over the previous years.

Response: Because plan designs and the rating rules changed in 2014, a review of the past three years compares two very different sets of benefits and rating rules. For the 2013 data we provide the monthly rates for two standard plans offered by Horizon, the largest carrier in New Jersey. While enrollment in the B&E plans was greater than enrollment in the standards plans, it would be unfair to compare rates for the limited benefit B&E plan to the rates for comprehensive medical plans. For 2014 and 2015 we provide data for comparable metal level plans offered since 2014.

	HMO $30	**Direct Access 80/70**
	Community rated	Age rated (age 50)
2013	$980	$664
	HMO Gold	**Advantage Silver**
	Age rated (age 50)	Age Rated (age 50)
2014	$778.45	$549.93
2015	$764.25	$539.61

b. What influence has the ACA had thus far on the decline in the number of lives covered through the IHCP?

Response: Individual plan enrollment has increased since 2014.

	Lives
4Q13	146,095
1Q14	186,402
2Q14	259,449
3Q14	261,477
4q14	250,386

c. Please provide sample policy costs for businesses purchasing insurance through the SEH program for the three most recent years available. Please explain the difference in the cost of policies over the previous years. Please comment and provide analysis on the decline in the number of covered lives under the SEH program.

Discussion Points (Cont'd)

Response: Below is a summary of monthly premiums for a sample small employer who is assumed to have purchased coverage during the first quarter of 2015. Similar premium comparisons are provided for the two most recent years. Direct comparison between years is not possible for multiple reasons: changes in the plans offered, changes in the rating standards for small employers, and, changes in the carriers active in the small employer market. However, the table attempts to include closely related plans to help with comparison of premiums among carriers within a year, and between years.

2015 SEH Premium Survey		Sample group monthly premium	Plan Features
Carrier Name	Plan Name		Deductible (Individual/Family)
Aetna Life Insurance	NJ Silver QPOS 2000 70/50	$5,523	$2000/$4000
Aetna Life Insurance	NJ Silver OAEPO 2000 70%	$5,311	$2000/$4000
AmeriHealth Ins. Co.	Gold EPO Regional Preferred $30/$50	$6,062	$1000/$2000
AmeriHealth Ins. Co.	Silver EPO HSA Local Value 100%/100%	$4,747	$2000/$4000
Health Republic Ins. Co. of NJ	Solid Silver	$5,109	$2000/$4000
Health Republic Ins. Co. of NJ	Core Silver	$4,990	$2000/$4000
Horizon BCBS of NJ	Advantage EPO HSA Bronze 100 Compatible	$4,803	$2000/$4000
Horizon BCBS of NJ	Advantage EPO HSA Silver 100 Compatible $750 Contribution	$4,899	$2000/$4000
Oxford Health Ins. of NJ	EPO 30/50 $1000 L Gated OHI w/ $25/$50/$75 (Gold)	$6,161	$1000/$2000
Oxford Health Ins. of NJ	PPO Flex 25/40 L Non-Gated OHI w/ $15/$35/$75 (Gold)	$7,037	$1000/$2000

2014 SEH Premium Comparison Survey		Sample group premium	Plan Features
Carrier Name	Plan Name		Deductible (Individual/Family)
Aetna Health of NJ	NJ Silver QPOS 2000 70/50 Plan	$4,711	$2,000 / $4,000
Aetna Life Insurance	NJ Silver OAEPO 2000 70% Plan	$5,063	$2,000 / $4,000
AmeriHealth Ins Co of NJ	Gold EPO Preferred Plan	$6,022	$1,000 / $2,000
AmeriHealth Ins Co of NJ	Silver EPO Preferred Plan	$5,489	$2,000 / $4,000
Horizon BCBS of NJ	Advantage EPO Silver 100/50	$5,530	$2,000 / $4,000
Horizon BCBS of NJ	Advantage EPO HSA Bronze 100 Compatible Plan	$4,929	$2,000 / $4,000
Oxford Health Insurance of NJ	EPO HSA L Non-Gated w/ $25/30% to $200/50% to $400	$4,909	$2,500 / $5,000
Oxford Health Insurance of NJ	EPO 30/50 $1,000 L Gated w/ $25/$50/$75	$6,579	$1,000 / $2,000

2013 SEH Premium Comparison Survey	Sample	Plan Features

Discussion Points (Cont'd)

Carrier Name	Plan Name	group premium	Deductible (Individual/Family)
Aetna Health of NJ	$30/$50 copay HMO	$8,108	NA
Aetna Life Insurance	Plan D Indemnity	$16,439	$500 / $1,000
AmeriHealth HMO of NJ	$25/$50 copay HMO	$4,938	NA
AmeriHealth Ins Co of NJ	Plan B POS	$4,637	$2,500 / $5,000
Horizon BCBS of NJ	Plan B POS	$5,645	$2,500
Horizon Healthcare of NJ	$30/$50 copay HMO	$4,197	NA
Oxford Health Insurance of NJ	Plan C PPO	$10,051	$1,000 / $2,000
Oxford Health Plans of NJ	$30/$50 copay HMO	$4,222	NA

Changes in plan costs and enrollment: For purposes of the sample group (which, unlike a real group, does not age or otherwise change over the years) and the sample plans used for comparison, the average monthly premium in 2015 ($6,168) is approximately 14% above the average monthly premium in 2014 ($5,404), but is approximately 18% below the average monthly premium in 2013 ($7,280). There is no simple explanation for the premium differences year-to-year. There have been multi-faceted changes to the marketplace between 2013, 2014, and 2015. Also, although increasing at a slower rate, medical costs continue to have an impact on rates. Prospective pricing to an 80% loss ratio has been consistent over the years for New Jersey's market.

It perhaps should be noted that, for 2015, the monthly premiums for the fictional sample group range from a low of $3,472 to a high of $9,165 among all available plans from the carriers represented in the table above. The range in 2015 is much less variable than the possible range in 2013, but is potentially wider than the ranges in 2014. The 2015 ranges are as follows:

Carrier (affiliates combined)	Lowest premium for sample group (2015)	Highest premium for sample group (2015)
Aetna	$3,880	$8,244
AmeriHealth	$3,472	$7,822
Health Republic	$4,033	$6,879
Horizon	$4,083	$8,560
Oxford	$4,275	$9,165

Discussion Points (Cont'd)

Reports also suggest that employers are continuing to require greater contributions from employees (employers must contribute at least 10% of the overall group premium), reducing the take-up rate of employer-offered coverage. In addition, as of 2014, Federal law required an amendment to the definition of small employer such that businesses that are essentially family-run (i.e., husband-wife, parent-child), or that are sole proprietorships or partnerships cannot purchase coverage in the small employer market unless the business has at least one other, unrelated common law employee. Thus, many of the smallest small employers are ineligible for coverage in the small employer market.

As would be expected, enrollment decreases when premiums increase because of cost/affordability issues. Premiums increase for a number of reasons:

- The workforce is aging, and the take-up rate of employer-offered coverage is greater among older employees, as coverage options for younger employees have changed and increased in recent years. For example, dependents may remain on a parent's coverage up to age 26 with the potential to remain until age 31. Individuals under age 30 may purchase individual catastrophic coverage. Some employees may qualify for an exemption from the requirement to maintain coverage if the employer-offered coverage is too costly. An older risk pool for rating purposes results in increased rates even when medical costs are stable, because there is increased utilization of medical services associated with age.
- Prior to 2014, IHC options, such as the B&E Plan, may have caused employers or employees to shift to individual coverage when it was advantageous to do so. IHC B&E plans are no longer an option. As already noted, movement of younger workers out of the group risk pool tends to have an adverse impact on group rates, making group premiums less attractive in general.
- Several insurance companies developed and have aggressively marketed "self-insurance" or "self-funding" options to small employers. Because self-funded arrangements do not have to comply with the same requirements and protections as insured arrangements there is an ability to select the more favorable risks. These programs tend to take the youngest and healthiest groups out of the SEH program, reducing enrollment and increasing premiums for those that remain. Because small employer plans have been and continue to be guaranteed issue, businesses that elect to

Discussion Points (Cont'd)

move to self-funded programs could later return to the small employer market when they find the claims costs make self-funding too great of a financial risk. The fully-insured small employer market thus experiences further adverse selection which drives up premiums.

d. Since the small employer mandate went into effect, has the ACA had any influence on the SEH in 2015?

Response: The Department expects the employer mandate in the ACA will have no effect on the SEH market in 2015 since the mandate for employers to provide coverage (or "shared responsibility fee") exempts all firms that have fewer than 50 employees. Note that in 2016 the definition of small employer will expand such that small employers will mean employers with 1 – 100 employees. Thus unlike 2015, part of the small employer market will be subject to the mandate in 2016.

9. In 2010, NJ Protect was launched as a new health insurance option for uninsured New Jerseyans with pre-existing medical conditions pursuant to Section 1101 of the Affordable Care Act, which established a temporary national high-risk health insurance pool to provide coverage to individuals with pre-existing medical conditions. The new pools can be administered directly by the state, or states may defer to the federal government to administer the new programs. These pools were originally meant to accept clients until 2013 and conclude in 2014 with the implementation of the Health Insurance Exchanges, which are intended to provide alternatives for individuals with pre-existing conditions to access health benefits coverage. However, a directive from the federal government required that all states cease accepting new applications for enrollment after the close of business hours on Friday, March 1, 2013. The federal Department of Health and Human Services issued this directive due to concern that the program was going to surpass its $5 billion national appropriation. The end date for the program remained at December 31, 2013.

The department, in its response to the OLS Discussion Points during the FY 2015 budget process, estimated that New Jersey would collect a total of $122.5 million in revenue for NJ Protect, including $104.3 million in federal funds and $18.1 million in premiums from 2011 through 2015 According to the department, these revenues were against NJ Protect expenditures totaling approximately $122.4 million, (including $120.3 million for the cost of claims and $2.1 million for administration), leaving an estimated balance of zero.

To be eligible for NJ Protect, an individual must be: a U.S. citizen, or lawfully present in the United States; a New Jersey resident; without creditable coverage for at least six months; and have a pre-existing condition. The State offers NJ Protect through two private carriers, AmeriHealth of New Jersey and Horizon Blue Cross Blue Shield of New Jersey. The carriers accepted applications from August 2010 to March 1, 2013.

Discussion Points (Cont'd)

The department, in its response to the OLS Discussion Points during the FY 2015 budget process, stated that although all coverage under NJ Protect was supposed to have ended as of December 31, 2013, the coverage did not end. The federal Department of Health and Human Services offered to extend the contract for the months of January, February, and March, 2014 to provide additional time for NJ Protect enrollees to secure replacement coverage. As of March 21, 2014, 128 members were still covered under NJ Protect.

Question: a. Please provide the number of enrollees (by age group) for NJ Protect in Calendar Years 2012, 2013, and 2014.

Response: All figures are based on the actual age distribution of the active enrollees at year end 2012, 2013 and 2014.

Ages	2012	2013	2014
0 – 19	15	10	0
20-34	371	154	0
35-44	219	127	0
45-54	338	201	0
55-64	385	220	0
65 +	35	24	0
Total	1363	736	0

b. Please provide a report detailing the specific number of plans chosen by enrollees in Calendar Years 2012, 2013, and 2014.

Response: All figures are based on the actual plan distribution of the active enrollees at year end 2012, 2013 and 2014.

Plan	2012	2013	2014
100/70	857	424	0
80/70	353	194	0
30/50/90	153	118	0
Total	1363	736	0

c. Please provide an accounting of federal funds and premiums received by the State for NJ Protect in FY 2012, FY 2013, FY 2014 and FY 2015. Please detail the uses of funding received. Are any more funds anticipated in FY 2016?

Response:

Uses of Funding Received

Discussion Points (Cont'd)

	Funds Received	Premiums	Claims	Administrative Expenses
FY2012	$19,878,128.44	$4,608,510.28	$24,033,607.37	$453,031.35
FY2013	62,313,733.52	7,984,476.94	47,162,716.07	635,494.39
FY2014	14,402,202.78	4,351,293.51	31,112,292.90	487,075.69
FY2015	16,247.18	1,016.33	537,966.99	56,089.06
Total	$102,295,589.39	$18,091,916.92	$109,286,914.10	$2,023,257.05

No additional funding will be provided in FY 2016.

d. How many individuals, if any, are still covered under NJ Protect? What is the average premium cost for these individuals? How has the State assisted these individuals in securing insurance coverage?

Response: There are no people covered under NJ Protect as the program ended April 30, 2014. The State sent multiple letters to members to assist them with selecting and enrolling in replacement coverage. Those letters, combined with the outbound calls the carriers placed to the members, ensured that the members were aware that NJ Protect was ending and that they needed to take action.

10. P.L.2011, c.25 (C.17:47B-1 et seq.), more commonly known as the "Captive Insurers Act" took effect in May 2011 and permits a captive insurance company to be licensed by the department to do business in the State in any of the lines of insurance in subtitle 3 of Title 17 of the Revised Statutes (R.S.17:17-1 et seq.) or Title 17B of the New Jersey Statutes (N.J.S.17B:17-1 et seq.), generally including contracts or policies of life insurance, health insurance, annuities, indemnity, property and casualty, fidelity, guaranty and title insurance, and reinsurance, so long as the captive meets certain requirements. "Captive insurance companies are insurance companies established with the specific objective of financing risk emanating from their parent group or groups." (DOBI PRN 2011-192) The act regulates captive insurance companies, which include pure captive insurance companies, association captive insurance companies, sponsored captive insurance companies, and industrial insured captive insurance companies. Prior to enactment of P.L.2011, c.25, captive insurance companies were not permitted to be domiciled in New Jersey.

The department asserted in Bulletin No.11-08 that the Captive Insurers Act "provides significant new opportunities for New Jersey business to better manage their own risk by insuring themselves through a New Jersey-based captive, instead of a captive domiciled in another state or by purchasing insurance in the commercial market." The addition of captive insurance companies to New Jersey is also intended to increase the number of professionals

Discussion Points (Cont'd)

dedicated to the captive insurance market, such as accountants, actuaries, and managers who may all become registered service providers with the department.

Pursuant to the act, a premiums tax is collected from captive insurance companies, but the companies are excluded from the requirement to pay the special purpose apportionment. The tax is collected at the following rate on direct premiums for all lines of insurance, except reinsurance premiums: 0.0038 on the first $20,000,000; 0.00285 on the next $20,000,000; 0.0019 on the next $20,000,000; and 0.00072 on each dollar thereafter. Companies are required to pay the following tax rate on *reinsurance* premiums: 0.00214 on the first $20,000,000; 0.00143 on the next $20,000,000; 0.00048 on the next $20,000,000; and 0.00024 of each dollar thereafter. The tax is due on March 1 each year on the premiums the company earned in the previous calendar year. The minimum aggregate premiums tax to be paid by a company is established at $7,500 and the maximum tax is $200,000 per company.

Section 13 of P.L.2011 c.25 (C.17:47B-13) establishes the "Captive Insurance Regulation and Supervision Fund" to provide the department with a funding source to administer the Captive Insurers Act. Pursuant to statute, the commissioner is responsible for establishing the fees and assessments necessary for the administration of the act and all fees and assessments established in the act must be deposited into the fund. The department, in response to FY 2015 OLS Discussion Points, indicated that the cost of administering the "Captive Insurers Act" to be approximately $278,000. However, the estimated $278,000 in administrative costs was not reflected in the accounting of the "Captive Insurance Regulation and Supervision Fund."

The department promulgated regulations implementing the act (N.J.A.C. 11:28-1.1 to 1.23) in 2012. The regulations provide for a maximum $4,000 fee for the initial application review required for licensing a captive insurance company, and a $300 license renewal fee.

