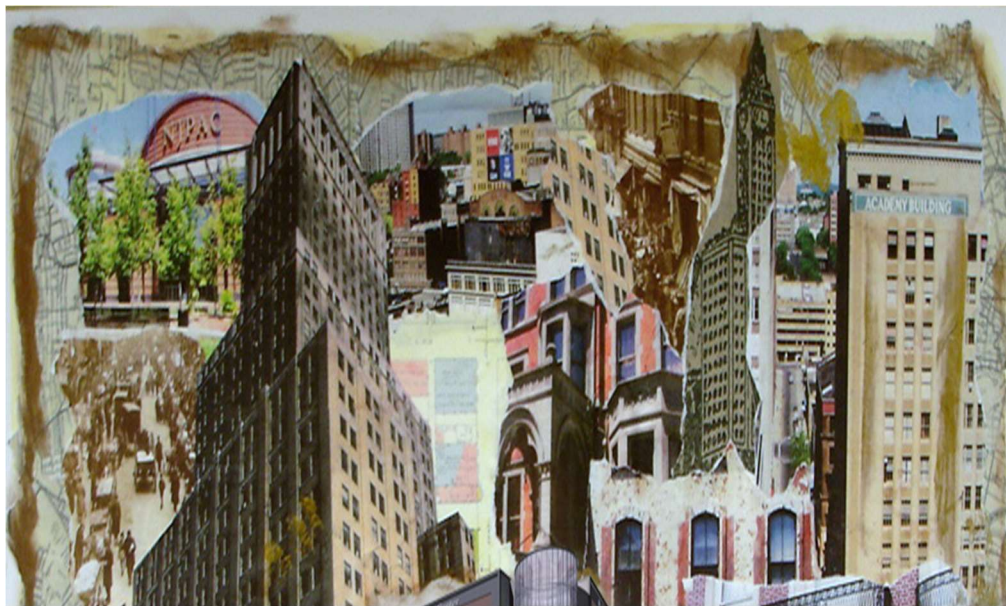


NJIUA

New Jersey Insurance Underwriting Association

2023 Annual Report



The 55th Annual Report



NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

2023 Annual Report

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www.njiua.org

New Jersey Insurance Underwriting Association

2023 Annual Report

Message from the Chair and President

Financial Results

Although similar to previous year's results in that both written and earned premium continued to decline, the rate of decline was lower than that experienced in 2021 and 2022. Residential applications made up approximately 99% of new submissions while commercial and crime applications accounted for the remaining 1%. The Association ended the year with 6,629 total policies. The large majority of residential policies continue to have only one location insured, however, there are a small number of policies that cover multiple locations, a process that was discontinued for new business several years ago.

Written premium at the end of 2023 was \$5,050,000 down \$188,300 or 3.6% and earned premium finished the year at \$5,103,100 or 6% lower compared to last year.

Underwriting expenses of \$2,931,000 were higher than the previous year primarily due to lower book adjustments to the defined benefit plan and Retiree Medical Trust Fund. In 2022 the adjustments to these programs were significant and resulted in a major reduction to the overall expense level. In 2023 the adjustments were not as large as the prior year which subsequently had a much smaller impact to the expense total. The 58% expense ratio was 11 points higher than last year.

Claims was a positive story for 2023. The lack of catastrophe events and a decrease in large losses over prior year resulted in a 38.9% loss ratio. Claims and claim expenses were \$1,983,000 compared to \$3,186,000 in 2022. There were 167 reported losses during the year. All but 12 were closed by year end. The combined ratio improved by 9 points to 97% and produced an underwriting gain of \$188,400. Investment income and other income of \$185,000 resulted in an overall net gain of \$373,000 compared to a \$146,000 loss in 2022.

Highlights

Association management worked with ISO and the Underwriting Committee on the annual rate adequacy review. The recommendation to file for a 5.7% rate increase was approved by the Board of Directors and submitted to the Department of Banking and Insurance for approval in October. The filing was under review at the end of December.

In August the Board of Directors approved closing policy year 2020 at the recommendation of the Finance and Audit Committee. The final reconciliation indicated a net loss of \$766,000, however, based on the Association's cash position a member company assessment was deferred.

Reinsurance intermediary Guy Carpenter completed their annual catastrophe analysis in September. There were no surprises in the results as the Association's exposure to a major event continues to decline and remains well within our assessment limit.

All things considered 2023 was another productive year for the Association. Our sincere appreciation goes out to Association managers and staff for all they do to make NJIUA the successful operation that it is.

We also wish to express our sincere appreciation to Acting Commissioner, Justin Zimmerman, Insurance Department Board of Director's representative, Bill Horner, and others at the Department of Banking and Insurance for their guidance and support. Lastly, special recognition goes out to all the members of our Board of Directors, Association counsel, Cynthia Borrelli, and Committee Chairs, Vince Noggle, Brian Connors, Tim Cronin and Arienne Chase for their commitment and advice on our business activities.



