

New Jersey Automobile Insurance Risk Exchange

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December 30, 2013

To: NJAIRE Member Companies

NJAIRE 2014 ANNUAL LETTER TO MEMBER COMPANIES

The purpose of this 2014 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 individuals from your company. Each individual 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.

Reporting Requirements Reminder

Reportable Claimant Determination Form - As of January 1, 2012 all members were required to utilize and maintain a copy of the NJAIRE Reportable Claimant Determination Form (Procedure Manual Exhibit 2) for all paid Bodily Injury claimants, in either paper or electronic form. Members will be required to furnish this information to the NJAIRE auditors during the compliance audit process. An Excel (.xls) version of the form is included for your convenience (Attachment 1) and can also be found on the NJAIRE website. ***As part of the March 13, 2012 Procedure Manual revisions, a modified version of the Reportable Claimant Determination Form was introduced to further assist members in achieving the proper determination. All members were required to begin utilizing this version as of January 1, 2013.***

NJAIRE Assessment Per Exposure

For accident year **2014**, an assessment of **\$120** per zero dollar exposure will be used statewide, as recommended by the NJAIRE Actuarial Committee and approved by the NJAIRE Board of Directors.

Webinars

NJAIRE will continue to offer two webinars (to be held in spring/fall) in place of the annual seminar. Information regarding registration will be provided to members in advance.

Wire Transactions

NJAIRE is equipped to receive payments by wire transfer/ACH. If your company wishes to make its payments via wire transfer, contact ISO for instructions.

Closing out of Accident Year 2004

The final reporting of claimants for accident year 2004 will be the fourth quarter of 2013. The final evaluation of this year will take place in the Twenty Ninth Annual Cash Settlement, evaluated as of 3/2014. Resubmissions for accident year 2004 will be allowed until August 1, 2014. **Please note: any submissions for accident year 2004 or prior for account quarters subsequent to the fourth quarter of 2013, and any resubmissions for accident year 2004 received after August 1, 2014 will not be processed.**

Audits

In 2014, member company compliance 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.

Financial Transactions

For accident year 2014, the financial transactions based on the Form #4 experience will be carried out using a provisional assessment of **\$120** 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

For your convenience, this package includes an Excel (.xls) version of the Form #4 call form (Attachment 2) for use in your submissions. The call form is also available on the NJAIRE website.

Members are permitted to use facsimiles of the call form as long as all relevant control information is contained. Completed call forms should be emailed (njairecentralprocessor@iso.com), faxed (201-748-1494) or mailed to the NJAIRE Central Processor at this address:

ISO - NJAIRE Central Processor
Attn: Michael McAuley (17-2)
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, 2014 (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 2004 to present, whether or not quarterly statistics have been submitted to NJAIRE. It should be prepared on company letterhead. The completed Statement of Compliance can be submitted using the same options listed in the 'Call Forms' section above. An electronic version can also be found on the NJAIRE website.

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 (in electronic format), 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 webinar, with presentations by: NJAIRE General Manager providing an overview of NJAIRE, NJAIRE compliance auditor – AIPSO and the Central Processor – ISO.

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 send to an NJAIRE contact at ISO by February 14, 2014.

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 2014. 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 2014 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 14, 2014. 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.

Electronic Compiled Figures Report (CFR)

NJAIRE will continue offering all members the option to receive the quarterly CFR electronically via email rather than in hard copy. If you haven't already taken advantage of this offering, please complete the request form (Exhibit 7) and return to the ISO contact listed. If you've already submitted a request or do not wish to partake in the offering, you do not have to complete the form.

Electronic Annual Cash Settlement (ACS) Reports

Beginning with the 28th ACS which was performed in 2013, NJAIRE began offering all members the option to receive all ACS reports electronically rather than in hard copy. If you haven't already taken advantage of this offering, please complete the request form (Exhibit 8) and return to the ISO contact listed. If you've already submitted a request or do not wish to partake in the offering, you do not have to complete the form.

If you have any questions or concerns about any items listed above, please do not hesitate to contact me. For further contact information, visit the NJAIRE website at www.njaire.org

Best regards,



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