Question: a. Please provide the number of captive insurers, by name, type, by lines of insurance (health, life, annuities, indemnity, property and casualty, guaranty, and title), and by date of approval, that have been approved to be licensed in New Jersey in 2012, 2013, 2014, and thus far in 2015. How many applications has the department received in total? How many applications are pending? How many applications has the department rejected?

Response:

Captive Insurers Applications submitted	2012	2013	2014	2015 to date	Total
P&C					
Pure	4	5	4	0	13
Association	0	0	1	0	1
Industrial	1	0	0	0	1
Sponsored Cell	0	0	1	0	1
L&H					
Pure	1	0	0	1	2
Sponsored Cell	0	1	1	0	2
Total					20

Discussion Points (Cont'd)

Licensed					
P&C					
Pure	2	5	4	0	11
Industrial	1	0	0	0	1
Association	0	0	1	0	1
Sponsored Cell	0	0	1	0	1
L&H					
Pure	1	0	0	0	1
Sponsored Cell	0	1	0	0	1
Total					16

One application is being processed at present. We have declined 3 applications.

b. Please provide the number of other professionals--i.e., accountants, auditors and managers--that have registered with the department to be service providers for the captive market in 2012, 2013, 2014, and thus far in 2015.

Response:

Service Providers	2012	2013	2014	2015 to date	Total
Accountants	6	6	3	6	21
Actuaries	20	5	8	8	41
Captive Managers	12	2	5	6	25
Total					87

c. Please provide an estimate of the premiums tax revenues and registration fees received or anticipated from captive insurers in FY 2013, FY 2014, and FY 2015.

Response:

Registration and Premium Tax

	FY 2013	FY 2014	Estimated FY 2015	Total
Registration fees	$1,500	$3,900	$4,200	$9,600
Premium taxes	$328,666	$603,465	$631,696	$1,563,827

d. Please detail the expenditures made by the department for the administration of the Captive Insurers Act in FY 2012, FY 2013, FY 2014, and thus far in FY 2015.

Response: The cost to administer the Captive Insurers Act primarily consists of salaries, fringe benefits and overhead.

FY 2012	$151,000
FY 2013	$239,000
FY 2014	$278,000
FY 2015 thus far	$220,391

Discussion Points (Cont'd)

e. Please provide an accounting of the Captive Insurance Regulation and Supervision Fund, including opening and closing balances, revenues and disbursements, since inception. Is the department utilizing the Captive Insurance Regulation Supervision Fund to pay for administrative costs of the "Captive Insurers Act?"

Response: Listed below is an accounting of the Captive Insurance Regulation and Supervision fund since inception in FY 2012.

Beginning balance	$ 0
Revenue Collected	$1.370,675
Expenses Paid	$ 23,414
Balance	$1,347,261

f. Please indicate how many captive insurance companies have re-domesticated to New Jersey, pursuant to N.J.A.C.11:28-1.4?

Response: Four captive insurance companies have re-domesticated to New Jersey pursuant to N.J.A.C. 11:28-1.4.

11a. The National Association of Insurance Commissioners recently reported that once again, New Jersey drivers paid on average $1,220 on auto insurance in 2012, the last year for which figures were available, marking the third straight year that New Jersey has topped the list of all 50 states and the District of Columbia. In the past, P.L.2003, c.89 (C.17:30A-2.1 et al) was enacted, following the "Automobile Insurance Cost Reduction Act," (AICRA) P.L.1998, c.21 (C.39:6A-1.1 et al.), both of which established reforms to increase the availability of automobile insurance and contain costs of that insurance. Prior to AICRA, the "Fair Automobile Insurance Reform Act of 1990, "P.L.1990, c.8 (C. 17:33B-1 et al.), (FAIR Act) was enacted to provide comprehensive reform of the automobile insurance system in the State. The legislation has been successful to varying degrees in containing costs. However, some requirements established pursuant to these reforms, such as "take-all-comers" and the establishment of medical fee schedules, have expired or have been amended since enactment.

According to the Department's response to the OLS Discussion Points in the FY 2015 budget process, the average rate increase was 6.4 percent in 2010, 6.3 percent in 2011, 3.8 percent in 2012, and 3.8 percent in 2013. The department anticipated that due to regulatory changes moderate increases may occur in 2014 and 2015.

Question: a. Please provide the total number of automobile insurers offering automobile insurance in the State in 2012, 2013, 2014 and thus far in 2015?

Response:

Year	Number of Insurers
2012	71
2013	76
2014	80

Discussion Points (Cont'd)

2015	79

b. Please provide the rate increases filed by these companies in 2013, 2014 and 2015. Please comment on the reasons stated for these rate increases and provide an estimate for automobile insurance rates for 2016 and 2017 in New Jersey. Does the department believe any statutory changes aimed at ensuring the availability of auto insurance and containing costs for consumers are warranted at this time?

Response: Please see Attachment 4 for the rate increases filed by these companies from 2013 through 2015. The average PPA rate increase in 2014 was +1.7 percent, down from 3.8 percent in 2013 and 2012 and 6.3 percent in 2011. This improvement is mostly driven by a reduction in the PIP indication. Effective November 15, 2012, the Department adopted regulations designed to contain the rising cost of PIP. We believe these regulations are working as intended.

The Department believes that this improved trend may moderate through 2016 and 2017. Lower gasoline prices usually result in a rise in average miles driven which will drive up claims costs.

The Department does not believe any statutory changes are warranted at this time.

11b. Over time, the Legislature has expanded the options available for automobile insurance coverage by establishing the "standard," "basic," and "special" coverage options:

- Standard coverage is the original and most common no-fault coverage and provides the most coverage, as well as the most options for additional coverage, and of course is the most expensive of the three options.
- Basic coverage is more limited than standard coverage but also typically is more affordable.
- Special coverage is available through a special automobile insurance policy, as explained in more detail below, offers very limited benefits, is less costly than standard or basic coverage, and is only available to certain low income drivers as defined in statute.

In 2003, the Legislature enacted P.L.2003, c.89, which implemented a number of reforms to the automobile insurance law, including authorization for the special automobile insurance policy. The special policy provides automobile insurance for eligible low income individuals who are enrolled in the federal Medicaid program. As the program costs approximately $365 per year of coverage, the program is often known as the "dollar a day" automobile insurance policy.

Discussion Points (Cont'd)

The less-expensive special policy option was introduced to encourage more drivers to maintain insurance coverage and thereby address an ongoing situation in the State in which many drivers chose to violate the automobile insurance mandate and drive without coverage, presumably due to the high cost of insurance coverage in New Jersey. In other words, the special policy provided a more affordable opportunity to become "street legal." One of the goals of the legislation was to help provide low income individuals with transportation to employment, with the hope that if these individuals became employed, they would improve their economic situation generally and also possibly purchase better automobile insurance coverage going forward.

Coverage under the special policy includes benefits for emergency personal injury protection and treatment of serious injuries, such as brain and spinal cord injuries up to $250,000 for the insured, the insured's dependents, and passengers in the insured's automobile. The special policy also provides a $10,000 death benefit. The policy does not provide liability coverage, uninsured or underinsured motorist coverage, or any other benefits, N.J.S.A. 39:6A-3.3.

Motorists driving under a special policy do not have liability insurance coverage available to compensate third parties suffering property damage as a result of an accident with a special policy motorist. These motorists are nevertheless considered to be insured for the purposes of the mandatory insurance requirement for automobiles registered in the State (or "street legal"). However, they are considered uninsured motorists for purposes of determining whether an insured motorist with whom they are involved in an accident may recover from that insured motorist's uninsured motorist (UM) coverage. Accordingly, a motorist who is insured under a standard automobile policy and who is involved in an accident with a special policy driver who is at-fault may recover from the UM part of their own policy, if they purchased UM coverage with that policy.

According to the Department of Banking and Insurance, as of December 2013, the total number of vehicles insured in New Jersey by a special policy was 32,684 and the total number of vehicles insured under all policies was 5,437,411. Thus, in 2013, one percent of insured vehicles in the State are insured under a special policy. However, the limited amount of coverage available under a special policy may still be a significant factor to drivers who are involved in an accident with a special policy driver.

Question: a. What is the total number of vehicles insured with a special automobile insurance policy in 2012, 2013, and 2014? What is the total number of vehicles insured with a standard automobile insurance policy in 2012, 2013, and 2014? What is the total number of vehicles insured with a basic automobile insurance policy in 2012, 2013 and 2014?

Response: See below. Each amount is for year end.

Standard Policy		
In-force policies	2014	5,411,142
	2013	5,344,406
	2012	5,282,367

Discussion Points (Cont'd)

Basic Policy		
In-force policies	2014	66,704
	2013	68,487
	2012	65,819
Special Automobile Insurance Policy (SAIP)		
In-force policies	2014	41,070
	2013	32,684
	2012	29,193

b. How many complaints has the department received regarding special automobile insurance policies in 2012, 2013, and 2014? Please specify, if possible, the reasons behind these complaints.

Response: The Department received a total of 15 complaints regarding the Special Automobile Insurance Policy (SAIP), centering mostly on 3rd party claims against the alleged at-fault SAIP policyholder (9) while the remaining files involved initial underwriting issues, including the insured's failure to provide mandatory documentation, such as vehicle registrations, or payment of the proper premium all resulting in cancellation of the policy.

It should also be noted that between the years 2012 through 2014 the Department's Call Center (CIRC – Consumer Information and Response Center) received 195 consumer calls about the SAIP while the Consumer Assistance Unit received 4 written inquiries relating to the policy.

11c. Section 10 of P.L.1988, c.119 (C.39:6A-4.6) provides that the commissioner is responsible for the promulgation of medical fee schedules to be used in the reimbursement of health care providers for medical expense benefits under the personal injury protection (PIP) coverage of automobile insurance policies. Additionally, "the commissioner may contract with a proprietary purveyor of fee schedules for the maintenance of the fee schedule, which shall be adjusted biennially for inflation and for the addition of new medical procedures."

On January 4, 2013, the department adopted new rules, repealed certain rules, and made other amendments to revise the regulatory framework for the provision and payment of PIP benefits. The changes, among other things: add new procedures to the PIP medical fee schedules; require PIP vendors to be licensed in the State; implement standardized forms to be used by insurers; exclude emergency rooms from the imposition of medical fee schedules; amend the internal appeals process; and amend the alternate dispute resolution process.

The expansion of the PIP medical fee schedules was intended to lessen the reliance of providers and insurers on determining reimbursement for procedures on the "usual, customary and reasonable fee" (UCR) in those instances in which a procedure is not included in the PIP medical fee schedule. The expansion to include many more procedures on the PIP medical fee schedules is intended to standardize the cost of procedures for both providers and insurers.

Discussion Points (Cont'd)

Standardization leads to certainty in the marketplace and less administration and cost incurred by both parties in establishing payment for a service.

The department, in its response to the OLS Discussion Points during the FY 2014 budget process, indicated that since the regulations became operative on January 4, 2013, and had thus only been operative for three months, it could not assess the impact on the system yet. But, the department anticipated collecting data to study the effect of the new rules when the new rules had been in effect for at least six months (July, 2013). During the FY 2015 budget process, the department indicated that it was still "too early to draw firm conclusions."

Question: a. Please update the Legislature on the impact of the new PIP fee schedules on the cost of private passenger automobile insurance to consumers in New Jersey.

Response: Recent information suggests we have achieved downward pressure on PIP costs and the indicated rate need in 2014, which absent other developments should put downward pressure on rates generally. However, historically, billing practices and medical utilization change over time, sometimes in response to adjustments to the schedules. Thus, future conditions may vary. Some insurers have cited the PIP reforms as a cause for recent downward pressure on their rates, but other insurers appear to be waiting for additional data before drawing conclusions. The Department continues to monitor PIP rate indications and company experience to assist in evaluating the impact of the schedules.

b. Please provide specific information on the effect of changes to the alternate dispute resolution process. Have the changes implemented to the process resulted in a shorter time frame, and thus lower cost, associated with dispute resolution? Has this had a measurable impact on PIP costs overall?

Response: The change made to the alternate dispute resolution process in the amendments that became effective on January 4, 2013 was the initiation of an on-the-papers (no in-person hearing) procedure for disputes of $1,000 or less. On-the-papers (OTP) cases began to be filed on March 1, 2013. Forthright, the arbitration administrator, reported that 20 percent of arbitrations filed were OTP. There has not been sufficient time to assess the long term impact on time frames or costs, though initial data submitted by Forthright suggests that OTP cases are resolved more quickly than for similar cases that go to an in-person hearing.

c. Please provide information on the use of UCR fees for services not included in the PIP medical fee schedule. Has there been a significant decrease in the reliance on the UCR fees due to the inclusion of more procedures on the fee schedule? Does the department anticipate changing any aspect of this process in the next year?

Discussion Points (Cont'd)

Response: The Department believes that an increase in the number of fees on the fee schedules must decrease reliance on UCR fees. One of the purposes of reducing such reliance is to reduce disputes about the appropriate size of payments and thus put downward pressure on both the number of arbitrations filed and overall costs to providers, insurers and consumers. Insurers report an increase in the number of claims subject to the fee schedule instead of UCR as a result of the changes to the rule, but the Department has yet to observe a significant decrease in the number of arbitrations. It is too early to draw firm conclusions from this, however, as other factors may be involved. Historically, practices regarding billings and arbitration filings change over time, sometimes in response to adjustments to the schedules. The Department depends on insurance companies for information on these trends. The Department has received anecdotal information that some providers are charging higher fees for services that are not on the fee schedule. The Department will continue to collect information to evaluate the impact of these changes.

d. Has the department conducted any analysis of the codes billed by providers to determine any patterns in the provision of services due to modified funding structures as provided for in the regulations? If not, will the department be conducting any sort of analysis in the future?

Response: The Department does not routinely receive information on what codes are being billed by providers. As noted above, the Department relies on insurers and other users of the system to provide analysis regarding emerging trends in the provision of services. To date, we have not received statistically credible information regarding changes in patterns in the provision of services related to changes in the PIP fee schedule rules.

12a. The Division of Banking imposes two assessments on financial entities on or around October 1 of each year: a Banking Licensing Assessment and a Banking Depositor Assessment (N.J.S.A.17:1C-33 et seq.). The assessment is based on calendar year business for each company and fiscal year expenditures for the Division of Banking. Each year, the Director of the Division of Budget and Accounting in the Department of the Treasury certifies to the Commissioner of Banking and Insurance by category the total amount of expenses incurred by the division. These expenses include, in addition to the direct cost of personal service, the cost of maintenance and operation, the cost of employee benefits and workers' compensation, rentals for space occupied in State-owned or State-leased buildings and all other direct and indirect costs of the administration of those functions of the department, as well as any amounts remaining uncollected from the assessment of the previous fiscal year (N.J.S.A.17:1C-35).

Discussion Points (Cont'd)

Question: a. Please provide the total Banking Licensing Assessment charged and revenue collected for FY 2013, FY 2014, and estimated for FY 2015. Please provide the total Banking Depositor Assessment charged and revenue collected for FY 2013, FY 2014, and estimated for FY 2015. Please provide the number of payers of each of these assessments.

Response:

Banking Licensing Assessment

	FY 2013	FY 2014	Estimated FY 2015
Charged	$7,252,849	$7,300,808	$7,677,000
Collected	$6,913,262	$7,003,313	N/A
Payers	2,825	3,034	3,204

Banking Depositor Assessment

	FY 2013	FY 2014	Estimated FY 2015
Charged	$4,493,917	$4,452,301	$5,751,000
Collected	$4,532,097	$4,496,128	N/A
Payers	103	101	109

b. Please provide the expenses of the division detailed in N.J.S.A.17:1C-35 and approved by the Director of the Division of Budget and Accounting in the Department of the Treasury, as well as the number of employees dedicated to the division for FY 2013 and FY 2014.

