

New Jersey Automobile Insurance Risk Exchange

P.O. Box 712, Stockholm, New Jersey 07460
(973) 209-4781

December 13, 2010

To: All NJAIRE Member Companies

NJAIRE 2011 ANNUAL LETTER TO MEMBER COMPANIES

The purpose of this 2011 NJAIRE Annual Letter is to inform you of new developments in the New Jersey Automobile Insurance Risk Exchange (NJAIRE). Such developments may include any changes in the reporting requirements, assessments per exposure, or any other information pertinent to company data submissions or financial transactions. Also included are schedules of financial and statistical requirements (Exhibits 1 & 2) outlining your company's responsibilities for the upcoming year.

NJAIRE requirements are diverse and probably involve several persons in your company. Each one of these persons will need to know certain information in this letter to carry out his or her responsibilities. Please make an effort to ensure that the information contained in this letter reaches all of the necessary individuals. This letter is available online on the NJAIRE website in the News Section at www.njaire.org.

Revised Procedure Manual & Exhibits (Overview of Material Changes)

Effective 8/5/10 -

Section I Chapter 5 Section 2.E: Additional wording added which empowers the Chairman of the Board to authorize the Central Processor to temporarily use surplus funds when outstanding payments are minimal

Effective 11/4/10 (includes 8/5/10 revisions) -

Section I Chapter 3 Section 3.B (10) and (11): Do Not Report last bullet (Changes Bold Italicized);

- “• Claimants on private passenger automobiles insured on a commercial automobile policy should not be reported unless
 - the **CLAIMANT** is the named insured on the commercial policy
 - OR
 - the **CLAIMANT** used the **PIP** coverage provided on their own personal auto policy.”

Webinars to Replace Annual Seminar

Beginning in 2011, NJAIRE expects to begin offering two webinars in place of the annual seminar. The first webinar is expected to be held in the spring. Information regarding registration will be provided to members in advance.

NJAIRE Assessment Per Exposure

For accident year 2011, an assessment of \$90 per zero dollar exposure will be used statewide, as recommended by the NJAIRE Actuarial Committee and approved by the NJAIRE Board of Directors.

Wire Transactions

NJAIRE is equipped to receive payments by wire transfer. Should your company wish to make its payments via wire transfer, contact ISO for instructions.

Closing out of Accident Year 2001

The final reporting of claims for accident year 2001 will be the fourth quarter of 2010. The final evaluation of this year will take place in the Twenty Sixth Annual Cash Settlement, evaluated as of 3/2011. Resubmissions for accident year 2001 will be allowed until 8/1/2011. **Please note: any submissions for accident year 2001 or prior for account quarters subsequent to the fourth quarter of 2010, and any resubmissions for accident year 2001 received after 8/1/2011 will not be processed.**

Audits

In 2011, audits will continue to be performed. Any company that has been audited and had reporting errors that require correction will be notified in a separate letter.

Claimant Determination Form

I have attached the most current Reportable Claimant Determination Form (Attachment 1) to be used as follows:

Reportable Claimant Determination Form (For accident dates 7/1/99 and subsequent, for policies in force on or after 7/1/99)

The Reportable Claimant Determination Form can also be found in Excel format (.xls) on the NJAIRE website.

Financial Transactions

For accident year 2011, the financial transactions based on the Form #4 experience will be carried out using a provisional assessment of \$90 per zero dollar exposure, as recommended by the NJAIRE Actuarial Committee and approved by the NJAIRE Board of Directors.

As in the past, you will receive your company's Compiled Figures Reports to help you calculate your monthly payment charges. **Remember, for accident years 2008 and subsequent, only Territory 001 (which is equivalent to the statewide totals) will have data and an assessment on your company's Compiled Figures Reports.** In order to calculate the monthly payments, divide the calculated assessment charges from Form #4 by three and round to the nearest dollar (see Exhibit 1). **Each member company is required by statute to submit the appropriate monthly payments to NJAIRE in a timely manner. Failure to do so will result in a 10% per annum late penalty.**

Call Forms

Only Form #4 is being used by NJAIRE. Submissions for Form #3 are no longer accepted. For your convenience, this package includes a copy of the call form (Attachment 2) you can use for your submissions. The call form is also available on the NJAIRE website in Excel format (.xls).