Pamela A. Septer
Chair, Board of Directors



Steven Mutterperl
President

New Jersey Insurance Underwriting Association

Financial Highlights

Year Ending December 31,
(Unaudited)

	2023	2022
PREMIUM WRITTEN	\$5,050,402	\$5,238,681
PREMIUMS EARNED	5,103,101	5,429,805
LOSSES INCURRED	1,489,223	2,756,445
CLAIM EXPENSES INCURRED	494,475	429,045
EXPENSES INCURRED	2,931,035	2,460,094
UNDERWRITING GAIN (LOSS)	188,368	(215,779)
ADD NET INVESTMENT GAIN	173,654	60,762
TOTAL OTHER INCOME	11,070	8,861
NET OPERATING GAIN (LOSS)	\$373,092	(\$146,156)
LOSS RATIO	38.87%	58.67%
EXPENSE RATIO	58.04%	46.96%
COMBINED RATIO	96.91%	105.63%

New Jersey Insurance Underwriting Association

Statements of Admitted Assets, Liabilities and Members' Equity - Statutory Basis

	As at December 31, (U n a u d i t e d)	
	<u>2023</u>	<u>2022</u>
Admitted assets		
Cash and invested assets:		
Bonds	\$1,665,963	\$1,649,780
Equity securities	1,527,675	1,395,550
Cash and short-term investments	<u>2,200,527</u>	<u>2,361,504</u>
Total cash and invested assets	5,394,165	5,406,834
Accrued investment income	51,080	22,867
EDP equipment	13,657	14,255
Premiums receivable	<u>85,971</u>	<u>201,947</u>
Total admitted assets	<u><u>\$5,544,873</u></u>	<u><u>\$5,645,903</u></u>
Liabilities and members' equity		
Liabilities:		
Unpaid losses	\$711,410	\$527,118
Unpaid loss adjustment expenses	206,444	196,832
Unearned premiums	2,581,895	2,634,594
Advance premiums	131,233	140,975
Amounts held for others	44,716	66,401
Accrued expenses	131,083	117,875
Other liabilities	63,913	57,350
Claim checks payable	1,956	865
Premium taxes and filing fees payable	<u>102,161</u>	<u>102,678</u>
Total liabilities	\$3,974,811	\$3,844,688
Members' equity	<u>1,570,062</u>	<u>1,801,215</u>
Total liabilities and members' equity	<u><u>\$5,544,873</u></u>	<u><u>\$5,645,903</u></u>

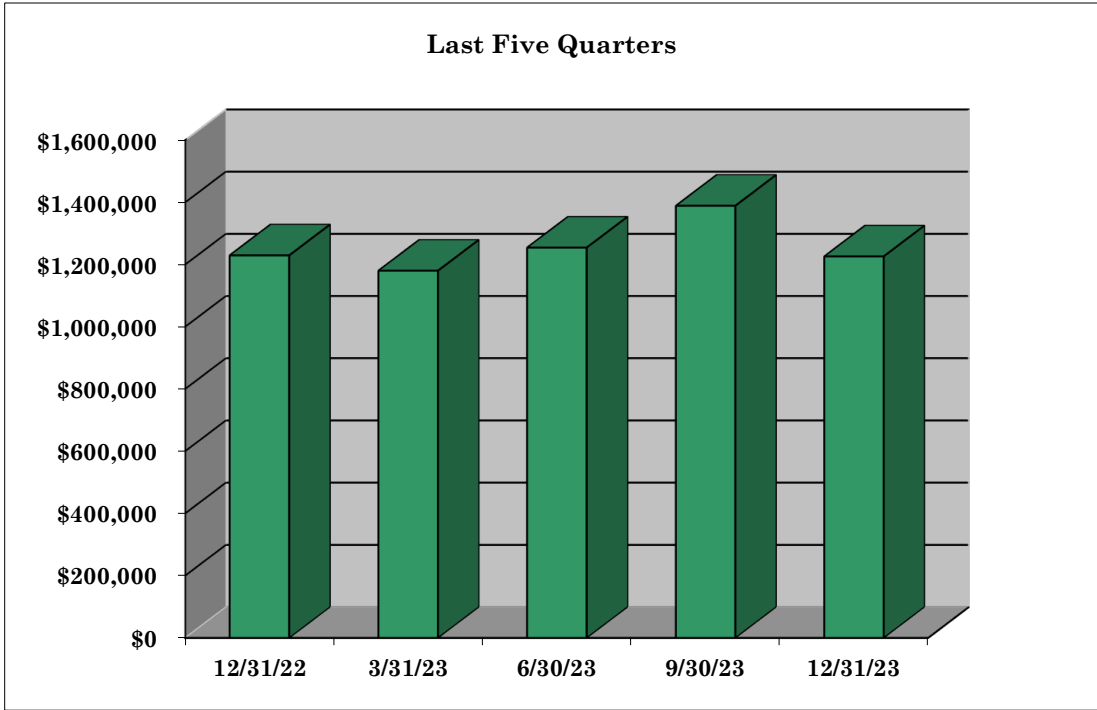
New Jersey Insurance Underwriting Association