Response:

	FY 2013	FY 2014
Salaries and Wages	$2,900,301	$2,770,818
Materials and Supplies	$18,016	$18,539
Services other than Personnel	$333,218	$384,614
Maintenance and Fixed Charges	$18,439	$20.995
Equipment		$2,084
Subtotal	$3,269,974	$3,197,050
Other Expenses		
Administration Adjustments – Salaries/Fringe	($9,000)	($65,329)
Fringe Benefits	$1,173,942	$1,292,662
Indirect costs	$21,422	$23,584
Building Operations and Maintenance	($63,201)	($9,773)
Debt Service – Roebling Building	$95,537	$6,936
Cancelled Obligations	($5,553)	($148)

Discussion Points (Cont'd)

Warren Street Parking Costs	$3,000	$4,500
Bank Street Parking Costs	$7,184	$1,464
Rent Calculation	$610	$1,356
Subtotal	$1,223,942	$1,255,251
Banking - Depository Total Expenses	**$4,493,917**	**$4,452,301**

Licensing

	FY 2013	**FY 2014**
Salaries and Wages	$4,558,445	$4,547,988
Materials and Supplies	$10,226	$14,956
Services other than Personnel	$448,144	$489,058
Maintenance and Fixed Charges	$2,417	
Subtotal	$5,019,232	$5,052,001
Other Expenses		
Administration Adjustments – Salaries/Fringe	$9,000	$45,896
Fringe Benefits	$1,940,618	$2,113,069
Indirect costs	$21,421	$23,584
Building Operations and Maintenance	($63,201)	($9,773)
Debt Service – Roebling Building	$26,375	$1,915
Cancelled Obligations	($.48)	($21)
Warren Street Parking Costs	$6,000	$6,000.00
Bank Street Parking Costs	$21,553	$4,391
Rent Calculation	$46,354	$63,747
Write-Offs	$225,495	
Subtotal	$2,233,616	$2,248,807
Banking-Licensing Expenses	$7,252,848	$7,300,808

The total number of Division of Banking staff:

FY 2013	FY 2014
88	83

12b. The department imposes a special purpose apportionment for funding expenses incurred by the Division of Insurance (N.J.S.A.17:1C-19 et seq.). The apportionment is charged to all insurers writing most classes of insurance in the State (including, but not limited to:

Discussion Points (Cont'd)

property; fire; flood; motor vehicle; life and health; accident; title; credit; personal liability; malpractice; homeowners; and any other specified kinds of insurance) and those health maintenance organizations (HMOs) granted a certificate of authority to operate in New Jersey pursuant to P.L.1973, c.337 (C.26:2J-1 et seq.). This assessment is used for funding the activities of the division in regulating, monitoring and supervising these carriers. The apportionment of each carrier is based on the proportion that its net written premiums for the preceding calendar year bear to the combined net written premiums of all carriers in the preceding year, except that no carrier is required to pay an apportionment that exceeds 0.10 percent of its net written premiums. Each year, the Director of the Division of Budget and Accounting in the Department of the Treasury certifies to the Commissioner of Banking and Insurance, by category, the total amount of expenses incurred by the division. These expenses include, in addition to the direct cost of personal service, the cost of maintenance and operation, the cost of employee benefits and workers' compensation, rentals for space occupied in State-owned or State-leased buildings and all other direct and indirect costs of the administration of those functions of the department, as well as any amounts remaining uncollected from the special purpose apportionment of the previous fiscal year (N.J.S.A. 17:1C-20).

Question: a. Please provide the amount of the total insurance special purpose apportionment for FY 2012, FY 2013, FY 2014, and estimated for FY 2015.

Response: Special Purpose Assessment

FY 2012	FY 2013	FY 2014	Estimated FY 2015
$35,325,271	$34,101,625	$33,996,111	$39,160,000

b. How many companies reached the individual maximum apportionment in FY 2014?

Response: There were no companies that reached the individual maximum apportionment in FY 2014.

c. Please provide the expenses of the division detailed in N.J.S.A.17:1C-20 and approved by the Director of the Division of Budget and Accounting in the Department of the Treasury and provide the number of employees dedicated to the division in FY 2013 and FY 2014.

Response:

	FY 2013	**FY 2014**
Salaries and Wages	$21,231,624	$20,640,369
Materials and Supplies	$136,009	$137,153
Services other than Personnel	$2,483,877	$2,947,802
Maintenance and Fixed Charges	$26,762	$39,731
Equipment	($48,747)	$69,786
Subtotal	$23,829,524	$23,834,842
Other Expenses		

Discussion Points (Cont'd)

Administration Adjustments – Salaries/Fringe	($55,831)	$4,046
Fringe Benefits	$10,009,015	$10,882,444
Indirect costs	$138,495	$150,026
Building Operations and Maintenance Roebling Building	($408,600)	($62,173)
Debt Service – Roebling Building	$1,181,991	$85,809
Warren Street Parking Costs	$57,000.00	$51,000
Cancelled Obligations	($40,696)	($9,266)
Lockbox	$2,100	$2,100
Parking Costs – Bank Street	$184,994	$41,613
Rent Calculation for Leased Office Space	$14,028	$2,713
Subtotal	$11,082,495	$11,148,312
Total Expenses	$34,912,038	$34,983,155
Revenue	$1,224,803	$992,477
Write-offs	$414,409	$5,433
Net Revenue	$810,394	$987,044
Total Insurance Expenses	**$34,101,625**	**$33,996,111**

The total number of Division of Insurance staff:

FY 2013	FY 2014
283	270

12c. In addition to the special purpose apportionment, several different statutes subject insurance carriers to additional assessments to reimburse the department for operating expenses, including the following:

1) An assessment on insurers for all services related to the department's fraud prevention expenditures, pursuant to P.L.1983, c.320 (C.17:33A-1 et seq.). This assessment is billed and collected by the department, but is used to reimburse the Department of Law and Public Safety for the operations of its Office of the Insurance Fraud Prosecutor (OIFP).

2) An assessment on all Small Employer Health Benefits Plan (SEH) carriers for the reasonable and necessary organizational and operating expenses of the SEH board of directors pursuant to section 16 of P.L.1992, c.162 (C.17B:27A-32).

3) An assessment on all Individual Health Coverage (IHC) Program carriers for the reasonable and necessary organizational and operating expenses of the IHC Program board of directors pursuant to section 10 of P.L.1992, c.162 (C.17B:27A-11).

Discussion Points (Cont'd)

4) An assessment for the Motor Vehicle Security Responsibility Fund pursuant to section 1 of P.L.1952, c.176 (C.39:6-58). The assessment is billed and collected by the department but used to reimburse the New Jersey Motor Vehicle Commission.

Question: Please provide an accounting of all assessments collected by the department for FY 2013, FY 2014, FY 2015 and estimated for FY 2016. Please detail this information by source, as numbered above.

Response:

1) Fraud Assessment

	FY 2013	FY 2014	Estimated FY 2015	Estimated FY 2016
Charged	$28,204,733	$27,698.458	$29,260,000	$30,251,000
Collected	$28,200,707	$27,698,458	N/A	N/A

2) Small Employer Health Insurance

FY 2013	FY 2014	Estimated FY 2015	Estimated FY 2016
$258,945	$346,368	$300,000	$325,000

3) Individual Health Insurance Coverage

FY 2013	FY 2014	Estimated FY 2015	Estimated FY 2016
$15,482	$627,761	$ 0	$ 650,000

Note: The IHC program assessments occur on a 2-year cycle.

4) Motor Vehicle Assessment

	FY 2013	FY 2014	Estimated FY 2015	Estimated FY 2016
Charged	$19.348,000	$20,895,376	$21,296,000	$21,313,000
Collected	$19,348,000	$20,895,546	$ N/A	$ N/A

5) Premium Tax

FY 2013	FY 2014	Estimated FY 2015	Estimated FY 2016
$563,264,000	$578,226,000	$617,500,000	$660,000,000

12d. The New Jersey Real Estate Commission (REC), in the Department of Banking and Insurance was created to administer and enforce New Jersey's real estate licensing law, N.J.S.A. 45:15-1 et seq. The REC issues licenses to real estate brokers and salespersons, real estate schools, and course instructors, and also establishes standards of practice for the real estate brokerage profession. The REC collects revenue from the issuance of licenses on a biennial basis as well as various other fees.

Question: Please provide the amount of revenue collected by the REC for FY 2012, FY 2013, FY 2014, FY 2015 and estimated for FY 2016. Please detail the source of

Discussion Points (Cont'd)

this revenue by type of transaction; for example, license renewal or other regulatory fees.

Response: Real Estate Commission

	FY 2012	FY 2013	FY 2014	To Date FY 2015	Estimated FY 2016
License Fees	$3,336,790	$9,911,300	$4,451,430	$1,495,976	$4,435,000
Fines	$ 168,908	$ 93,616	$ 63,040	$ 44,276	$ 65,000

13. Each insurance company is liable for a maximum total assessment as follows: "the total amount assessable to companies in any fiscal year for all special purpose assessments made pursuant to applicable law as of the effective date of this act, including the special purpose apportionment established by this act, shall not exceed 0.25 percent of the combined net written premiums received, as defined in subsection b. of section 2 of this act, by all companies for the previous year," (N.J.S.A.17:1C-31). P.L.2010, c.21 increased the allowable percentage from 0.20 percent to 0.25 percent. In response to OLS Discussion Points during the FY 2015 budget process, the department estimated that total net written premiums for FY 2013 would be $44 billion.

Question: a. What are the combined net written premiums for all insurers for FY 2014 and estimated for FY 2015?

Response: Combined Net Written Premiums

FY 2014	Estimated FY 2015
$46,106,631,681	$47,000,000,000

b. What was the total amount assessed to, and total amount collected from, companies in FY 2014 and FY 2015? Is there any concern by the department that this number might exceed the "cap" in the near future?

Response:

	Assessed	Collected
FY 2014	$61,694,569	$61,694,569
FY 2015 Estimated	$68,420,000	$68,300,000

The Department has no concern that the cap will be exceeded in the near future.

14. The department is responsible for investigating fraud committed by licensees in both the Banking and Insurance divisions. In certain insurance fraud, the department investigates in coordination with the Office of the Insurance Fraud Prosecutor (OIFP) in the Department of Law and Public Safety. These investigations may result in consumer recoveries and fines imposed on the industries the department regulates. All fines collected by the department are designated for the General Fund. In response to OLS Discussion Points in prior years, the department has indicated that that it had made the following recoveries on behalf of consumers: $14.3 million

Discussion Points (Cont'd)

in FY 2014 (as of 2/28/14); 28.3 million in FY 2013; $33.9 million in FY 2012; $17.5 million in FY 2011; $11.35 million in FY 2010; and, approximately $52.4 million in FY 2009.

In its response, the department also provided a broad summary of the types of fines it collects from the different industries. Insurance companies are typically fined for improper claim denials or underpayments, use of unapproved policy forms and/or rates, transacting business without a license and failing to file required reports. Insurance producers are generally fined for misappropriation of premiums, failure to secure coverage, and forgery. Licensed financial entities and State chartered credit unions are usually fined as a result of examinations, consumer complaint handling and enforcement actions. In response to OLS Discussion Points in prior years, the department has indicated that it had collected the following fines from the banking, insurance and real estate industries: $3.6 million in FY 2014 (as of 2/28/14); $5 million in FY 2013; $5.5 million in FY 2012; $3.85 million in FY 2011; $1.1 million in FY 2010; and $17.8 million in FY 2009.

Question: a. Please provide an inventory of all recoveries for consumers collected by the department for FY 2014 and thus far in FY 2015. Please detail this information by division.

Response: Consumer Recoveries

	FY 2014	FY 2015 (as of February 28, 2015)
Banking	$ 37,539	$ 172,167
Insurance	$1,219,766	$ 7,790,993
Real Estate	$ 0	$ 0
Total	$1,257,305	$ 7,963,160

b. Please provide a detailed inventory of the fines *levied* and fines *collected* by the department for FY 2014 and thus far in FY 2015. Please detail this information by division and by cause by industry. Please provide the collection rate for fines levied. Based on this information, does the department conclude that there are any significant increases in industry behavior punishable by fines that warrant attention by the Legislature?

Response: The Department typically fines insurance companies for improper claim denials or underpayments, use of unapproved policy forms and/or rates, transacting business without a license and failing to file required reports. The Department generally fines insurance producers for misappropriation of premium, failure to secure coverage and forgery. The Department fines state licensed financial entities and state chartered credit unions as a result of examinations, consumer complaint handling and enforcement actions.

Fines Levied

	FY 2014	FY 2015 (as of March 30, 2015)
Banking	$ 112,100	$ 833,750
Insurance	$ 4,796,640	$3,880,300
Real Estate	$ 135,200	$ 112,800

Discussion Points (Cont'd)

Bureau of Fraud Deterrence	$ 6,520,500	$3,797,000
Total	$11,564,440	$8,623,850

Fines Collected

	FY 2014	FY 2015 (as of March 30, 2015)
Banking	$ 167,435	$ 260,649
Insurance	$3,564,152	$1,846,469
Real Estate	$ 63,040	$ 44,776
Bureau of Fraud Deterrence	$1,306,175	$1,731,916
Total	$5,100,802	$3,883,810

15. The Office of the Insurance Claims Ombudsman (Ombudsman) in DOBI is charged with investigating insurance consumer complaints regarding policies of auto, health, life, property and casualty insurance, except for claims for personal injury protection (PIP) coverage under automobile insurance (N.J.S.A. 17:29E-2 et seq.). PIP claims are handled separately under an arbitration system established pursuant to P.L.1972, c. 70 (39:6A-1 et seq.).

Regulations (N.J.A.C.11:25-1.1 et seq.) provided that the Ombudsman may conduct a review of any disputed insurance claim settlements, if certain circumstances are met, and that all complaints must be entered into a data tracking system. The Ombudsman may hold hearings for disputes between all insurers and consumers. Life, property and casualty insurers are required by law (N.J.S.A. 17:29E-9) to establish an internal appeals system for consumers, which must include notification to the claimant that they may contact the Ombudsman if they are dissatisfied by the internal appeals process.

The Ombudsman is required to report to the Governor and the Legislature on or before September 30 of each year, summarizing his activities for the preceding year, documenting any significant industry-wide problems regarding claims settlement practices in any line of insurance, and setting forth any recommendations for statutory or regulatory change which will further the State's capacity to resolve claims disputes (N.J.S.A.17:29E-15). The OLS has received one such report for the 1999-2000 calendar year. However, the department, in OLS Discussion Points during the FY 2015 budget process, indicated that the function and duties of the Ombudsman were absorbed by the Consumer Protection Services and Solvency Regulation program.

Question: How many complaints were filed with the Consumer Protection Services and Solvency Regulation program in 2012, 2013, 2014, and thus far in 2015. Please categorize by line of insurance.