If you plan to use facsimiles of the call form rather than the form we provide, we require that your facsimiles be clearly labeled as Form #4. Completed call forms should be emailed (njairecentralprocessor@iso.com) or mailed to the NJAIRE Central Processor at this address:

Michael McAuley (17-2)
Insurance Services Office, Inc.
545 Washington Boulevard
Jersey City, NJ 07310

Statement of Compliance

A Statement of Compliance must be completed by your company's Chief Financial Officer (CFO), or an Officer designated by the CFO, and mailed to ISO by March 31, 2011 (see Exhibit 3). It must be filed by all companies authorized to write private passenger automobile insurance in New Jersey or those having or had in-force policies for years 2001 to present, whether or not quarterly statistics have been submitted to NJAIRE. It should be prepared on company letterhead. Please mail the Statement of Compliance to an NJAIRE contact at ISO.

You are required to send in a Statement of Compliance annually. Please refer to the Procedure Manual for more information.

NJAIRE Website

NJAIRE reporting information will continue to be available on the internet at www.njaire.org. The website includes NJAIRE related forms, the NJAIRE Plan of Operation, Procedure Manual, contact information, frequently asked questions, information regarding Board of Directors meetings, and an updated news section. The website also includes a section regarding the Annual Seminar, with presentations by: NJAIRE compliance auditor – AIPSO and the Central Processor – ISO, and a brief presentation over-viewing NJAIRE.

Company -- Person to Contact

It is important to provide ISO, as the NJAIRE Central Processor, the contact information for a person with an understanding of the workings of, and the company's responsibilities to NJAIRE. As a result, we ask that you complete the attached Company Response Form (Exhibit 4) with the current contact information for the proper knowledgeable person with regards to NJAIRE. **If there is more than one person involved with the various aspects of NJAIRE, please provide information for all relevant parties. Please include the e-mail addresses of all contacts.** The people identified on this form will receive all relevant NJAIRE mailings, including both statistical information and financial transaction information.

Additionally, NJAIRE maintains a list of contacts for the purposes of threshold verification. Please complete the attached Threshold Contact Form (Exhibit 5) and mail to an NJAIRE contact at ISO by February 15, 2011.

Null Reporters

The NJAIRE Response form (Exhibit 6) is for companies which are authorized to write private passenger automobile insurance in New Jersey but expect to have no data to report for Account Year 2011. If you have no data to report, a copy of the form must be filed annually.

The form has two response boxes. Box 1 should be checked if your company expects to report no data for the 2011 account period. Box 2 should be used if during the year you find that you have data to report. If you already report data, you do not have to fill out this form.

Please note that this form must be received by ISO by February 15, 2011. Quarterly statistics will be expected if this form is not submitted. Failure to submit quarterly statistics on schedule will result in late submission charges of \$50 per working day.

If you have any questions or concerns about the above please contact:

Michael McAuley (17-2)
Insurance Services Office, Inc.
545 Washington Boulevard
Jersey City, NJ 07310
(201) 469-2323
mmcauley@iso.com

for further contact information, visit the NJAIRE website at:

www.njaire.org

Sincerely,



Donald E. Foth
General Manager
gmanager@njaire.org

2011 NJAIRE COMPANY FINANCIAL TRANSACTION SCHEDULE

MONTHLY PAYMENT SCHEDULE

COMPILED FIGURES REPORTS FOR:	FACTOR TO MULTIPLY TIMES THE CALCULATED ASSESSMENT CHARGE	DATE DUE:
Second Quarter 2010	1/3	1/15/11
Third Quarter 2010	1/3	2/15/11
Third Quarter 2010	1/3	3/15/11
Third Quarter 2010	1/3	4/15/11
Fourth Quarter 2010	1/3	5/15/11
Fourth Quarter 2010	1/3	6/15/11
Fourth Quarter 2010	1/3	7/15/11
First Quarter 2011	1/3	8/15/11
First Quarter 2011	1/3	9/15/11
First Quarter 2011	1/3	10/15/11
Second Quarter 2011	1/3	11/15/11
Second Quarter 2011	1/3	12/15/11
Second Quarter 2011	1/3	1/15/12