Statements of Operations and Changes in Members' Equity - Statutory Basis

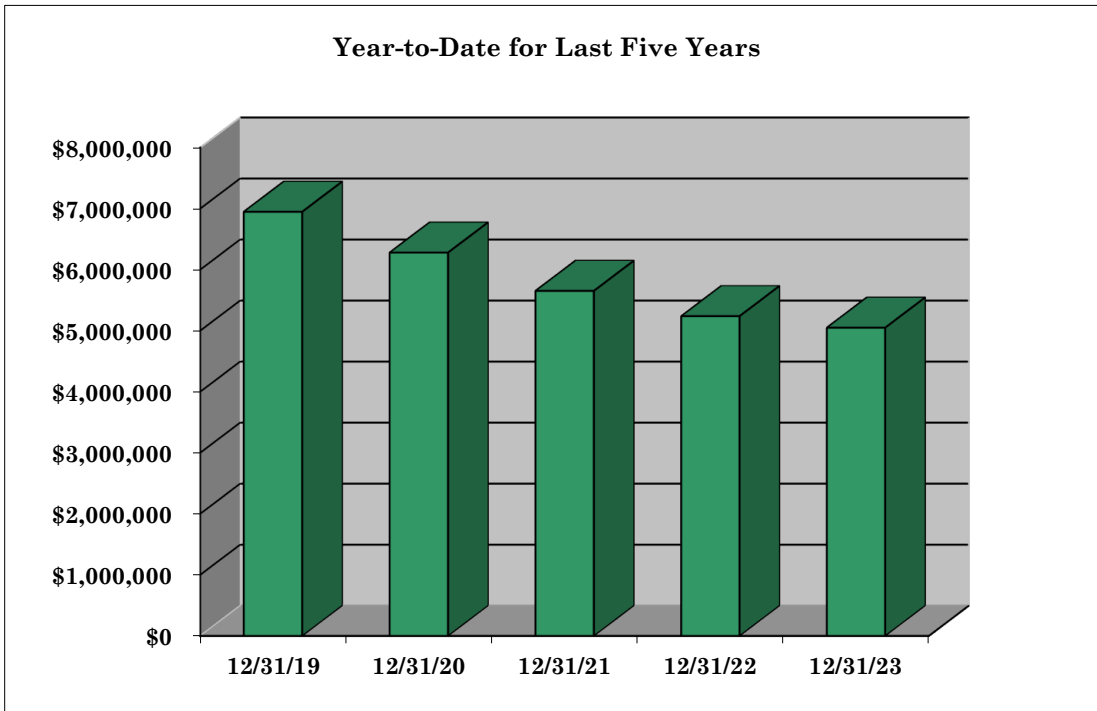
	Twelve Months Ending December 31, (Unaudited)	
	2023	2022
Underwriting income:		
Net premiums written	\$5,050,402	\$5,238,681
Change in unearned premiums	52,699	191,124
Total underwriting income	5,103,101	5,429,805
Underwriting expenses:		
Losses incurred	1,489,223	2,756,445
LAE incurred	494,475	429,045
Commissions	404,269	423,789
Other underwriting expenses	2,494,650	2,035,583
Premium taxes and filing fees	32,116	722
Total underwriting expenses	4,914,733	5,645,584
Net underwriting gain (loss)	188,368	(215,779)
Other income	11,070	8,861
Net investment income	173,654	60,762
Net gain (loss)	373,092	(146,156)
Members' equity at beginning of year	1,801,215	3,180,544
Change in nonadmitted assets	(688,025)	(882,784)
Change in net unrealized capital gain (loss)	83,780	(350,389)
Members' equity at end of year	\$1,570,062	\$1,801,215