Response:

	2012	2013	2014	2015
Total	7025	7794	7333	1724
Accident & Health	2643	2585	3583	628

Discussion Points (Cont'd)

Auto	1768	1839	1609	181
Fire, Allied Lines & CMP	175	357	179	22
Homeowners	1627	2060	1141	124
Liability	91	59	53	8
Life & Annuity	439	477	401	34
Miscellaneous	281	413	205	16
Unknown*	1	4	162	711

** Some are unknown because the file is still open and closing codes have not been entered to identify the line of insurance

16. The New Jersey Surplus Lines Insurance Guaranty Fund, P.L.1984, c.101 (C.17:22-6.70 et seq.), administers the claims of insolvent surplus lines insurers that provided medical malpractice and homeowners coverage as eligible non-admitted insurers in New Jersey. All surplus lines companies in New Jersey are required to be members of the fund and to contribute funds for its operation.

Each member insurer must make an initial one time payment of $25,000 into the fund. Additionally, a surcharge, in an amount determined by the commissioner, is collected on any surplus lines coverage policy issued in New Jersey. The surcharge is collected by the surplus lines agent and forwarded to the fund on a quarterly basis. The amount may be adjusted annually to meet projected expenses of the fund, but it may not exceed 4 percent of the policy premium pursuant to section 6 of P.L.1984, c.101 (C.17:22-6.75). However, according to the department, this surcharge has not been collected since 1993 and was suspended, effective August 1, 1998. The collection of the surcharge is subject to reinstatement by the Commissioner.

Question: a. Please provide an update on the status of the New Jersey Surplus Lines Insurance Guaranty Fund, including: balances and disbursements made from the fund in the past 10 years; and estimates for FY 2015 and FY 2016.

Response: Please note, on July 21, 2011, the New Jersey Department of Banking and Insurance ceased collecting the one-time $25,000 assessment from surplus line companies due to limits imposed by the Dodd-Frank Wall Street Reform and Consumer Protection Act, 15 U.S.C. 8201 et seq.

The balances and disbursements for the past 10 years and estimates for calendar years **2015** and **2016** are listed below:

New Jersey Surplus Lines Insurance Guaranty Fund

Discussion Points (Cont'd)

Schedule of Balances and Disbursements
For Calendar Years Ended **2005** thru **2016**

Year	Total Disbursements	Year End Fund Balance
2005	916,429	40,514,728
2006	768,630	42,673,743
2007	125,549	45,630,566
2008	113,852	48,849,080
2009	60,094,052*	13,317,585
2010	5,588,444	10,484,881
2011	501,897	10,107,767
2012	101,432	10,081,593
2013	(45,803)	11,091,646
2014	(15,633)	11,161,625
2015 (est)	76,000	11,085,625
2016 (est)	76,000	11,009,625

*$60 million of the disbursements in 2009 was the result of the enactment of P.L.2009, c.75, which Governor Corzine transferred from the surplus lines insurance guaranty fund to balance the FY 2010 Budget.

As of March 31, 2015, the Fund Balance is $11,152,958.

b. Please explain why the surcharge of up to four percent of the gross premium currently remains suspended.

Response: Effective August 1, 1998 the collection of a surcharge of 4 percent of the gross premium was suspended subject to reinstatement by the Commissioner if necessary. To date, the Commissioner has not found reinstatement of surcharge to be necessary to meet the current and projected obligations and expenses of the fund.

17. P.L.2011, c. 119 revised the method for the regulation and collection of surplus lines insurance premium taxes. These revisions brought "the surplus lines law," P.L.1960, c.32 (C.17:22-6.40 et seq.), into compliance with the federal "Nonadmitted and Reinsurance Reform Act of 2010" (NRRA), which was passed by Congress as part of the "Dodd-Frank Wall Street Reform and Consumer Protection Act." Prior to the enactment of NRRA, states shared surplus lines premium tax revenue based on the location of the insured's various risks. Under NRRA, this ability to share surplus lines premium tax revenue was suspended in July 2011 until such time as states enter into a multi-state compact or agreement with one or more other states.

NRRA provides that if a state does not join such an agreement, it may collect 100 percent of the taxes due from insureds located in its state, otherwise known as "home-state" insureds. This includes the continued ability to collect all premium taxes owed by "home-state" insureds for their risks located in other states. However, as established under NRRA, a

Discussion Points (Cont'd)

state that does not participate in a compact or agreement is precluded from collecting surplus lines premium taxes it currently receives attributable to risks situated in its state that belong to the home-state insureds of other jurisdictions.

P.L. 2011, c. 119 authorized the Commissioner of Banking and Insurance to enter into compacts or agreements with other states with respect to the collection of surplus lines premium taxes in order to maximize the tax revenue rightfully due and owing the State as in the past. As of July 2011, in the absence of an interstate compact regarding future surplus lines tax collections, all insurers for whom New Jersey qualifies as their "home state" are assessed the 5 percent surplus lines premium tax on all surplus lines insurance premiums, even if the premiums are on risks located out of the State. In response to the OLS Discussion Points during the FY 2015 budget process, the department confirmed that the surplus lines tax for neighboring states was: Pennsylvania, 3 percent (plus a $25 stamping fee); Maryland, 3 percent; Delaware, 2 percent; Connecticut, 4 percent; and New York, 3.6 percent (plus a 0.2 percent stamping fee).

At the time of enactment, it was unclear as to what affect this law would have on revenue collected by the State from surplus lines insurance premiums. According to the Department of Banking and Insurance, the State collected $50.1 million in revenue from the surplus lines premium tax in 2011, but did not know what percent of this revenue was from "home state" insureds. In 2010, the department estimated that approximately 80 percent of the $42 million collected in revenue was from "home state" insureds. The remaining 20 percent of revenue was collected from insureds for whom there was uncertainty as to their "home state." The department estimated that there may be increased revenue due to capturing current out of State risks from "home state" insureds and due to increased clarity of the standardized procedures for the market participants.

Question: a. What is the current status of the State's participation in an agreement or compact with other states to collect surplus lines insurance premium taxes? Which states are part of any negotiations with the department? What is the anticipated timeline for the State's future participation in an agreement or compact with other states to collect the surplus lines tax?

Response: The Department is not currently in negotiations with any other states regarding participation in an agreement or compact to collect surplus lines premium taxes. No plans are contemplated to open negotiations for this purpose. The Department determined it is advantageous as a 'home state' for both consumer protection and the State.

b. Please provide the surplus lines tax rate assessed in the states immediately surrounding New Jersey, including: Pennsylvania, Maryland, Delaware, New York and Connecticut, if it has changed in the last two years.

Response: The surplus lines tax for neighboring states is:

Pennsylvania 3 percent, plus a $25 stamping fee

Discussion Points (Cont'd)

Maryland	3 percent
Delaware	3 percent (changed from 2 percent)
Connecticut	4 percent
New York	3.6 percent, plus a .2 percent stamping fee

New Jersey's present surplus lines tax rate is 5 percent.

c. Please report the revenue collected from the surplus lines tax in 2013 and 2014.

Response: The surplus lines tax collected in 2013 was $69.1 million. The amount of 2014 surplus lines tax is $76.2 million. We have calculated that 10 percent of the total premium written in the New Jersey surplus lines market is derived from policies with multi-state exposures. The exact amount of out-state premium cannot be determined.

18a. In addition to its responsibility to regulate and provide oversight to the insurance and banking industries, the department is also responsible for the oversight of the mortgage lending system and various other regulated professions discussed in more detail below.

a. The federal "Housing and Economic Recovery Act of 2008" (Pub.L.110-289) was signed into law in July, 2008. Among other initiatives, this act included the "Secure and Fair Enforcement for Mortgage Licensing Act of 2008" (S.A.F.E. Act). The S.A.F.E. Act defines a loan originator as an individual who takes a residential mortgage loan application and offers or negotiates terms of a residential mortgage loan for compensation or gain. The act requires the states to participate in the Nationwide Mortgage Licensing System (NMLS), established by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators. Each state's system must include, at a minimum, requirements that meet the established national standards for licensing loan originators. These requirements include, among other things, minimum education requirements, ethics training, background checks, proof of financial responsibility, bonding requirements and the successful completion of a written exam. The State complied with these new federal standards by enacting the "New Jersey Residential Mortgage Lending Act," (NJRMLA), sections 1 through 39 of P.L.2009, c.53 (C.17:11C-51 et seq.), which updated the current regulatory scheme to conform to the requirements of the federal S.A.F.E. Act, and replaced the "New Jersey Licensed Lenders Act" (NJLLA) (N.J.S.A.17:11C-1 et seq.) as the statutory framework for mortgage lenders.

The department, in its response to OLS Discussion Points during the review of the FY 2015 budget process, revealed that there were 1,706 licenses issued to financial institutions participating in the mortgage lending business in the State in FY 2013 (1,682 in FY 2014, as of March 2014), pursuant to the NJRMLA. Furthermore, there were 9,039 licenses issued to individuals participating in the mortgage lending business in the State in FY 2013 (9,505 in FY2014, as of March, 2014). The department reported $28,600 in total revenue collected from licensees under the NJRMLA in FY 2013 ($38,000 in FY 2014, as of March 2014). This revenue was dedicated to the State. Additionally, $1,215,700 in revenue was collected by the NMLS in FY 2013 (estimated $974,675 million in FY 2014). This is a decrease in total revenue collected

Discussion Points (Cont'd)

and dedicated by the State under the NJLLA ($2.6 million in FY 2010, its last year of solo operation).

According to the department, the shift to licensure through the NMLS has resulted in a need to add staff dedicated to reviewing mortgage licensees. More staff time needs to be dedicated to the additional background checks and determinations to be made as to the character and fitness and financial responsibility of the candidates.

Question: a. Please provide the number of individuals who have been regulated, registered, and licensed by the State for FY 2013, FY 2014 and thus far in FY 2015 as participating in the mortgage lending business pursuant to the "New Jersey Residential Mortgage Lending Act."

Response:

	FY 2013	FY 2015	FY 2015 as of March 30, 2015
Individual Residential Mortgage Lenders	354	338	342
Individual Correspondent Residential Mortgage Lenders	149	102	130
Individual Residential Mortgage Brokers	233	238	233
Mortgage Loan Originators	8,393	8,791	9,714

b. Please detail the number of financial institutions, participating in the mortgage lending business, that are licensed by the State for FY 2013, FY 2014 and thus far in FY 2015 pursuant to the "New Jersey Residential Mortgage Lending Act."

Response: During FY 2010, a transition in licensure occurred from the "New Jersey Licensed Lenders Act" to the "New Jersey Residential Mortgage Lending Act." Statistics are therefore separated as set forth below:

As of December 31, 2009 of FY 2010 under the
"New Jersey Licensed Lenders Act"

Companies (includes Corps, LLCs, Part, & Sole Props)
Secondary Mortgage Lender
Mortgage Banker
Correspondent Mortgage Banker
Mortgage Broker

Branches
Secondary Mortgage Lender
Mortgage Banker

FY 2013 FY 2014 FY 2015 (as of 3/30/2015)

Discussion Points (Cont'd)

Companies			
Residential Mortgage Lenders	318	338	343
Correspondent Mortgage Lenders	143	131	130
Residential Mortgage Brokers	217	238	233
Branches			
Residential Mortgage Lenders	831	880	968
Correspondent Mortgage Lenders	130	102	69
Residential Mortgage Brokers	7	70	43

c. Please indicate how much revenue the department has collected from each type of fee authorized under the "New Jersey Residential Mortgage Lending Act" in FY 2013, FY 2014 and anticipates collecting in FY 2015.

Response: The Nationwide Mortgage Licensing System (NMLS) collects all fees authorized under the "New Jersey Residential Mortgage Lending Act" for the Department.

d. Please indicate how much revenue has been collected from New Jersey licensees by the Nationwide Mortgage Licensing System (NMLS) in FY 2013, FY 2014 and how much is anticipated in FY 2015.

Response:

National Mortgage Licensing System

FY 2013	FY 2014	FY 2015 (as of March 31, 2015)
$1,215,700	$1,016,500	$662,525

e. What has been the financial impact of the additional review requirements on the department's budget for this division? How many more staff have been hired? Have they had to undergo additional training? What has been the cost of these changes?

Response: The financial impact occurred in FY 2013 with increased staffing and ongoing technology related expenses to keep our programs compatible with the updates and changes to the National Mortgage Licensing System. No staff was added in FY2015 and no staff additions are planned for FY2016.

18b. In addition to licensing and regulating individuals employed in the mortgage industry, the department also licenses and regulates several other professional groups, including: debt adjusters (P.L.1979, c.16 (C.17:16G-1 et seq.)); home repair contractors (P.L.1968, c.224 (C.17:16C-95 et seq.)); insurance producers (P.L.2001, c. 210 (C.17:22A-26 et seq.)); pawnbrokers (R.S.45:22-1 et seq.); and public adjusters (P.L.1993, c.66 (C.17:22B-1 et seq.)). Each of these individuals pays a fee to be licensed, and in some cases, to renew that license. These fees are intended to fund the administrative costs of providing oversight of these professions.

Discussion Points (Cont'd)

Question: a. Please provide the current initial fee and the renewal fee for each of these professions.

Response:

License Type	Initial Application Fee	Renewal Fee
Motor Vehicle Installment Seller	$ 300	$ 0
Home Repair Contractor	$ 300	$ 0
Home Financing Agency	$ 400	$ 0
Pawnbroker	$ 500	$ 0
Check Casher	$ 700	$ 0
Insurance Premium Finance Company	$ 500	$ 0
Debt Adjuster	$ 300	$ 0
Foreign Money Transmitter	$ 700	$ 0
Money Transmitter	$ 700	$ 0
Sales Finance Company Agency (Registration not license)	$ 100	$ 0
Residential Mortgage Lender	$1,200	$ 0
Correspondent Residential Mortgage Lender	$1,200	$ 0
Residential Mortgage Broker	$1,200	$ 0
Branches of each mortgage type	$1,000	$ 0
Qualified Individual of each mortgage type	$ 500	$ 0
Mortgage Loan Originator (Individuals)	$ 150	$ 0
Insurance Producer	$ 150*	$150
Limited Lines Insurance Producer	$ 75*	$ 75
Public Adjuster	$ 75**	$ 75

*additional $20 for electronic filing or $40 for paper filing
**additional $40 filing (paper only)

b. Please provide the annual revenue collected from each of these fees for the previous five fiscal years.

Response:

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 to date
Insurance Producers	$38,512,649	$38,903,095	$38,216,720	$39,569,416	$16,951,762
Public Adjusters	$152,340	$45,600	$71,590	$44,090	$20,250
Non-NMLS Licensees	$1,843,952	$2,503,723	$2,710,075	$2,554,257	$2,827,476

c. Please provide the annual cost to administer these programs for the previous five fiscal years and the number of full time equivalent staff assigned to licensing and regulatory activities per year, per profession.

Response:

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Insurance Licensing	$640,459	$647,663	$647,663	$574,147	$644,993
Full time Staff	9	9	9	11	12

Discussion Points (Cont'd)

All Insurance Licensing staff handles a variety of activities involved in the review and processing of initial and renewal paper and electronic filings for licensure, the maintenance of licensing records, and the handling of telephone calls, e-mail inquiries, and written correspondence that relate to the licensure of insurance producers and public adjusters.

19. The Workers Compensation Security Fund (WCSF) (R.S.34:15-105) is a depository for monies received from assessments levied against mutual and stock insurance carriers writing workers' compensation insurance in the State. The revenue in the fund is disbursed to persons entitled to receive workers' compensation from a carrier when that mutual or stock carrier is determined to be insolvent.

In January 2010, P.L.2009, c. 327 (C.34:15-105.1 et al.) was enacted, transferring responsibility for the management, administration and claims activities of the WCSF from the Department of Banking and Insurance to the New Jersey Property-Liability Insurance Guaranty Association (PLIGA).

