

New Jersey Property-Liability Insurance Guaranty Association

Statutory Administrator For
New Jersey Surplus Lines Insurance Guaranty Fund
New Jersey Medical Malpractice Reinsurance Association
Unsatisfied Claim and Judgment Fund
New Jersey Automobile Full Insurance Underwriting Association
Market Transition Facility of New Jersey

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Reply to: Bernardsville

TO: Property and Casualty Insurance Industry Member Companies
FROM: Joseph DellaFera, Executive Director
DATE: January 22, 2004

As a follow up to our December 2003 Memorandum we are notifying Member Companies of the outcome of the New Jersey Property-Liability Insurance Guaranty Association (PLIGA) Board of Directors' deliberations relative to the 2004 Assessment Process and Interim Funding needs for the functions currently being administered by PLIGA in support of the Unsatisfied Claim and Judgment Fund (UCJF) as it relates to their Excess Medical Benefits (EMB), Uninsured Motorists (UM) and Pedestrian PIP components.

The Board of Directors has requested that the Assessment Working Group (AWG) continue to refine and finalize its recommendation for the procedure to be utilized for assessing the industry for both their EMB and UM functions. This group will meet in February with the goal of fine tuning the new assessment procedure. The direction outlined in our previous memorandum will be the subject of the AWG's next meeting. The Board will meet in May to review the final recommendations of the AWG and finalize the process.

The Board was asked to consider the short term funding needs for the EMB portion and did authorize an Interim Assessment of one percent of 2002 Actual Net Direct Written Premiums. It is PLIGA's intent to issue Interim Assessment Bills during the week of February 2, 2004, with an expected remittance date of March 17, 2004.

PLIGA has been in communication with the Department of Banking and Insurance (DOBI) and has received an initial response that, contemporaneously with the issuing of the assessment bill, an order will be issued by the DOBI permitting the recoupment of the one percent assessment through a policyholder surcharge.

PLIGA will be reviewing Year End 2003 results and finalizing projected funding needs for both the EMB and UM components to determine the appropriateness of an assessment in June/July of this year. As mentioned in the previous memorandum, it is anticipated that should there be a need for a 2nd mid-year assessment, the sum of these two assessments is not expected to exceed the PLIGA statutory limitation of two percent.

As more details are finalized and approved by the Board, further memorandums will be issued to the industry.