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Written Premium - All Lines



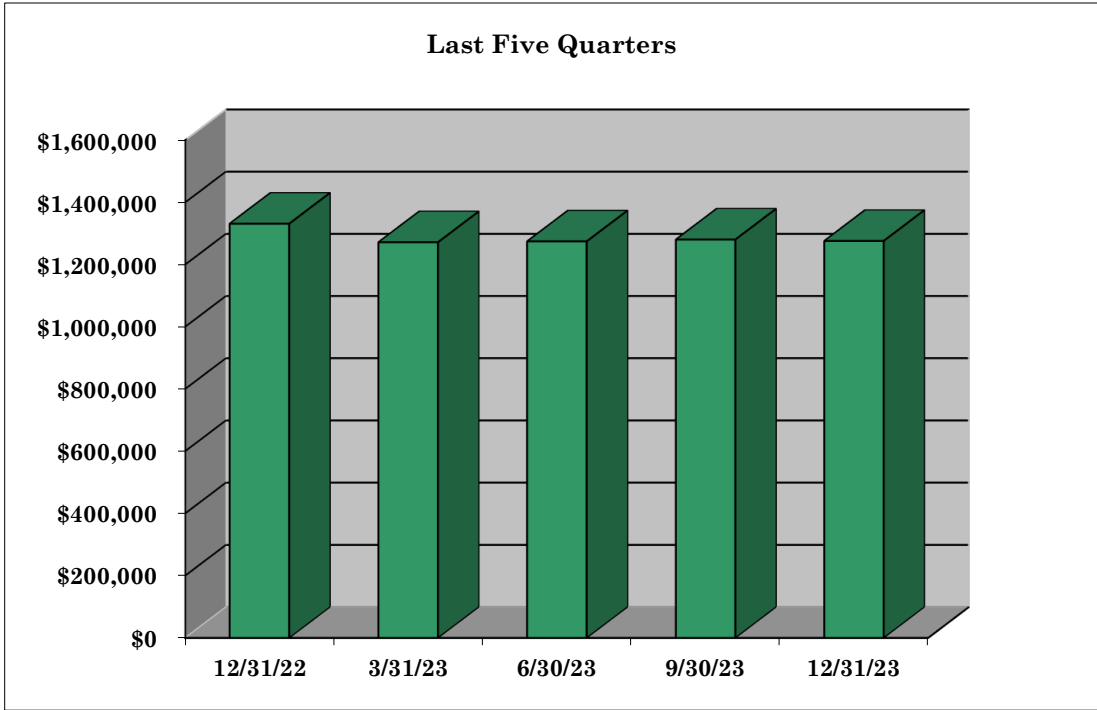
Quarter Ending	
12/31/22	\$1,229,714
3/31/23	1,180,345
6/30/23	1,254,697
9/30/23	1,389,165
12/31/23	\$1,226,195



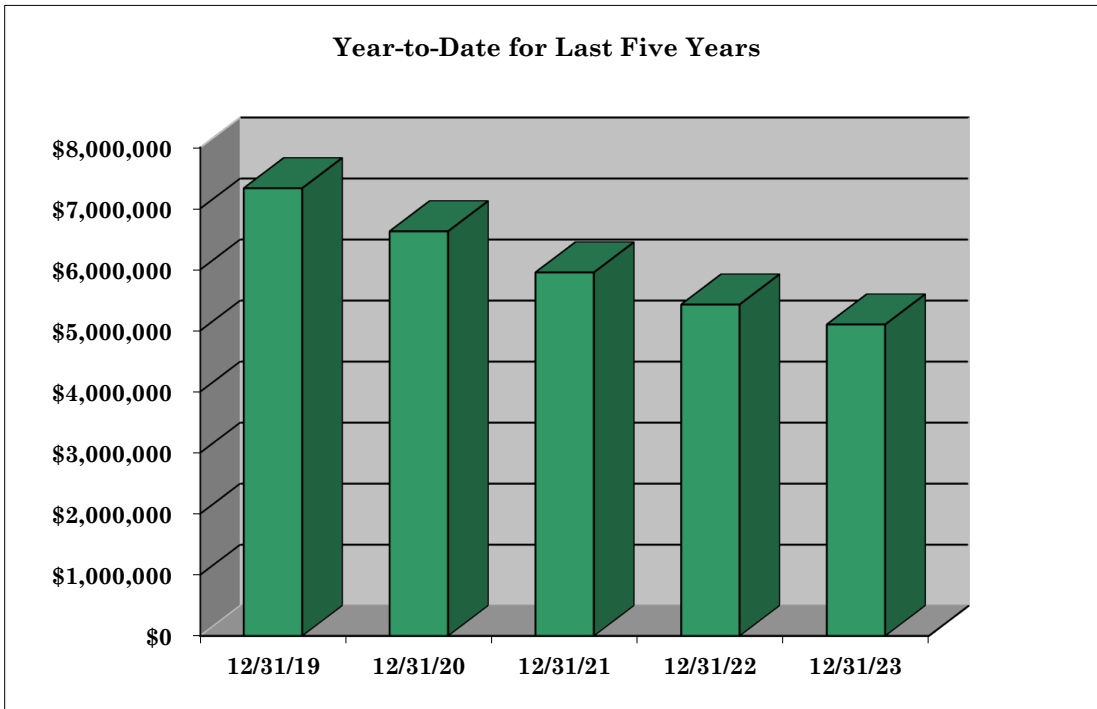
Period Ending	
12/31/19	\$6,949,609
12/31/20	6,280,914
12/31/21	5,653,490
12/31/22	5,238,681
12/31/23	\$5,050,402

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Earned Premium - All Lines



Quarter Ending	
12/31/22	\$1,331,596
3/31/23	1,271,828
6/30/23	1,274,746
9/30/23	1,280,513
12/31/23	\$1,276,014