PLIGA is a "private, nonprofit, unincorporated, legal entity" given certain statutory obligations to act as a safety net for policyholders and claimants in the property and casualty insurance marketplace pursuant to N.J.S.A.17:30A-1 et seq. As an independent entity, PLIGA is not included in the State budget, and the WCSF is no longer a State-administered fund.

In response to FY 2015 OLS Discussion Points, the department estimated that the WCSF would receive $18.5 million in assessments and would have total expenditures of $20.4 million in FY 2014, with an ending balance in the WCSF of $119.5 million. Noted in the department's response was the expected increase in outstanding loss reserves due to the impending insolvency of an insurer which had the potential to increase disbursements in FY 2014.

Question: a. Please provide an accounting of all resources and expenditures for the WCSF for FY 2013, FY 2014 and estimated for FY 2015, including, with respect to revenues: services and assessments and investment earnings; and with respect to expenditures: economic planning, development and security expenses and transfers to other funds (both State and PLIGA held). Please include the balance of the fund, both at the beginning of each fiscal year and projected for the end of each fiscal year.

Response:

New Jersey Workers' Compensation Security Fund
Schedule of Balances, Receipts and Disbursements
For Fiscal Years 2013, 2014 and 2015 estimated

	FY2013	FY2014	FY2015
Beginning Balance	$82,620,700	$99,001,100	$116,892,593
Receipts			

Discussion Points (Cont'd)

Assessments	16,577,500	18,513,801	21,381,376
Liquidation Dividend	13,587,617	21,828,525	15,565,304
Interest/Other Income	854,183	637,267	1,040,946
Claim Disbursements	$14,638,900	$23,088,100	$22,783,019
Ending Balance	$99,001,100	$116,892,593	$132,097,200

b. Please provide details for the dividend in FY 2013, FY 2014 and FY 2015.

Response: Please see attachment Liquidation Dividends January 2012 – March 2015.pdf

c. Please provide the outstanding loss reserves for the most recent year available, and for the previous two years.

Response: Outstanding Loss Reserves as of March 30, 2015 - $272,877,074
Outstanding Loss Reserves as of March 20, 2014 - $246,995,085
Outstanding Loss Reserves as of March 25, 2013 - $150,708,669

20. Pursuant to P.L.2010, c.32 the former Division of Insurance Fraud Prevention (DIFP), was renamed and reconstituted as the Bureau of Fraud Deterrence. The former division was originally established under the Department of Banking and Insurance, but its functions were transferred to the Department of Law and Public Safety pursuant to Reorganization Plan No. 007-1998. The Bureau is now located in DOBI and consists of all civil investigators formerly assigned to the Office of the Insurance Fraud Prosecutor (OIFP) in the Department of Law and Public Safety, (other than those assigned to the Case Screening, Litigation and Analytical Support Unit), and those additional administrative and clerical support personnel transferred from the OIFP to the Bureau within DOBI. The OIFP was established in the Department of Law and Public Safety, pursuant to section 32 of the "Automobile Insurance Cost Reduction Act" (AICRA), P.L.1998, c.21 (C.17:33A-16). P.L.2010, c.32 provided that the OIFP retain responsibility for all criminal prosecutions and investigations of fraud, including the County Prosecutors' Reimbursement Program.

The functions of the Bureau and the OIFP are funded through the Insurance Fraud Prevention assessment, estimated at $30.25 million in FY 2016 (page C-3, FY 2016 Budget Recommendation). The Insurance Fraud Prevention assessment is an assessment on certain insurers for reimbursement of all costs related to the activities and responsibilities of the OIFP and the Bureau. Pursuant to section 8 of P.L.1983 c. 320 (C.17:33A-8), as amended by P.L.2010, c.32, the Director of the Division of Budget and Accounting in the Department of the Treasury shall, on or before September 1 in each year, certify the total amount of expenses incurred by the State in connection with the administration of insurance fraud prevention in the previous fiscal year. This amount is then apportioned among the insurance companies by the department and an assessment is paid by the insurance companies prior to December 31 of each calendar year for expenses accrued in the previous fiscal year.

The County Prosecutors' Reimbursement Program is administered by the OIFP, but funded through the Insurance Fraud Prevention assessment collected by DOBI. The program

Discussion Points (Cont'd)

was established pursuant to section 44 of P.L.1998, c.21 (C.17:33A-28) to provide reimbursement to the County Prosecutors' offices for their activities undertaken in connection with investigating and prosecuting insurance fraud.

> **Question: a. Please update the Legislature on the activities of the Bureau of Fraud Deterrence, including the number of cases being investigated and the types of fraud discovered.**

Response: On June 30, 2010, pursuant to P.L.2010, c.32 the former Division of Insurance Fraud Prevention (DIFP) was renamed and reconstituted as the Bureau of Fraud Deterrence within the Department of Banking and Insurance.

The law transferred the civil component of insurance fraud back to the Department of Banking and Insurance, naming it the Bureau of Fraud Deterrence (the Bureau). The criminal component remained with the Office of the Insurance Fraud Prosecutor (OIFP) in the Department of Law and Public Safety. The law mandated collaboration between the criminal and civil components, citing specific requirements such as regular formal meetings, dual insurance industry fraud referrals, and coordination, related to administrative subpoenas, etc.

As of October 23, 2010, the transfer of the Bureau to the Department was complete.

Four and one half years since the transfer, the Bureau's operational independence, both the Bureau and OIFP have optimized their independent authority, while collaborating, communicating and jointly discerning when to work independently or in concert.

The Bureau and OIFP formally meet monthly. Our respective leadership has 24-7 access to one another. Our agencies have also benefited from longstanding professional/personal relationships that are both deep and broad amongst and between their respective cadres. Civil Investigators have been "sworn-in" as Special State Investigators, with New Jersey Office of the Attorney General authority for access to grand jury and other privileged information on particularly significant/sensitive joint investigations.

The Bureau and OIFP have successfully prosecuted several significant cases, through negotiated settlements. Stakeholder interests, such as insurance carrier restitution and medical board actions, are also collaboratively addressed. Litigation is the alternative to settlement. In such

Discussion Points (Cont'd)

instances, criminal and civil components proceed independently, yet communicate, as appropriate.

The 7d section of the Act provides insurance carriers with the legal authority to independently litigate matters, involving their interests against entities they view as being liable for a violation of the Act. When 7d's are brought forward, the State often joins the action, through the NJ OAG, Division of Law (DOL), which serves as the Bureau's legal "arm". Due to their civil nature, the Bureau assumes primary investigative responsibility for 7d's, resulting in multiple prolific Bureau investigations. Such efforts can involve Bureau, DOL, carrier SIU's and their legal counsel and OIFP. Such actions are growing in their relevance to resolving, mitigating and preventing insurance fraud in New Jersey, because they often involve complex, multi-transactional/entity fraud schemes and large dollar losses to carriers and their policy holders.

Post-transition results reflect the increased emphasis the Bureau has placed on such complex, multi-transaction/event fraud schemes, while maintaining its resource allocation to stand alone, limited-transaction/event frauds. Larger PIP investigations generally involve complex, multi transaction/event insurance frauds. This allocation of resources is largely underscored by the following civil prosecution outcomes, resulting from Bureau investigations:

The Bureau opened 3,246, 4,299, 4178 and 3755 cases in 2011, 2012, 2013 and 2014, respectively. Case openings are most significantly influenced by insurance carrier SIU referrals, which account at least 90 percent of Bureau cases.

Total civil penalties imposed: $6,243,000, $6,956,250, $4,130,500 and $5,457,000 in 2011, 2012, 2013 and 2014, respectively.

Complex, multi-transaction/event cases accounted for $4,725,000, $4,775,500, $3,099,000 and $4,339,500 of these penalties imposed totals for 2011, 2012, 2013 and 2014, respectively. They represent 76 percent, 69 percent, 75 percent and 80 percent of total monetary penalties, respectively. Yet such complex case penalties account for only 2.8 percent, 2 percent, 1.4 percent and 4.5 percent of the total number of civil penalties (15 of 540, 15 of 494, 6 of 437 and 23 of 518) for each of those years. This indicates the importance of focusing investigative and prosecution resources upon complex, multi-transaction/entity cases.

Discussion Points (Cont'd)

Civil penalties negotiated and court-ordered settlements: $1,292,500, $1,341,900, $1,684,050 and $2,664,750 for 2011, 2012, 2013 and 2014, respectively. Hence, such settlements continue to increase in both absolute terms and as a percentage of penalties imposed.

Carrier restitution imposed: $150,670, $905,000, $938,700 and $2,698,650 for 2011, 2012, 2013 and 2014, respectively. Hence, imposed restitution continues to increase in both absolute terms and as a percentage of penalties imposed.

The Bureau continues to experience a significant "Pipeline" of such investigations underway, which hold significant promise for resulting penalties in the next 12 to 24 months. Year-to-year statistical results are continuously influenced by referral volume and type, Bureau staffing, and other Bureau resource variables.

b. Please provide expenses as they were certified by the Department of the Treasury pursuant to N.J.S.A.17:33A-8 for FY 2014. Please break the expenses down to include, at a minimum, the direct cost of personal service, the cost of maintenance and operation, the cost of retirement contributions made, workers' compensation paid for and on account of personnel, rentals for space and all other indirect or direct costs of the administration.

Response:

Salaries and Wages	$6,832,416
Materials and Supplies	$41,716
Services other than Personnel	$1,433,864
Maintenance and Fixed Charges	$304,234
Equipment	$5,935
Special Purpose	
Insurance Fraud Prosecutor	$12,446,767
Subtotal	$21,064,932
Other Expenses	
Fringe Benefits	$6,176,492
Indirect costs	$47,167
Building Operations and Maintenance	
Roebling Building	($19,547)
Debt Service – Roebling Building	$13,287
Debt Service – Justice Complex	$15,132
Warren Street Parking Costs	$3,000

Discussion Points (Cont'd)

Cancelled Obligations FY 2010-2011	$582
Lockbox	$600
Parking Costs – Bank Street	$5,855
Rent Calculation for Leased Office Space	$383,579
Write-offs	$7,378
Subtotal	$6,633,527
Total Fraud Expenses 2014	**$27,698,458**

c. Please provide the annual awards for the County Prosecutors' Reimbursement Program for each award year for FY 2014, FY 2015 and its estimated cost for FY 2016.

Response: A budget summary for Cycle 14 (January 1, 2014-December 31, 2014) and Cycle 15 (January 1, 2015-December 31, 2015) is provided below. The estimated cost for FY 2016 is anticipated to be at the same level as 2015 for a total of $3,581,315. The precise number will depend on: (1) the exact amount expended by the counties (this is a reimbursement program), and (2) whether any currently non-funded counties apply for CY 16 funds, which is likely.

Since 2004, the program has operated on a calendar year basis instead of a fiscal year basis. This period difference is moot however, because the awards are made on an annual basis, that is, that the awards would be the same size were they made on a fiscal year basis.

County Prosecutor Insurance Fraud Reimbursement Program - Annual Awards

	Cycle 14 January 1, 2014- December 31, 2014	Cycle 15 January 1, 2015- December 31, 2015
Atlantic	$181,910	$107,580
Bergen	$0	$0
Burlington	$250,000	$243,484

Discussion Points (Cont'd)

Camden	$250,000	$250,000
Cape May	$130,297	$90,211
Cumberland	$0	$0
Essex	$250,000	$250,000
Gloucester	$144,821	$123,789
Hudson	$250,000	$264,500
Hunterdon	$0	$0
Mercer	$250,000	$250,000
Middlesex	$250,000	$250,000
Monmouth	$100,000	$100,000
Morris	$250,000	$250,000
Ocean	$250,000	$250,000
Passaic	$250,000	$250,000
Salem	$138,540	$150,240
Somerset	$250,000	$250,000
Sussex	$109,915	$114,452
Union	$250,000	$250,000
Warren	$137,804	$137,059
Total award	$3,693,257	$3,581,315

2014 NEW JERSEY HOMEOWNERS
MARKET SHARE

	GROUP	NAIC#	COMPANY NAME	DIRECT WRITTEN PREMIUM	GROUP DIRECT WRITTEN PREMIUM	MARKET SHARE	GROUP MARKET SHARE
1	176	25143	STATE FARM FIRE & CAS CO	292,777,919	292,777,919	12.02%	12.02%
2	111	23035	LIBERTY MUT FIRE INS CO	118,159,769	226,028,750	4.85%	9.28%
	111	14486	LIBERTY MUT MID ATLANTIC INS CO	76,131,937		3.12%	
	111	11045	EXCELSIOR INS CO	16,423,285		0.67%	
	111	33600	LM INS CORP	7,786,790		0.32%	
	111	44393	WEST AMER INS CO	4,915,770		0.20%	
	111	24066	AMERICAN FIRE & CAS CO	1,550,199		0.06%	
	111	24074	OHIO CAS INS CO	1,061,000		0.04%	
3	8	10852	ALLSTATE NJ INS CO	165,505,162	220,022,205	6.79%	9.03%
	8	11599	ENCOMPASS INS CO OF NJ	29,218,196		1.20%	
	8	12344	ALLSTATE NJ PROP & CAS INS CO	16,522,583		0.68%	
	8	12496	ENCOMPASS PROP & CAS INS CO OF NJ	8,381,995		0.34%	
	8	21741	ESURANCE INS CO OF NJ	394,269		0.02%	
4	708	12122	NEW JERSEY MANUFACTURERS INS CO	203,023,548	204,496,845	8.33%	8.39%
	708	35432	NEW JERSEY RE INS CO	1,473,297		0.06%	
5	38	41386	CHUBB INS CO OF NJ	96,504,507	167,333,082	3.96%	6.87%
	38	20281	FEDERAL INS CO	30,268,806		1.24%	
	38	20303	GREAT NORTHERN INS CO	24,321,634		1.00%	
	38	20397	VIGILANT INS CO	15,955,277		0.65%	
	38	20346	PACIFIC IND CO	282,858		0.01%	
6	1227	28959	HIGH POINT PREFERRED INS CO	109,034,116	126,883,798	4.47%	5.21%
	1227	10100	PALISADES PROP & CAS INS CO	17,849,682		0.73%	
7	3548	25879	FIDELITY & GUAR INS UNDERWRITERS INC	121,851,814	121,851,814	5.00%	5.00%
8	473	17221	HOMESITE INS CO	96,091,932	96,091,932	3.94%	3.94%
9	200	25968	USAA CAS INS CO	45,412,667	92,305,092	1.86%	3.79%
	200	25941	UNITED SERV AUTOMOBILE ASSN	40,154,989		1.65%	
	200	18600	USAA GEN IND CO	4,449,064		0.18%	
	200	21253	GARRISON PROP & CAS INS CO	2,288,372		0.09%	
10	762	37699	FMI INS CO	54,308,072	78,969,023	2.23%	3.24%
	762	16454	FRANKLIN MUT INS CO	19,796,395		0.81%	
	762	15750	FIDELITY MOHAWK INS CO	4,864,556		0.20%	

