



## LOSS COSTS – INFORMATION

MAY 1, 2020

COMMERCIAL PROPERTY

LI-CF-2020-044

## **NEW JERSEY COMMERCIAL FIRE AND ALLIED LINES ADVISORY PROSPECTIVE LOSS COST REVISION TO BE IMPLEMENTED; EFFECTIVE DATE AND COMPANY INFORMATION UPDATED**

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### **KEY MESSAGE**

This circular announces an update to the Effective Date and Company Action blocks for New Jersey Commercial Fire And Allied Lines Advisory Prospective Loss Cost Revision filing CF-2020-RLA1.

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### **BACKGROUND**

In circular [LI-CF-2020-022](#), we announced the implementation of filing CF-2020-RLA1 in New Jersey.

As a result of COVID-19, the New Jersey Department of Banking and Insurance (DOBI) requested ISO to defer previously announced loss cost and rule filings from the August 1, 2020 implementation effective date to January 1, 2021.

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### **EFFECTIVE DATE**

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies written on or after January 1, 2021.

The effective date applies only to those insurers who have filed their Commercial Fire and Allied Lines.

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### **COMPANY ACTION**

You must independently determine the final rates you will use. The action, if any, you must take in response to this filing is dependent upon how you filed to have your loss cost adjustments apply to subsequent revisions of ISO loss costs. Any submission you make with respect to this revision must comply with applicable regulatory filing requirements.

For guidance on submission requirements, consult the ISO State Filing Handbook.

WE WILL SUBMIT OUR REFERENCE FILING TO THE INSURANCE DEPARTMENT ON DECEMBER 1, 2020. ANY SUBMISSION YOU MAY MAKE WITH THE INSURANCE DEPARTMENT WITH RESPECT TO THIS FILING SHOULD NOT BE SUBMITTED PRIOR TO THIS DATE.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Reference Filing Number CF-2020-RLA1, NOT this circular number.

CAUTION: This reference filing revises only certain advisory prospective loss costs for Commercial Fire and Allied Lines in this state. In determining whether or not to revise your rates, you should consider the application of your loss cost adjustments to any loss costs not included in this revision.

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### **RATING SOFTWARE IMPACT**

No new attributes are being introduced with this revision.

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## POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2019-057](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

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## REVISION DISTRIBUTION INFORMATION

- **Manual And ISO Suite**

We will issue a Notice to Manualholders with an edition date of 1-21 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

- **ProMetrix**

Revised loss costs for specifically rated and class-rated properties contained in ProMetrix will be displayed as "Pending" beginning on May 1, 2020. On January 1, 2021, these loss costs will move to "Current" status. The previous "Current" becomes the most recent "Prior" and joins all previously displayed "Priors". With each subsequent loss cost revision, we will make an additional "Prior" available. Information in ProMetrix will distinguish between loss costs which reflect the effect of limit of insurance (LOI) relativities and pre-LOI loss costs.

- **Toll-free Telephone Service**

Revised loss costs for specifically rated and class-rated properties will be available by calling toll-free 1-800-444-4554 and requesting "Pending" from May 1, 2020 to January 1, 2021. On January 1, 2021, these loss costs will move to "Current" status. The previous "Current" becomes the most recent "Prior" and joins all previously displayed "Priors". With each subsequent loss cost revision, we will make an additional "Prior" available. Information available via toll-free telephone service will distinguish between loss costs which reflect the effect of limit of insurance (LOI) relativities and pre-LOI loss costs.

**NOTE:** Specific property information is provided for Basic Group I and Basic Group II in this state. However, the eligibility criteria for Basic Group I and Basic Group II are independent and therefore an individual property may be eligible for Basic Group I and/or Basic Group II specific rating.

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## REFERENCE(S)

- [LI-CF-2020-022](#) (03/05/2020) New Jersey Commercial Fire And Allied Lines Advisory Prospective Loss Cost Revision To Be Implemented; Exhibits Newly Presented In Excel
- [LI-CL-2019-057](#) (12/10/2019) Revised Lead Time Requirements Listing

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## AIR WORLDWIDE CORPORATION

This filing incorporates the use of AIR Worldwide Corporation's (AIR) tropical cyclone model to produce hurricane modeled loss costs as part of the Basic Group II ratemaking procedure. AIR is the world's premier risk modeling and technology firm specializing in risks associated with natural and man-made catastrophes, weather and climate. AIR has developed models covering all major natural hazards, including hurricanes and earthquakes, and man-made perils (terrorist events) for more than 40 countries throughout North America, the Caribbean, South America, Europe, and the Asia-Pacific region. AIR provides a full suite of integrated products for underwriting, pricing, portfolio management, risk transfer and financing.

For more information concerning AIR Worldwide Corporation, please see the Contact Information block.

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## XACTWARE SOLUTIONS, INC.

This filing incorporates the use of pricing data from Xactware Solutions, Inc., to estimate trends in building costs for commercial properties. Xactware provides computer software solutions for professionals involved in estimating all phases of building construction and repair. The company has been providing building cost data, estimate tracking and data trending to the insurance repair market since 1986. Insurance carriers using Xactware data are responsible for settlement of the majority of property claims in the USA and Canada.

For more information concerning Xactware Solutions, Inc., please see the Contact Information block.

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