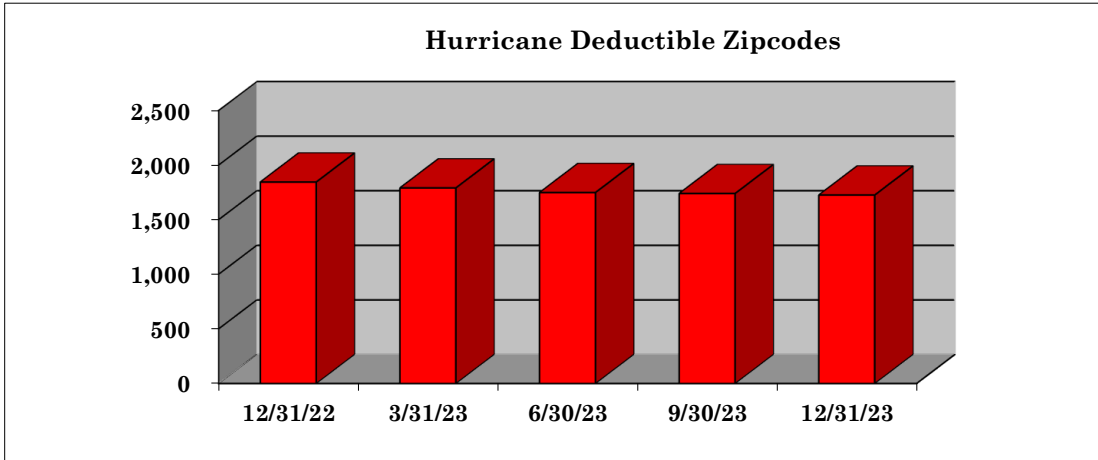


Period Ending	
12/31/19	\$7,335,752
12/31/20	6,629,478
12/31/21	5,955,692
12/31/22	5,429,805
12/31/23	\$5,103,101

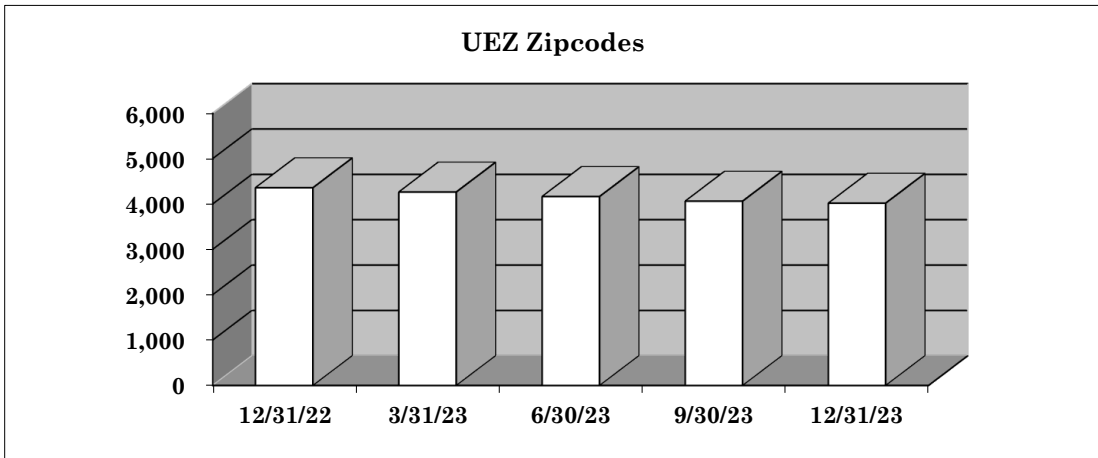
NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

In-Force Policies by Territory - All Lines

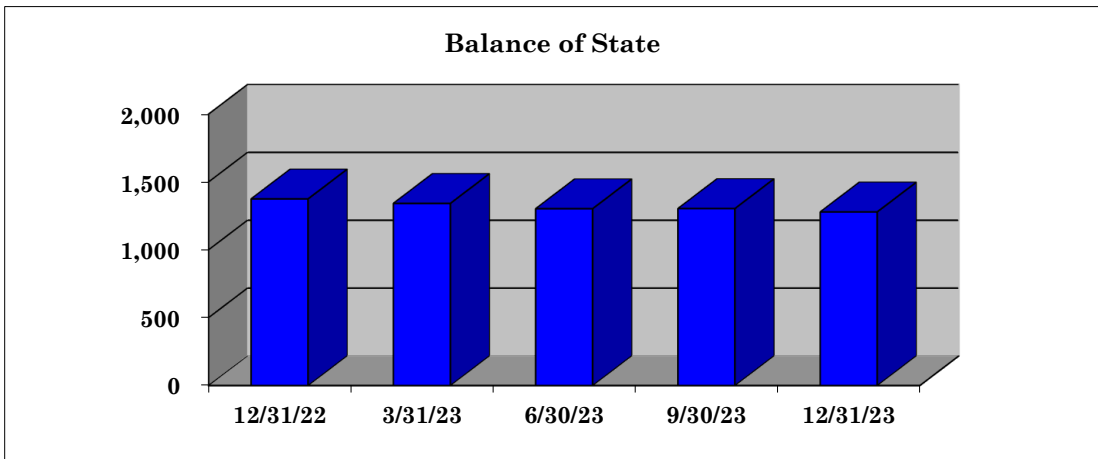
Last Five Quarters



Quarter Ending	
12/31/22	1,845
3/31/23	1,791
6/30/23	1,749
9/30/23	1,740
12/31/23	1,726