2014 NEW JERSEY HOMEOWNERS
MARKET SHARE

	GROUP	NAIC#	COMPANY NAME	DIRECT WRITTEN PREMIUM	GROUP DIRECT WRITTEN PREMIUM	MARKET SHARE	GROUP MARKET SHARE
11	2538	11454	NEW JERSEY SKYLANDS INS ASSN	32,489,986	67,537,072	1.33%	2.77%
	2538	17205	CASTLEPOINT INS CO	20,092,527		0.82%	
	2538	43702	TOWER NATL INS CO	7,702,361		0.32%	
	2538	44300	TOWER INS CO OF NY	5,873,327		0.24%	
	2538	29742	INTEGON NATL INS CO	1,378,871		0.06%	
12	308	11282	GERMANTOWN INS CO	29,047,519	53,788,389	1.19%	2.21%
	308	17914	PHILADELPHIA CONTRIBUTIONSHIP INS	24,740,870		1.02%	
13	242	11074	SELECTIVE AUTO INS CO OF NJ	20,577,121	53,233,496	0.84%	2.18%
	242	14377	SELECTIVE FIRE & CAS INS CO	16,558,804		0.68%	
	242	14376	SELECTIVE CAS INS CO	16,097,571		0.66%	
14	497	43001	NARRAGANSETT BAY INS CO	53,026,185	53,026,185	2.18%	2.18%
15	22	19763	BAY STATE INS CO	21,231,644	47,816,908	0.87%	1.96%
	22	19771	CAMBRIDGE MUT FIRE INS CO	14,052,990		0.58%	
	22	19798	MERRIMACK MUT FIRE INS CO	12,532,274		0.51%	
16	54	13684	CUMBERLAND MUT FIRE INS CO	44,528,651	44,528,651	1.83%	1.83%
17	241	34339	METROPOLITAN GRP PROP & CAS INS CO	19,023,765	34,531,423	0.78%	1.42%
	241	26298	METROPOLITAN PROP & CAS INS CO	15,507,658		0.64%	
18	69	21709	TRUCK INS EXCH	22,478,373	33,882,738	0.92%	1.39%
	69	11185	FOREMOST INS CO GRAND RAPIDS MI	8,240,155		0.34%	
	69	10710	21ST CENTURY PINNACLE INS CO	1,659,533		0.07%	
	69	11800	FOREMOST PROP & CAS INS CO	1,504,677		0.06%	
19	411	19941	AMERICAN COMMERCE INS CO	31,388,445	31,388,445	1.29%	1.29%
20	1278	42960	CSAA MID-ATLANTIC INS CO OF NJ	31,068,948	31,078,035	1.28%	1.28%
	1278	37770	CSAA GEN INS CO	9,087		0.00%	
21		15024	PREFERRED MUT INS CO	28,197,823	28,197,823	1.16%	1.16%
22		13854	FARMERS MUT FIRE INS CO OF SALEM CN	23,422,487	23,422,487	0.96%	0.96%
23	28	19976	AMICA MUT INS CO	22,520,975	22,520,975	0.92%	0.92%
24	12	19402	AIG PROP CAS CO	20,044,548	21,599,684	0.82%	0.89%
	12	19429	INSURANCE CO OF THE STATE OF PA	1,555,136		0.06%	

2014 NEW JERSEY HOMEOWNERS
MARKET SHARE

	GROUP	NAIC#	COMPANY NAME	DIRECT WRITTEN PREMIUM	GROUP DIRECT WRITTEN PREMIUM	MARKET SHARE	GROUP MARKET SHARE
25	88	22306	MASSACHUSETTS BAY INS CO	13,035,620	21,325,018	0.54%	0.88%
	88	31534	CITIZENS INS CO OF AMER	5,767,160		0.24%	
	88	22292	HANOVER INS CO	2,522,238		0.10%	
26	761	21881	NATIONAL SURETY CORP	8,238,792	20,275,489	0.34%	0.83%
	761	21857	AMERICAN INS CO	6,413,901		0.26%	
	761	21873	FIREMANS FUND INS CO	3,207,936		0.13%	
	761	11380	FIREMANS FUND IND CORP	2,414,860		0.10%	
27	4765	16578	STILLWATER PROP & CAS INS CO	18,416,623	18,416,623	0.76%	0.76%
28	626	38938	ATLANTIC EMPLOYERS INS CO	13,792,960	17,664,224	0.57%	0.72%
	626	18279	BANKERS STANDARD INS CO	3,871,264		0.16%	
29	140	42900	HARLEYSVILLE INS CO OF NJ	14,540,397	14,540,397	0.60%	0.60%
30	1344	10872	AMERICAN STRATEGIC INS CORP	13,415,178	13,415,178	0.55%	0.55%
31	71	10759	UNIVERSAL N AMER INS CO	13,043,157	13,043,157	0.54%	0.54%
32	19	10111	AMERICAN BANKERS INS CO OF FL	11,341,812	12,329,532	0.47%	0.51%
	19	42978	AMERICAN SECURITY INS CO	987,720		0.04%	
33	144	13943	FITCHBURG MUT INS CO	11,556,232	11,556,232	0.47%	0.47%
34		16446	FARMERS INS CO OF FLEMINGTON	11,416,691	11,416,691	0.47%	0.47%
35	248	43540	MERCER INS CO OF NJ INC	11,210,012	11,210,012	0.46%	0.46%
36	383	11245	RUTGERS ENHANCED INS CO	5,040,100	9,663,345	0.21%	0.40%
	383	41378	RUTGERS CAS INS CO	4,623,245		0.19%	
37	382	15040	PROVIDENCE MUT FIRE INS CO	9,623,037	9,623,037	0.39%	0.39%
38	91	30104	HARTFORD UNDERWRITERS INS CO	5,043,920	8,740,687	0.21%	0.36%
	91	27120	TRUMBULL INS CO	2,720,911		0.11%	
	91	34690	PROPERTY & CAS INS CO OF HARTFORD	884,787		0.04%	
	91	19682	HARTFORD FIRE IN CO	91,069		0.00%	
39	4	29068	IDS PROP CAS INS CO	8,059,392	8,059,392	0.33%	0.33%

2014 NEW JERSEY HOMEOWNERS
MARKET SHARE

	GROUP	NAIC#	COMPANY NAME	DIRECT WRITTEN PREMIUM	GROUP DIRECT WRITTEN PREMIUM	MARKET SHARE	GROUP MARKET SHARE
40	4664	12873	PRIVILEGE UNDERWRITERS RECP EXCH	7,412,529	7,412,529	0.30%	0.30%
41	408	13803	FARM FAMILY CAS INS CO	6,429,059	6,526,449	0.26%	0.27%
	408	29963	UNITED FARM FAMILY INS CO	97,390		0.00%	
42	2898	37850	PACIFIC SPECIALTY INS CO	5,691,732	5,691,732	0.23%	0.23%
43	271	10994	FOUNDERS INS CO	5,640,259	5,640,259	0.23%	0.23%
44	796	37257	PRAETORIAN INS CO	4,172,907	5,552,953	0.17%	0.23%
	796	39217	QBE INS CORP	1,380,046		0.06%	
45	660	11201	MERCURY IND CO OF AMER	4,767,902	4,767,902	0.20%	0.20%
46		10969	UNITED PROP & CAS INS CO	4,589,595	4,589,595	0.19%	0.19%
47		15326	UTICA FIRST INS CO	3,446,953	3,446,953	0.14%	0.14%
48	361	23469	AMERICAN MODERN HOME INS CO	2,403,863	2,819,579	0.10%	0.12%
	361	23450	AMERICAN FAMILY HOME INS CO	415,716		0.02%	
49	33	27464	CALIFORNIA CAS & FIRE INS CO	2,374,256	2,374,256	0.10%	0.10%
50	57	21261	ELECTRIC INS CO	2,367,730	2,367,730	0.10%	0.10%
51	661	12157	COMPANION PROP & CAS INS CO	2,314,711	2,314,711	0.09%	0.09%
52	853	15059	PUBLIC SERV INS CO	1,810,430	1,810,430	0.07%	0.07%
53	226	12901	MERCHANTS PREFERRED INS CO	1,040,846	1,592,429	0.04%	0.07%
	226	23329	MERCHANTS MUT INS CO	551,583		0.02%	
54	70	37710	FIRST AMER PROP & CAS INS CO	1,156,973	1,156,973	0.05%	0.05%
55	212	21326	EMPIRE FIRE & MARINE INS CO	1,028,469	1,028,469	0.04%	0.04%
56	225	23248	OCCIDENTAL FIRE & CAS CO OF NC	750,959	750,959	0.03%	0.03%
57		41459	ARMED FORCES INS EXCH	654,777	654,777	0.03%	0.03%

2014 NEW JERSEY HOMEOWNERS
MARKET SHARE

	GROUP	NAIC#	COMPANY NAME	DIRECT WRITTEN PREMIUM	GROUP DIRECT WRITTEN PREMIUM	MARKET SHARE	GROUP MARKET SHARE
58	201	25984	GRAPHIC ARTS MUT INS CO	343,625	650,109	0.01%	0.03%
	201	25976	UTICA MUT INS CO	306,484		0.01%	
59		10048	HYUNDAI MARINE & FIRE INS CO LTD	391,511	391,511	0.02%	0.02%
60	313	33898	AEGIS SECURITY INS CO	167,242	167,242	0.01%	0.01%
61	65	10014	AFFILIATED FM INS CO	90,397	90,397	0.00%	0.00%
62		15358	US COASTAL INS CO	69,182	69,182	0.00%	0.00%
63	785	28932	MARKEL AMER INS CO	33,692	33,692	0.00%	0.00%
64	311	14788	NGM INS CO	30,082	30,082	0.00%	0.00%
65	215	31968	MERASTAR INS CO	22,705	22,705	0.00%	0.00%
			Total	2,436,545,390	2,436,545,390	100.00%	100.00%

Insurers that Write Homeowners Policies in New Jersey

This list includes all insurance companies that have Homeowners policies in effect in New Jersey. This includes owners, renters/tenants, and condos.

In addition to the list below, the following companies only write **Renters/Tenant Policies**

Looking for **Mobile Homeowners Insurance?**

Looking for **Companies that Write Private Flood Insurance?**

Insurer	Telephone Number	Direct Writer or Contact Agent and Web site
21st Century Group • 21st Century Pinnacle Insurance Co. *(formerly American International Insurance Co. of New Jersey)*	1-800-622-2488	Direct www.21stcentins.com
ACE Group • Atlantic Employers Insurance Company • Bankers Standard Insurance Company	1-800-352-4462	Agent www.ace-ina.com
Allstate NJ Insurance Company *(not writing new business)* **Allstate New Jersey Property & Casualty Insurance Company**	908-252-5000	Agent www.allstate.com
American Commerce Insurance Company	1-800-222-2114	Agent www.acilink.com
American European Group • Rutgers Enhanced Insurance Company • Rutgers Casualty Insurance Company	856-779-0600	Agent www.aeiginsurance.com
American International Group • AIG Property Casualty Co. • Insurance Company of the State of Pennsylvania	1-800-613-5207	Agent www.aig.com
American Strategic Insurance Corporation	1-866-274-8765	Agent www.americanstrategic.com
Amica Mutual Insurance Company	1-800-652-6422	Direct www.amica.com
Andover Group • Merrimack Mutual Fire Insurance Co. • Bay State Insurance Co. • Cambridge Mutual Fire Insurance Co.	978-475-3300	Agent www.andovercos.com

Armed Forces Insurance Exchange (*membership company for military personnel*)	913-727-5500	Direct www.afi.org
Assurant Group • American Bankers Insurance Co. of Florida • American Security Insurance Company (*condos only)*	1-800-535-1333 1-800-852-2244	Agent www.assurant.com www.Assurantspecialtyproperty.com
California Casualty & Fire Insurance Company *(membership group for educators, firefighters and nurses)*	1-866-680-5143	Direct www.calcas.com
Chubb Group • Chubb Insurance Company of NJ • Federal Insurance Company • Great Northern Insurance Co. • Pacific Indemnity Company • Vigilant Insurance Company	908-903-2000	Agent www.chubb.com
Companion Property & Casualty Insurance Company	1-800-845-2724	Agent www.companiongroup.com
CSAA Group • CSAA Mid-Atlantic Insurance Company of NJ *(not writing new business)* • CSAA General Insurance Company	1-800-542-9544 1-888-222-0094	Direct (CSAA) www.aaamidatlantic.com Direct and Agent www.csaainsurance.aaa.com
Cumberland Mutual Fire Insurance Company	856-451-4050	Agent www.cumberlandgroup.com
Electric Insurance Company	1-800-342-5342	Direct www.electricinsurance.com
Encompass Group • Encompass Insurance Company of NJ *(not writing new business)* • Encompass Property and Casualty Insurance Company of New Jersey	1-800-260-1454 1-800-558-7400 (Claims)	Agent www.encompassinsurance.com
Farm Family Casualty Insurance Company *(membership company for farmers) (not writing new business)* **United Farm Family Insurance Company** *(membership company for farmers)*	518-431-5000	Agent www.farmfamily.com
Farmers Insurance Co. of Flemington	908-782-4120	Agent www.FarmersofFlemington.com
Farmers Insurance Group • Truck Insurance Exchange	1-800-327-6377	Agent www.farmers.com
Farmers Mutual Fire Insurance Co. of Salem County	856-935-1851	Agent www.farmersofsalem.com
Fireman's Fund Group • American Insurance Co. *(not writing new business)* • Fireman's Fund Indemnity Corp. *(not writing new business)* • Fireman's Fund Insurance Co. *(not writing new business)* • National Surety Corporation	415-899-2000	Agent www.firemansfund.com
First American Property Casualty Insurance Co. *(not writing condos)*	1-888-474-7500	Agent www.firstam.com

Fitchburg Mutual Insurance Co.	1-800-688-1825	Agent www.ndgroup.com
FM Global • Affiliated FM Insurance Company *(membership only for company employees and retirees)*	1-800-343-7722	Direct www.affiliatedFM.com
Foremost Insurance Company Grand Rapids, MI *(not writing new business)*	1-800-237-2060	Agent www.foremost.com
Founders Insurance Company *(Penn National Group)*	717-234-4941	Agent www.pennnationalinsurance.com
Franklin Mutual Group • FMI Insurance Co. • Fidelity Mohawk Insurance Co. *(not writing new business)* • Franklin Mutual Insurance Co.	973-948-3120	Agent www.fmiweb.com
Global Liberty Insurance Company of New York	516-576-8181	Agent www.globallibertyny.com
Hanover Insurance Group • Citizens Insurance Co. of America *(not writing new business)* • Hanover Insurance Co. *(not writing new business)* • Massachusetts Bay Insurance Co.	508-853-7200	Agent www.hanover.com
Harleysville Insurance Company of NJ	215-256-5000	Agent www.harleysvillegroup.com
Hartford Group • Hartford Underwriters Insurance Company *(membership company for AARP, not writing new business)* • Property Casualty Insurance Company of Hartford *(membership company for AARP, not writing new busines)* • Trumbull Insurance Company *(membership company for AARP)* • Hartford Fire Insurance Company	1-800-843-7824 (AARP) 1-800-460-9783 (Non-AARP)	Direct www.aarp.thehartford.com/mypolicy (AARP) www.hartfordauto.thehartford.com (Non-AARP)
Homesite Insurance Co.	1-800-466-3748	Direct www.homesite.com
Hyundai Marine & Fire Insurance Company, Ltd.	1-855-436-3467	Agent www.hyundaiinsuranceusa.com
IDS Property Casualty Insurance Co.	1-800-842-3344	Direct www.ameriprise.com
Integon National Insurance Co.	1-877-883-6599	Agent www.nationalgeneral.com
Liberty Mutual Group • Liberty Mutual Fire Insurance Company *(not writing new business)* • Liberty Mutual Mid-Atlantic Insurance Co. • LM Insurance Corporation	1-800-837-5254 1-800-225-2467 (Claims)	Agent www.libertymutual.com
Mercer Insurance Company of NJ, Inc.	609-737-0426	Agent www.mercerins.com
Merchants Group • Merchants Mutual Insurance Co. *(not writing new business)*	716-849-3333	Agent www.merchantsgroup.com