2011 NJAIRE STATISTICAL REQUIREMENTS SCHEDULE

DATA FOR:	DUE:
Fourth Quarter 2010	2/15/11
First Quarter 2011	5/15/11
Second Quarter 2011	8/15/11
Third Quarter 2011	11/15/11
Fourth Quarter 2011	2/15/12

NEW JERSEY AUTOMOBILE INSURANCE RISK EXCHANGE

STATEMENT OF COMPLIANCE

(To be completed by the company's Chief Financial Officer, or the Officer responsible for NJAIRE reporting, no later than 90 days after the close of the fourth calendar quarter.)

During the course of the (prior year) calendar/fiscal year, (Company's Name) has conducted various financial and operational reviews. These reviews included the operations of (Company's Name) as they relate to the New Jersey Automobile Insurance Risk Exchange. Corrective action has been taken on any findings of a significant or material nature.

Based on the results of our reviews, and any corrective action taken, it is our opinion that (Company's Name) operations are in substantial compliance with the requirements of the New Jersey Automobile Insurance Risk Exchange Procedure Manual.

Sincerely,

Date

Signature

Print Name

Title

NEW JERSEY AUTOMOBILE INSURANCE RISK EXCHANGE

COMPANY RESPONSE FORM

Company: _____

Company No: _____

Primary AIRE Contact Person:

Name: _____

Address: _____

E-Mail Address _____

Telephone: _____

Additional AIRE Contact Person:

Name: _____

Address: _____

E-Mail Address _____

Telephone: _____

Return to: Michael McAuley
Business Associate
ISO
545 Washington Blvd. (17-2)
Jersey City, NJ 07310

NEW JERSEY AUTOMOBILE INSURANCE RISK EXCHANGE

CLAIMANT TORT THRESHOLD VERIFICATION CONTACT

IMPORTANT: One contact must be provided for every company writing private passenger type auto business in New Jersey. This person may be contacted by other insurer claims personnel, who need to know what a Bodily Injury claimant’s tort threshold selection was at the time of an accident.

Per the NJAIRE Procedure Manual, any changes to the contact information shall be reported to NJAIRE. As you become aware of changes, please send them to the ISO contact on the NJAIRE web site (www.NJAIRE.org).

Contact Name: _____

Title: _____

Mailing Address: _____

E-Mail Address _____

Telephone: _____

Fax: _____

Verification of
Policyholder Tort

Threshold Selection for:

1. Insurer Group _____

2. Companies included: (add more names on the back of the form, if needed)

Company Name: _____

Company Name: _____

Company Name: _____

Company Name: _____

Company Name: _____

Company Name: _____

Company Name: _____

Company Name: _____

Company Name: _____

[] This is the entire group

NJAIRE RESPONSE FORM

Indicate (X) which option you are choosing and provide the necessary information.

- _____ 1. We anticipate having no data to report for the NJAIRE Call for Statistics for the year indicated below:

First Quarter - Fourth Quarter 2011

This form is due by February 15 of the year indicated above.

- _____ 2. We are submitting quarterly statistics as of the quarter indicated below:

_____ Quarter 2011

This form should accompany the first quarterly submission.

Please complete the following:

Contact Person: _____

Title: _____

Company/Group Name: _____

Company/Group Number: _____

(Use number assigned by ISO)

Address: _____

E-mail Address: _____

Telephone Number: _____

Mail to: Michael McAuley
Business Associate
ISO
545 Washington Blvd. (17-2)
Jersey City, NJ 07310

Note: Please make copies of this form for use as needed.