Quarter Ending	
12/31/22	4,359
3/31/23	4,264
6/30/23	4,165
9/30/23	4,063
12/31/23	4,018



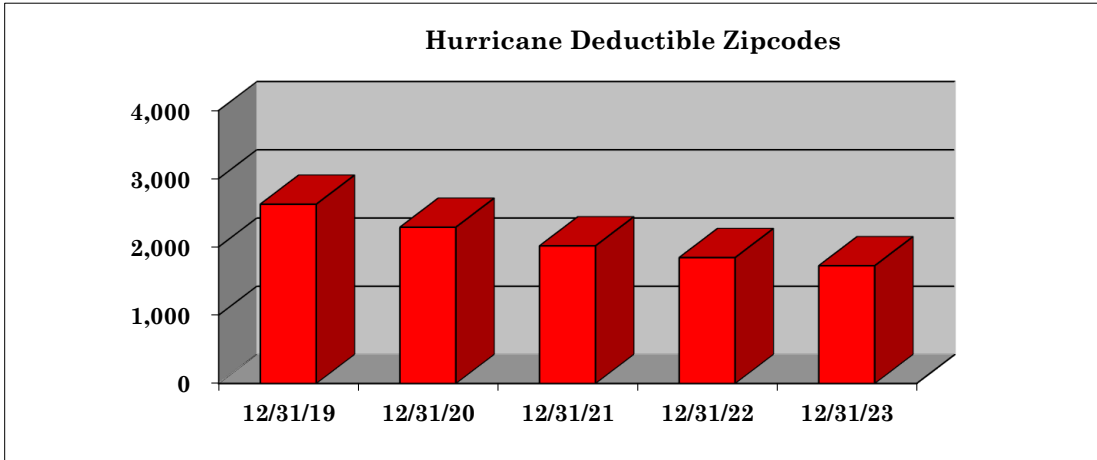
Quarter Ending	
12/31/22	1,375
3/31/23	1,342
6/30/23	1,303
9/30/23	1,304
12/31/23	1,279

Note: Sum of zipcodes does not equal total due to overlap between Hurricane Deductible and UEZ definitions.

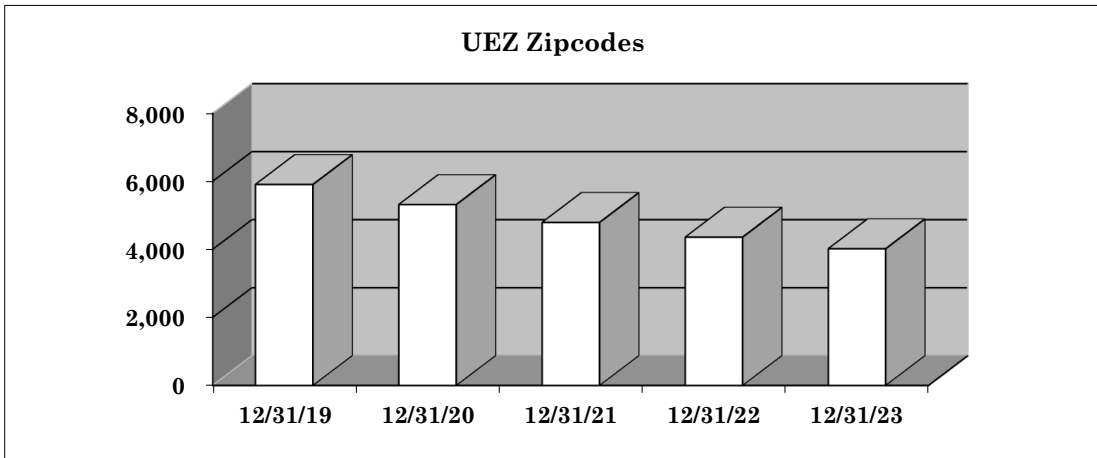
NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