• Merchants Preferred Insurance Co. *(not writing new business)*		
Mercury Indemnity Company of America	1-800-987-2032	Agent www.mercuryinsurance.com
Metropolitan Group • Metropolitan Group P&C Insurance Co. • Metropolitan P&C Insurance Co.	1-800-442-5986	Direct (Metropolitan Group) Agent (Metropolitan P&C) www.metlife.com
Narragansett Bay Insurance Company	1-800-343-3375	Agent www.nbic.com
New Jersey Manufacturers Group • NJ Manufacturers Insurance Company *(membership company for certain affinity groups)* • NJ Re-Insurance Company *(membership company for certain affinity groups; not writing new business)*	609-883-1300	Direct www.njm.com
New Jersey Skylands Insurance Association	1-866-279-7688 1-877-365-8693 (Claims)	Agent www.njsi.com
Occidental Fire & Casualty Company of North Carolina	1-800-481-0661	Agent www.occidentalins.com
Pacific Specialty Insurance Company	1-800-303-5000	Agent www.pacificspecialty.com
Philadelphia Contributionship Group • Germantown Insurance Co. • Philadelphia Contributionship Insurance	215-627-1752	Agent www.contributionship.com
Plymouth Rock • High Point Preferred Insurance Company *(not writing new business)* • Palisades Property and Casualty Insurance Co.	1-866-INSURANCE 1-877-725-6423	Agent www.plymouthrocknj.com
Preferred Mutual Insurance Co.	607-847-6161	Agent www.preferredmutual.com
Privilege Underwriters Reciprocal Exchange (PURE)	1-888-813-7873	Agent www.purehnw.com
Providence Mutual Fire Insurance Co.	401-827-1800	Agent www.providencemutual.com
Public Service Mutual Insurance Co.	1-800-223-5213	Agent www.psmins.com
QBE Insurance Group • Praetorian Insurance Company • QBE Insurance Company	1-800-676-5066 1-800-660-4539	Agent www.qbena.com
Safeco • American Fire and Casualty Co. *(not writing new business)* • Ohio Casualty Insurance Co. *(not writing new business)* • West American Insurance Co. *(not writing new business)* • Excelsior Insurance Co.	1-800-542-5385	Agent www.safeco.com
Selective Insurance Company of America		

• Selective Insurance Co. of America *(not writing new business)* • Selective Casualty Insurance Co. *(writing renewal business of Selective Insurance Co. of America)* • Selective Way Insurance Co. *(not writing new business)* • Selective Fire and Casualty Insurance Co. *(writing renewal business of Selective Way Insurance Co.)* • Selective Auto Insurance Company of New Jersey	973-948-3000 1-800-777-9656	Agent www.selective.com
State Farm Fire & Casualty Company	973-739-5000	Agent www.statefarm.com
Stillwater Property and Casualty Insurance Co. *(formerly Fidelity National Property and Casualty Insurance Co.)*	1-800-849-6140	Agent www.StillwaterInsurance.com
Torus National Insurance Company *(Condos Only)*	1-800-880-0474	Agent www.torusinsurance.com
Tower Group Companies • Castlepoint Insurance Company *(not writing new business)* • Tower Insurance Company of New York *(not writing new business)* • Tower National Insurance Company *(not writing new business)*	1-866-422-1366 1-888-856-5522 (Claims)	Agent www.twrgrp.com
Travelers Group • Fidelity & Guaranty Insurance Underwriters, Inc.	1-800-692-6837	Agent www.travelers.com
United Property & Casualty Insurance Company	1-800-295-8016	Agent www.upcinsurance.com
Universal North America Insurance Company	1-800-905-7550	Agent www.uihna.com
USAA Group *(membership group for military personnel)* • Garrison Property and Casualty Insurance Company • USAA Casualty Insurance Company • USAA General Indemnity Company • United Services Auto Association	1-800-531-8722	Direct www.usaa.com
US Coastal Insurance Company	1-866-896-7233	Agent www.cabgen.com/New-Jersey.aspx
Utica First Insurance Company	1-800-456-4556	Agent www.uticafirst.com
Utica Mutual Group • Graphic Arts Mutual Insurance Co. *(not writing new business)* • Utica Mutual Insurance Co. *(not writing new business)*	315-734-2000	Agent www.uticamutual.com
Zurich Financial Services • Empire Fire and Marine Insurance Co**.** *(not writing new business)*	1-800-660-4539	Agent

Insurers that Write Tenant Policies in New Jersey

This list includes insurance companies that only write Tenant/Renters policies.

Insurer	Telephone Number	Direct Writer or Contact Agent and Web site
American Modern Insurance Group • American Family Home Insurance Company • American Modern Home Insurance Company	1-800-543-2644	Agent www.amig.com
Kemper Direct Group • Merastar Insurance Company	1-877-481-8836	Direct www.kemperdirect.com
Markel American Insurance Company	1-800-236-2862	Agent www.markelamerican.com

Insurers that Write Mobile Homeowners Policies in New Jersey

This list includes insurance companies that write Mobile Homeowners policies.

Insurer	Telephone Number	Direct Writer or Contact Agent and Web site
Aegis Security Insurance Company	1-800-233-2160	Agent www.aegisfirst.net
Allstate New Jersey Insurance Company *(renewal business only)*	908-252-5000	Agent www.allstate.com
American Bankers Insurance Co. of Florida	1-800-535-1333	Agent www.assurant.com
American Modern Insurance Group • American Family Home Insurance Company • American Modern Home Insurance Company	1-800-543-2644	Agent www.amig.com
Foremost Insurance Group • Foremost Insurance Company Grand Rapids • Foremost Property & Casualty Insurance Company	1-800-237-2060 1-800-752-2461	Direct and Agent www.foremost.com Direct and Agent www.aarpforemost.com
State Farm Fire & Casualty Company	973-739-5000	Agent www.statefarm.com

Insurers that Write Private Flood Insurance Policies in New Jersey

The following companies all write primary and excess personal flood insurance (Please Note: These are not FEMA policies):

Insurer	Telephone Number	Direct Writer or Contact Agent and Web site
AIG Property Casualty Company	1-800-613-5207	Agent www.aig.com

Bankers Insurance Company	1-866-356-6335	Agent www.bankersinsurance.com
Federal Insurance Company *(subject to underwriting eligibility for Chubb homeowner policyholders)*	1-877-60CHUBB	Agent www.chubb.com/personal/content/products/homes/flood.html
Fireman's Fund Group • American Insurance Co. *(not writing new business)* • Fireman's Fund Indemnity Corp. *(not writing new business)* • Fireman's Fund Insurance Co. *(not writing new business)* • National Surety Corporation	415-899-2000	Agent www.firemansfund.com
Wright National Flood Insurance Company *(formerly known as Fidelity National Indemnity Insurance Co.)*	1-800-820-3242	Agent www.weareflood.com

The following surplus lines company writes primary personal flood insurance (Please Note: These are not FEMA policies):

Insurer	Telephone Number	Direct Writer or Contact Agent and Web site
The Flood Insurance Agency *(Underwritten by certain underwriters at Lloyd's of London 100%, Insurance coverage identical to the FEMA policy)*	1-877-356-6348	Direct and Agent www.privatemarketflood.com

Direct Writer: The industry term for a company that uses its own sales employees to write its policies.

To find an agent in your area, check your telephone book or call the insurance company and ask for agents near you.

Report changes/errors here

2014 NEW JERSEY HOMEOWNERS
SURPLUS LINES MARKET SHARE

GROUP	NAIC #	COMPANY NAME	DIRECT WRITTEN PREMIUM	MARKET SHARE
3829	10182	GeoVera Specialty Insurance Company	77,383	0.18%
4698	10717	Aspen Specialty Insurance Company	70	0.00%
796	11515	QBE Specialty Insurance Company	5,151,960	11.86%
3219	12961	Canopius US Insurance, Inc.	1,891,586	4.35%
8	13167	North Light Specialty Insurance Company	963,221	2.22%
225	13234	Wilshire Insurance Company	44,914	0.10%
12	19437	Lexington Insurance Company	14,966,645	34.45%
31	20079	National Fire & Marine Insurance	140,009	0.32%
761	22829	Interstate Fire and Casualty Company	131,367	0.30%
4509	25445	Ironshore Specialty Insurance Company	708,044	1.63%
12	26883	AIG Specialty Insurance Company	3,031	0.01%
626	27960	Illinois Union Insurance Company	200,929	0.46%
785	33189	Alterra Excess & Surplus Insurance Company	2,253,310	5.19%
785	35378	Evanston Insurance Company	450	0.00%
361	35912	American Western Home Insurance Company	140,071	0.32%
31	37362	General Star Indemnity Company	293,260	0.68%
38	38989	Chubb Custom Insurance Company	229,277	0.53%
785	39020	Essex Insurance Company	5,220,075	12.02%
19	40428	Voyager Indemnity Insurance Company	1,362,297	3.14%
140	41297	Scottsdale Insurance Company	9,664,802	22.25%
		Total	43,442,701	100.00%

Note: Includes domestic and foreign companies only, does not include alien companies.

PRIVATE PASSENGER AUTOMOBILE
RATE INCREASES - 2013

COMPANY	EFFECTIVE DATE	RATE CHANGE
Fitchburg Mutual Insurance Company	01/01/13	4.10%
Allstate New Jersey Insurance Company	01/17/13	4.80%
High Point Property & Casualty Insurance Company	01/22/13	3.40%
State Farm Guaranty Insurance Company	01/28/13	7.00%
State Farm Indemnity Company	01/28/13	1.80%
Founders Insurance Company	02/01/13	3.30%
Selective Auto Insurance Company of New Jersey	02/02/13	4.60%
Esurance Insurance Company of New Jersey	02/22/13	4.80%
Mercury Indemnity Company of America	02/22/13	3.10%
Mercury Indemnity Company of America	02/22/13	2.50%
Amica Property and Casualty Insurance Company	03/01/13	6.00%
American Commerce Insurance Company	03/17/13	4.90%
Fidelity & Guaranty Insurance Underwriters, Inc.	03/19/13	5.00%
Hartford Underwriters Insurance Company	03/23/13	12.90%
Fidelity & Guaranty Insurance Underwriters, Inc.	03/24/13	0.04%
Encompass Property & Casualty Ins. Co. of NJ	03/28/13	6.90%
21st Century Centennial Insurance Company	04/01/13	11.00%
Encompass Insurance Company of NJ	04/04/13	6.90%
Hartford Insurance Company of the Midwest	04/06/13	3.00%
Hartford Fire Insurance Company	04/06/13	3.00%
Liberty Mutual Fire Insurance Company	04/09/13	2.80%
Liberty Mutual Mid-Atlantic Insurance Company	04/09/13	0.50%
Response Insurance Company	04/12/13	7.00%
Keystone Insurance Company	05/01/13	6.70%
21st Century Assurance Company	05/08/13	4.00%
21st Century Pinnacle Insurance Company	05/08/13	1.70%
New Jersey Manufacturers Insurance Company	06/01/13	4.93%
Bankers Standard Insurance Company	06/06/13	5.70%
Personal Service Insurance Company	06/13/13	6.40%
Chartis Property Casualty Company	06/17/13	6.40%
Citizens United Reciprocal Exchange	07/01/13	6.96%
Metropolitan Property and Casualty Insurance Co	07/01/13	6.00%
Metropolitan Group P&C Insurance Co	07/01/13	5.00%
Metropolitan Direct P&C Insurance Co	07/01/13	5.00%
Palisades Insurance Company	07/15/13	5.80%
Palisades Safety & Insurance Association	07/15/13	4.70%
IDS Property Casualty Insurance Company	07/22/13	7.00%
IDS Property Casualty Insurance Company	07/22/13	6.80%
Automobile Insurance Plans Service Office (NJPAIP)	08/01/13	2.70%
Allstate NJ Property & Casualty Insurance Co.	08/12/13	4.50%
Allstate New Jersey Insurance Company	08/12/13	1.10%
Hanover Insurance Company	08/15/13	3.00%
Founders Insurance Company	08/15/13	2.10%
Liberty Mutual Mid-Atlantic Insurance Company	08/27/13	6.50%
Liberty Insurance Corporation	08/27/13	5.40%
LM Insurance Corporation	08/27/13	5.40%
Liberty Mutual Fire Insurance Company	08/27/13	4.10%
Teachers Auto Insurance Company of NJ	09/01/13	2.80%
Electric Insurance Company	09/23/13	6.50%
Esurance Insurance Company of New Jersey	10/09/13	2.10%
Fireman's Fund Indemnity Company	11/01/13	6.80%

Updated: 3/31/2015
Printed: 3/31/2015

PRIVATE PASSENGER AUTOMOBILE
RATE INCREASES - 2013

COMPANY	EFFECTIVE DATE	RATE CHANGE
Harleysville Insurance Company of NJ	11/04/13	3.00%
State Farm Guaranty Insurance Company	11/11/13	6.60%
State Farm Indemnity Company	11/11/13	3.50%
21st Century Centennial Insurance Company	11/18/13	3.10%
Hartford Underwriters Insurance Company	11/23/13	4.80%
High Point Safety & Insurance Company	12/01/13	2.60%
American Commerce Insurance Company	12/02/13	2.00%
21st Century Assurance Company	12/25/13	2.90%

Updated: 3/31/2015
Printed: 3/31/2015

PRIVATE PASSENGER AUTOMOBILE
RATE INCREASES - 2014

COMPANY	EFFECTIVE DATE	RATE CHANGE
Insurance Services Office, Inc.	01/01/14	2.80%
CHUBB Insurance Company of NJ	01/17/14	6.90%
Federal Insurance Company	01/17/14	6.90%
Pacific Indemnity Insurance Company	01/17/14	6.90%
Vigilant Insurance Company	01/17/14	6.90%
Hanover Insurance Company	01/20/14	2.50%
IFA Insurance Company	02/01/14	6.00%
California Casualty & Fire Insurance Company	02/01/14	2.00%
Electric Insurance Company	02/25/14	6.90%
Amica Property & Casualty Insurance Company	03/01/14	6.60%
Amica Property & Casualty Insurance Company	03/01/14	5.90%
Selective Auto Insurance Company of NJ	03/01/14	3.10%
Encompass Property & Casualty Ins. Co. of NJ	03/28/14	6.30%
Encompass Insurance Company of NJ	04/04/14	4.00%
Liberty Mutual Fire Insurance Company	04/09/14	2.76%
Liberty Insurance Corporation	04/09/14	1.52%
LM Insurance Corporation	04/09/14	1.52%
Liberty Mutual Mid-Atlantic Insurance Company	04/09/14	0.50%
Hartford Insurance Company of the Midwest	04/17/14	0.90%
Hartford Fire Insurance Company	04/17/14	0.90%
Response Insurance Company	04/18/14	6.70%
Keystone Insurance Company	05/01/14	5.90%
New Jersey Skylands Insurance Association	05/23/14	6.80%
Preserver Insurance Company	05/23/14	6.80%
Metropolitan Property and Casualty Insurance Co	07/01/14	5.50%
Metropolitan Group P&C Insurance Co	07/01/14	2.00%
Metropolitan Direct P&C Insurance Co	07/01/14	2.00%
Progressive Garden State Insurance Company	07/11/14	1.50%
Privilege Underwriters Reciprocal Exchange	07/12/14	4.90%
Personal Service insurance Company	07/14/14	6.96%
Fidelity & Guaranty Insurance Underwriters, Inc.	07/14/14	5.81%
High Point Property & Casualty Insurance Co.	07/14/14	4.20%
Palisades Insurance Company	07/15/14	4.40%
Palisades Safety & Insurance Association	07/15/14	4.00%
Hanover Insurance Company	08/15/14	3.00%
Liberty Mutual Mid-Atlantic Insurance Company	08/27/14	5.30%
LM Insurance Corporation	08/27/14	4.60%
Liberty Insurance Corporation	08/27/14	4.20%
Liberty Mutual Fire Insurance Company	08/27/14	3.00%
Electric Insurance Company	10/08/14	4.80%
Personal Service insurance Company	10/16/14	4.10%
Citizens United Reciprocal Exchange (CURE)	11/01/14	6.70%
Fireman's Fund Indemnity Corporation	11/01/14	1.10%
Harleysville Insurance Company of NJ	11/04/14	4.00%
Teachers Auto Insurance Company of NJ	11/17/14	4.70%
21st Century Centennial Insurance Company	11/18/14	6.90%
St. Paul Protective Insurance Company	11/21/14	0.13%
Encompass Insurance Company of NJ	12/04/14	4.00%

