

# New Jersey Automobile Insurance Risk Exchange

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

December 12, 2011

To: All NJAIRE Member Companies

## NJAIRE 2012 ANNUAL LETTER TO MEMBER COMPANIES

The purpose of this 2012 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](http://www.njaire.org).

### **New Reporting Requirements - Effective January 1, 2012**

Reportable Claimant Determination Form - All members are 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.

Special Automobile Insurance Policy (SAIP) - SAIP's are excluded from NJAIRE reporting requirements for members who issue such policies.

### **Revised Procedure Manual & Exhibits (Overview of Material Changes)**

Effective January 1, 2012 - Reflecting New Reporting Requirements mentioned above

Amended pages:

Procedure Manual Section I:

Chapter 2.1 - page 4

Chapter 3.3.A(4) & 3.3.B(13) - pages 8 & 13

Chapter 3.3.B(9) - page 10

Chapter 3.3.B(11) - pages 12 & 13

Procedure Manual Exhibit 2

### **NJAIRE Assessment Per Exposure**

For accident year 2012, an assessment of \$95 per zero dollar exposure will be used statewide, as recommended by the NJAIRE Actuarial Committee and approved by the NJAIRE Board of Directors.

### **New Offering - Compiled Figures Report (CFR)**

Beginning with the 4th quarter 2011 Call for Statistics (due on or before February 15, 2012), NJAIRE will begin offering all members the option to receive the quarterly CFR electronically via email rather than in hard copy. If you wish to take advantage of this offering, please complete the request form (Exhibit 7) and return to the ISO contact listed any time prior to submitting your 4th quarter 2011 data. If you've already submitted a request, you do not have to complete the form.

### **Webinars**

NJAIRE will continue to offer two webinars (currently scheduled for May 9, 2012 and October 31, 2012) 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. Should your company wish to make its payments via wire transfer, contact ISO for instructions.

### **Closing out of Accident Year 2002**

The final reporting of claims for accident year 2002 will be the fourth quarter of 2011. The final evaluation of this year will take place in the Twenty Seventh Annual Cash Settlement, evaluated as of 3/2012. Resubmissions for accident year 2002 will be allowed until August 1, 2012. **Please note: any submissions for accident year 2002 or prior for account quarters subsequent to the fourth quarter of 2011, and any resubmissions for accident year 2002 received after August 1, 2012 will not be processed.**

### **Audits**

In 2012, 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 2012, the financial transactions based on the Form #4 experience will be carried out using a provisional assessment of \$95 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 an Excel (.xls) version of the call form (Attachment 2) for use in your submissions. The call form is also available on the NJAIRE website.

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](mailto: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, 2012 (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 2002 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. 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](http://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 compliance auditor – AIPSO, the Central Processor – ISO and the General Manager providing an overview of 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 send to an NJAIRE contact at ISO by February 15, 2012.

**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 2012. 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 2012 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, 2012. 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 any items listed above, please do not hesitate to contact me.

For further contact information, visit the NJAIRE website at [www.njaire.org](http://www.njaire.org)

Sincerely,



Michael McAuley  
Business Associate  
ISO - NJAIRE Central Processor  
(201) 469-2323  
[mmcauley@iso.com](mailto:mmcauley@iso.com)

2012 NJAIRE COMPANY FINANCIAL TRANSACTION SCHEDULE

## MONTHLY PAYMENT SCHEDULE

COMPILED FIGURES REPORTS FOR:	FACTOR TO MULTIPLY TIMES THE CALCULATED ASSESSMENT CHARGE	DATE DUE:
Second Quarter 2011	1/3	1/15/12
Third Quarter 2011	1/3	2/15/12
Third Quarter 2011	1/3	3/15/12
Third Quarter 2011	1/3	4/15/12
Fourth Quarter 2011	1/3	5/15/12
Fourth Quarter 2011	1/3	6/15/12
Fourth Quarter 2011	1/3	7/15/12
First Quarter 2012	1/3	8/15/12
First Quarter 2012	1/3	9/15/12
First Quarter 2012	1/3	10/15/12
Second Quarter 2012	1/3	11/15/12
Second Quarter 2012	1/3	12/15/12
Second Quarter 2012	1/3	1/15/13

2012 NJAIRE STATISTICAL REQUIREMENTS SCHEDULE

DATA FOR:	DUE:
Fourth Quarter 2011	2/15/12
First Quarter 2012	5/15/12
Second Quarter 2012	8/15/12
Third Quarter 2012	11/15/12
Fourth Quarter 2012	2/15/13

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 2011 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 - MUST BE AN OFFICER OF THE COMPANY

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 website ([www.NJAIRE.org](http://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 2012

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 2012

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.

NEW JERSEY AUTOMOBILE INSURANCE RISK EXCHANGE

COMPILED FIGURES REPORT (CFR) - ELECTRONIC REQUEST

NJAIRE is now offering members the option to receive the quarterly Compiled Figures Reports (CFR's) electronically via email rather than in hard copy. Should you wish to do so, please complete this form and return to the ISO contact listed at the bottom.

Company: \_\_\_\_\_

Company No: \_\_\_\_\_

Person(s) who you would like to receive CFR electronically:

Name: \_\_\_\_\_  
**E-Mail Address** \_\_\_\_\_  
Name: \_\_\_\_\_  
**E-Mail Address** \_\_\_\_\_  
Name: \_\_\_\_\_  
**E-Mail Address** \_\_\_\_\_  
Name: \_\_\_\_\_  
**E-Mail Address** \_\_\_\_\_  
Name: \_\_\_\_\_  
**E-Mail Address** \_\_\_\_\_

- Please check this box to confirm that you are requesting the Compiled Figures Reports be sent electronically and that you are aware you will no longer receive a hard copy via standard mail.

Return to: Michael McAuley  
Business Associate  
ISO  
545 Washington Blvd. (17-2)  
Jersey City, NJ 07310  
Email: [mmcauley@iso.com](mailto:mmcauley@iso.com)