In-Force Policies by Territory - All Lines

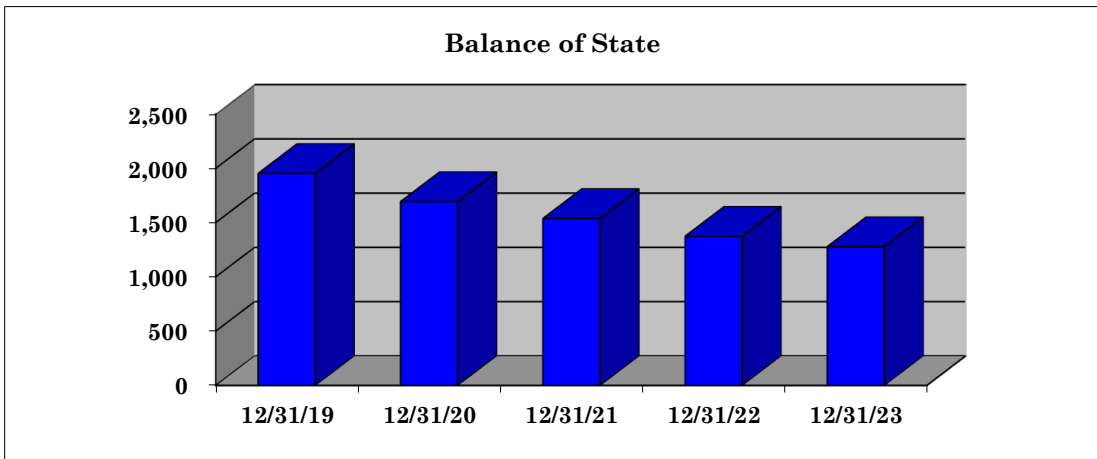
Last Five Years



Period Ending	
12/31/19	2,627
12/31/20	2,290
12/31/21	2,017
12/31/22	1,845
12/31/23	1,726



Period Ending	
12/31/19	5,907
12/31/20	5,317
12/31/21	4,792
12/31/22	4,359
12/31/23	4,018

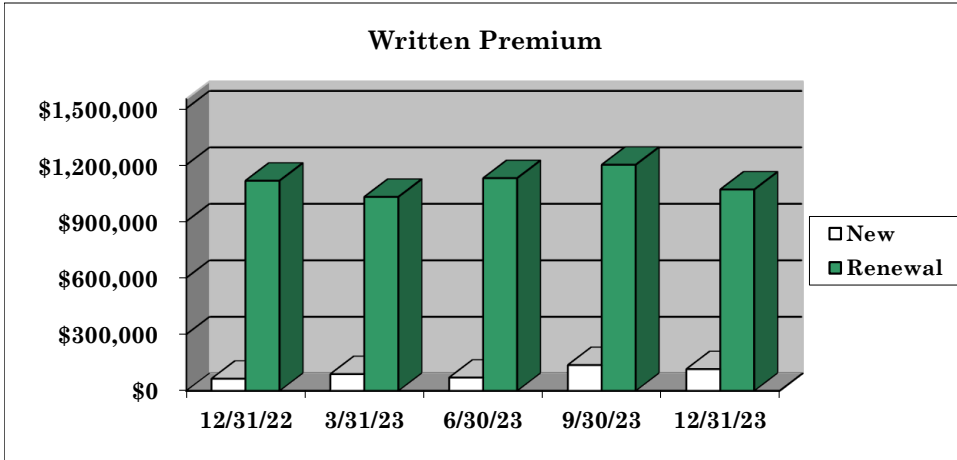


Period Ending	
12/31/19	1,954
12/31/20	1,694
12/31/21	1,539
12/31/22	1,375
12/31/23	1,279

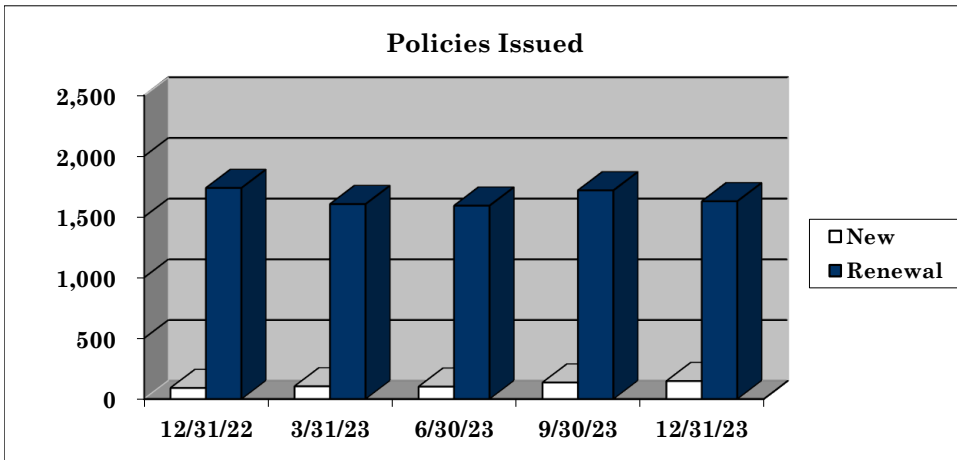
Note: Sum of zipcodes does not equal total due to overlap between Hurricane Deductible and UEZ definitions.