PRIVATE PASSENGER AUTOMOBILE
RATE INCREASES - 2014

COMPANY	EFFECTIVE DATE	RATE CHANGE
State Farm Guaranty Insurance Company	12/08/14	7.00%
High Point Safety & Insurance Company	12/08/14	3.20%
State Farm Indemnity Company	12/08/14	2.40%
Mid-Century Insurance Company	12/22/14	3.00%
21st Century Assurance Company	12/25/14	7.00%

PRIVATE PASSENGER AUTOMOBILE
RATE INCREASES - 2015

COMPANY	EFFECTIVE DATE	RATE CHANGE
CSAA Affinity Insurance Company	01/01/15	6.80%
New Jersey Manufacturers Insurance Company	01/01/15	2.77%
Fidelity & Guaranty Insurance Underwriters, Inc.	01/05/15	0.10%
Hanover Insurance Company	01/20/15	2.70%
American Commerce Insurance Company	01/20/15	2.30%
IDS Property Casualty Insurance Company	02/01/15	6.20%
California Casualty & Fire Insurance Company	02/01/15	4.10%
CSAA General Insurance Company	02/01/15	4.00%
Fitchburg Mutual Insurance Company	02/01/15	3.60%
Fitchburg Mutual Insurance Company	02/01/15	3.21%
Government Employees Insurance Company	02/06/15	3.50%
GEICO General Insurance Company	02/06/15	3.50%
Hartford Underwriters Insurance Company	02/07/15	3.00%
High Point P&C Insurance Company (Prime 2.0)	02/13/15	5.00%
Palisades Insurance Company (Prime 2.0)	02/13/15	5.00%
Mercury Indemnity Company of America	02/20/15	2.00%
Electric Insurance Company	02/25/15	3.00%
Automobile Insurance Plans Service Office (NJPAIP)	03/01/15	0.50%
Palisades Safety & Ins. Association (Prime 1.0)	03/15/15	4.10%
Founders Insurance Company	04/01/15	3.00%
Allstate NJ Property & Casualty Insurance Co.	04/13/15	3.70%
Hartford Insurance Company of the Midwest	04/18/15	3.00%
Hartford Fire Insurance Company	04/18/15	3.00%
Response Insurance Company	04/24/15	6.70%
Selective Auto Insurance Company of NJ	05/01/15	2.00%
Allstate New Jersey Insurance Company	05/21/15	3.60%
Hartford Underwriters Insurance Company	07/10/15	6.90%
Esurance Insurance Company of New Jersey	07/22/15	2.50%

WCSF

SUMMARY OF LIQUIDATION DIVIDENDS REC'D IN 2012

WCSF	Insolvency	Deposit Date	Check Date	Check #	Amount	Monthly Total	% Distribution	Type of Distribution
January	Warwick (Allstate)	01/06/12	12/28/2011	3500630	619.66	619.66		Administrative Fees
February	Warwick (Allstate)	02/14/12	1/25/2012	3516947	619.66	619.66		administrative fees
March	Warwick (Allstate)	03/02/12	1/26/2012	3533029	619.66	619.66		Administrative Fee
April	Warwick (Allstate)	04/10/12	3/28/2012	3549120	619.66			Administrative Fee
	Consolidated Mutual Ins Co	04/13/12	4/10/2012	72273	83,788.44	84,408.10	93.710	Final Dividend Distribution
May	Warwick (Allstate)	05/04/12	4/27/2012	3565221	619.66	619.66		Administrative Fee
June	Warwick (Allstate)	06/05/12	5/28/2012	3581165	619.66	-		Administrative Fee
	Ideal Mutual Insurance Co	06/21/12	6/15/2012	78280	156,326.62	156,946.28	42.500	Sixth Dividend Distribution
July	Warwick (Allstate)	07/10/12	6/27/2012	3597481	619.66			Administrative Fee
	Reinsurance Co of America	07/10/12	6/29/2012	2419	46,296.95	46,916.61	37.865	Early Access Disbribution
August	Warwick (Allstate)	08/07/12	7/28/2012	3614129	619.66			ADMINISTRATIVE FEE
	Casualty Reciprocal Exchange	08/31/12	8/24/2012	740375	6,827.70	7,447.36	32.000	3rd Early Access Diabribution
September	Warwick (Allstate)	09/05/12	8/28/2012	3630157	619.66	-		Administrative Fee
	Commercial Compensation	09/18/12		wire	161,504.00			9th Early Access Distribution
	Villanova Insurance Co	09/25/12	9/19/2012	500261	995,001.64		35.019	Early Access Distribution
	Legion Insurance Co	09/25/12	9/19/2012	112627	9,577,242.18	10,734,367.48	59.980	Early Access Distribution
October	Warwick (Allstate)	10/03/12	9/27/2012	3646133	619.66	-		Administrative Expense
	Home Insurance Co	10/16/12	10/8/2012	71363013	127,688.30		100.000	class 1 Allowance
	Shelby Casualty	10/18/12		wire	2,236.00			6th Early Access Distribution
	Transit Caualty Co	10/19/12	10/15/2012	222744	5,300.92		87.000	16th distribution
	American Mutual Ins Co	10/22/12	10/1/2012	70000323	1,201,296.00			Class 2a Claims
	American Mutual of Boston	10/22/12	10/1/2012	80000323	211,993.00			Class 2a Claims
	Midland Insurance Co	10/26/12	10/19/2012	81768	859,959.53	2,409,093.41	25.000	Dividend Distribution

November	**Warwick (Allstate)**	**11/14/12**	**10/28/2012**	**3661972**	**619.66**	**619.66**		Administrative Fee
December	**Warwick (Allstate)**	**12/05/12**	**11/27/2012**	**3677837**	**619.66**			Administrative Fee
	Warwick (John Hancock)	**12/14/12**	**12/15/2012**	**019-000861046**	**4,336.80**			Administrative Fee
	Reliance Insurance Co	**12/27/12**	**5/4/1903**	**7012236**	**144,246.11**	**149,202.57**		Administrative Expenses
			YTD TOTAL		**13,591,797.10**	**13,591,800.10**		

WCSF

SUMMARY OF LIQUIDATION DIVIDENDS REC'D IN 2013

WCSF	Insolvency	Deposit Date	Check Date	Check #	Amount	Monthly Total	% Distribution	Type of Distribution
January	Warwick (Allstate)	01/09/13	12/28/2012	3694178	619.66			Administrative Expense
	Credit General Ins Co	01/23/13	1/16/2013	3711	54,005.05	54,624.71		Administrative Expense
February	Warwick (Allstate)	02/05/13	1/28/2013	3709859	619.66	619.66		Administrative Fee
March	Warwick (Allstate)	03/05/13	2/25/2013	3725440	619.66			Adminstrative Fee
	Ideal Mutual Ins Co	03/05/13	3/1/2013	81839	182,247.41	182,867.07		Catch Up Dividend
April	Warwick (Allstate)	04/09/13	3/23/2013	3741088	619.66	619.66		Administrative Fee
May	Warwick (Allstate)	05/03/13	4/27/2013	3756561	619.66	619.66		Administrative Fee
June	Warwick (Allstate)	06/05/13	5/28/2013	3772049	619.66	619.66		Administrative Fee
July	Home Insurance Eo	07/03/13	6/28/2013	104050	914,465.46		40.000	9th early access distribution
	Commercial Compensation	07/02/13	7/2/2013	wire	97,982.00			10th early access disbribution
	Warwick (Allstate)	07/09/13	6/27/2013	3788200	619.66	1,013,067.12		Administrative Fee
August	Warwick (Allstate)	08/06/13	7/28/2013	3804395	619.66	619.66		Administrative Fee
September	Warwick (Allstate)	09/04/13	8/28/2013	3820105	619.66	-		Administrative Fee
	Casualty Reciprocal Exchange	09/30/13	9/23/2013	740501	1,008,655.26	``		2nd distribution
	Reliance Insurance Co	09/30/13	9/26/2013	7013452	6,237,990.00	7,247,264.92		6th Early Access Distribution
October	Villanova Insurance Co	10/04/13	9/25/2013	500309	1,936,562.91		45.992	Early Access Distribution
	Legion Insurance Co	10/04/13	9/25/2013	113506	10,660,706.44	-	68.603	Early Access Distribution
	Warwick (Allstate)	10/08/13	9/27/2013	3835517	619.66			Administrative Fee
	Midland Insurance Co	10/21/13	10/11/2013	84650	421,171.05	13,019,060.06	25.000	Catch Up Distribution
November	Warwick (Allstate)	11/05/13	10/28/2013	3850818	619.66			Administrative Fee
	Shelby Casualty Ins	11/05/13	10/31/2013	2726	784.00	1,403.66		Early Acess Distribution

December	**Warwick (Allstate)**	**12/11/13**	**11/27/2013**	**3866159**	**619.66**			Administrative fee
	Warwick (John Hancock)	**12/11/13**	**12/15/2013**	**019-001002780**	**4,336.80**			Administrative fee
	Reliance Ins Co	**12/13/13**	**12/10/2013**	**7013826**	**173,803.67**			Administrative Expense
	Cosmoplitan Mutual Ins Co	**12/18/13**	**12/9/2013**	**86670**	**113,687.86**		75.000	New Dividend Distribution
	Consolidated Mutual Ins Co	**12/18/13**	**128/09**	**86686**	**4,989.15**	**297,437.14**	94.050	Final Dividend Distribution
			YTD TOTAL		**21,818,822.98**	**21,818,822.98**		

WCSF

SUMMARY OF LIQUIDATION DIVIDENDS REC'D IN 2014

WCSF	Insolvency	Deposit Date	Check Date	Check #	Amount	Lrg deduct fee	Monthly Total	% Distribution	Type of Distribution
January	Warwick (Allstate)	01/09/14	12/28/2013	3881946	619.66		619.66		Admninistrative Expense
February	Warwick (Allstate)	02/12/14	1/28/2014	3897171	619.66		-		Administrative Expenses
	Home Insurance Co	02/27/14	2/18/2014	104723	1,961.54		2,581.20		Large Deductible
March	Warwick (Allstate)	03/11/14	2/25/2014	3912224	619.66		-		Administrative Expenses
	Phico Insurance	03/14/14	3/11/2014	35790	25,194.32		-		Final Distribtuion
	Cosmopolitan Mutual Ins	03/27/14	3/21/2014	86716	30,639.01		56,452.99	42.5000	Catch up Distribution
April	Warwick (Allstate)	04/07/14	3/28/2014	3927362	619.66		619.66		Administrative Expenses
	Reinsurance Co of America	04/16/14	4/4/2014	4866	46,233.30	1,429.90	46,233.30		Large Deductible
May	Warwick (Allstate)	05/12/14	4/27/2014	3942403	619.66		619.66		Administrative Fee
June	Warwick (Allstate)	06/03/14	5/28/2014	3957336	619.66				Administrative Fee
	Home Insurance Co	06/03/14	5/28/2014	71363280	2,860.73				Class 1 Allowance
	Home Insurance Co	06/03/14	5/28/2014	71363279	5,691.77				Class 1 Allowance
	Home Insurance Co	06/03/14	5/28/2014	71363277	30,493.78				Class 1 Allowance
	Home Insurance Co	06/03/14	5/28/2014	71363278	102,880.67		142,546.61		Class 1 Allowance
July	Reinsurance Co of America	07/01/14	6/20/2014	5197	33,846.14	1,046.79			Large Deductible
	Fremont Indemnity	07/02/14	7/2/2014	wire	1,279,055.00		-		10th Early Access
	Warwick (Allstate)	07/08/14	6/27/2014	3972694	619.66		1,313,520.80		Administrative Fee
August	Warwick (Allstate)	08/18/14	7/28/2014	3988361	619.66		619.66		administrative fee
September	Warwick (Allstate)	09/05/14	8/28/2014	4003297	619.66				Administrative Fee
	Legion Insurance	09/05/14	8/28/2014	10398	11,685.00		12,304.66		Large Deductible
October	Villanova Insurance Co	10/02/14	9/25/2014	500357	1,053,439.54			49.7592	Early access
	Legion Insuranc Co	10/02/14	9/25/2014	114287	1,976,092.68			71.6944	Early Access
	Warwick (Allstate)	10/07/14	9/27/2014	4017884	619.66		-		Administrative fee

	Reinsurance Co of America	**10/07/14**	**10/1/2014**	**5682**	**21,592.01**	**667.79**			Large Deductible
	Credit General	**10/07/14**	**10/3/2014**	**4383**	**7,369.21**				Final Class 1 Distribution
	Credit General	**10/07/14**	**10/3/2014**	**4338**	**2,831,047.06**		**5,890,160.16**	29.7395	Final Class 2 Distribution
November	**Warwick (Allstate)**	**11/04/14**	**10/28/2014**	**4032437**	**619.66**				Administrative fee
	LMI Insurance Co	**11/04/14**	**10/31/2014**	**2499**	**134,585.14**			100.0000	Final Class 1 Distribution
	LMI Insurance Co	**11/04/14**	**10/31/2014**	**2524**	**6,152,208.15**		**6,287,412.95**	43.7733	Final Class 2 Distribution
December	**Superior National Ins**	**01/18/35**	**12/2/2014**	**wire**	**290,277.00**				Early Access
	John Hancock (Warwick)	**12/12/14**	**12/15/2014**	**1143877**	**4,336.80**				Administrative Fees
	Warwick (Allstate)	**12/17/14**	**11/27/2014**	**4047238**	**619.66**				Administrative Fees
	Reliance Ins Co	**12/30/14**	**12/18/2014**	**7015382**	**168,790.60**			100.0000	Administrative Fees
	Casualt Reciprocal Exchange	**12/23/14**	**12/15/2014**	**740627**	**1,585,360.51**			54.0000	Class 2 Distribution
	Reinsurance Co Of America	**12/30/14**	**12/19/2014**	**6104**	**5,982.15**	**185.01**	**2,055,366.72**		Large Deductibel
			YTD TOTAL		**15,809,058.03**		**15,809,058.03**		

WCSF

SUMMARY OF LIQUIDATION DIVIDENDS REC'D IN 2015

WCSF	Insolvency	Deposit Date	Check Date	Check #	Amount	Lrg deduct fee	Monthly Total	% Distribution	Type of Distribution
January	Warwick (Allstate)	01/13/15	12/28/2014	4062289	619.66		619.66		Administrative Fee
February	Warwick (Allstate)	02/06/15	1/28/2015	4076776	619.66		619.66		Administrative Fee
March	Warwick (Allstate)	03/03/15	2/25/2015	4091247	619.66		619.66		Administrative Fee
	Home Ins Co	03/24/15	3/17/2015	105867	3,440.26	278.94	4,059.92		Large Deductible

		YTD TOTAL		**5,299.24**		**5,918.90**		