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

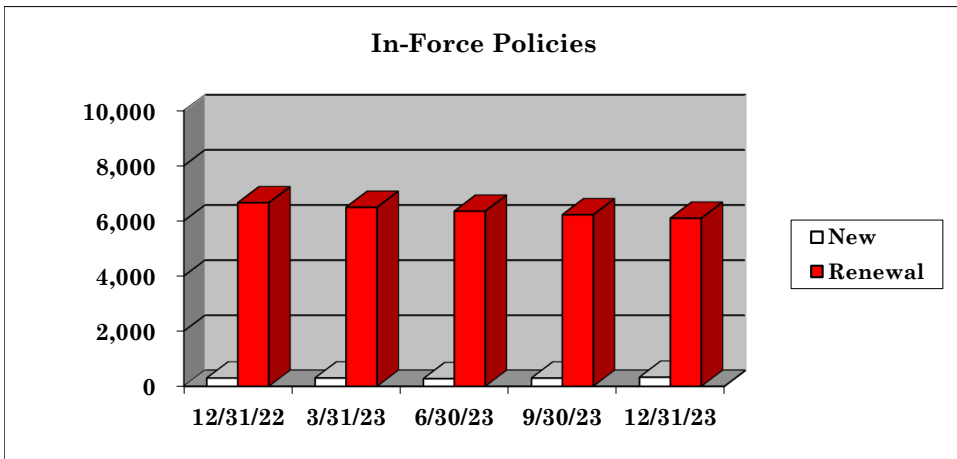
Dwelling Business



Quarter Ending	Quarter Ending	
	New	Renewal
12/31/22	\$64,420	\$1,116,538
3/31/23	89,024	1,030,574
6/30/23	70,499	1,129,988
9/30/23	137,093	1,201,004
12/31/23	\$115,456	\$1,069,693



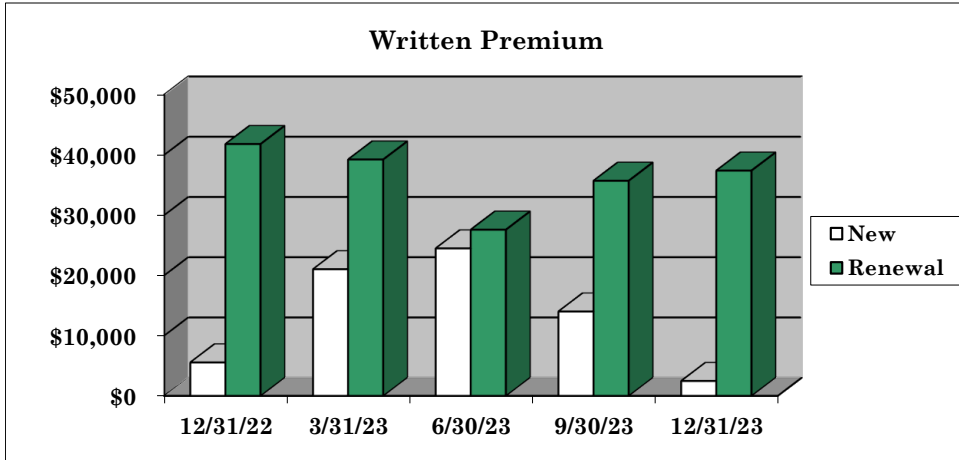
Quarter Ending	Quarter Ending	
	New	Renewal
12/31/22	91	1,739
3/31/23	105	1,606
6/30/23	102	1,593
9/30/23	136	1,719
12/31/23	148	1,629



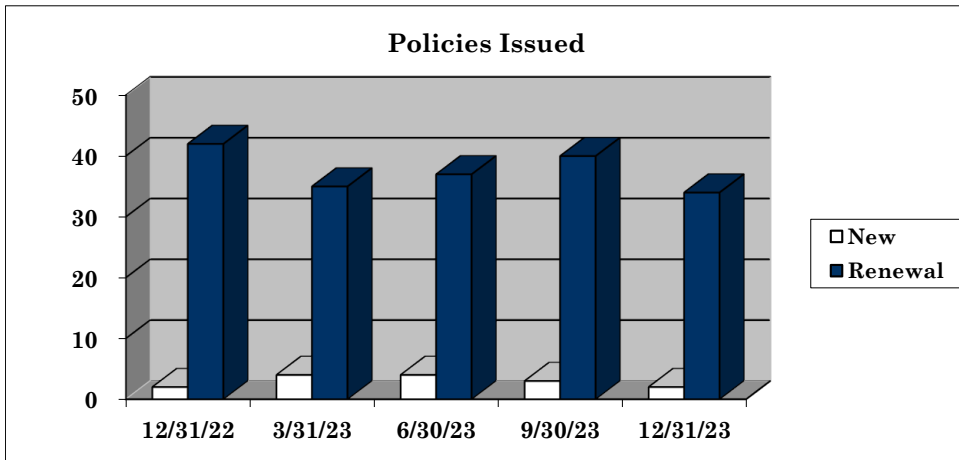
Quarter Ending	Quarter Ending	
	New	Renewal
12/31/22	301	6,662
3/31/23	303	6,498
6/30/23	278	6,356
9/30/23	299	6,227
12/31/23	331	6,102

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

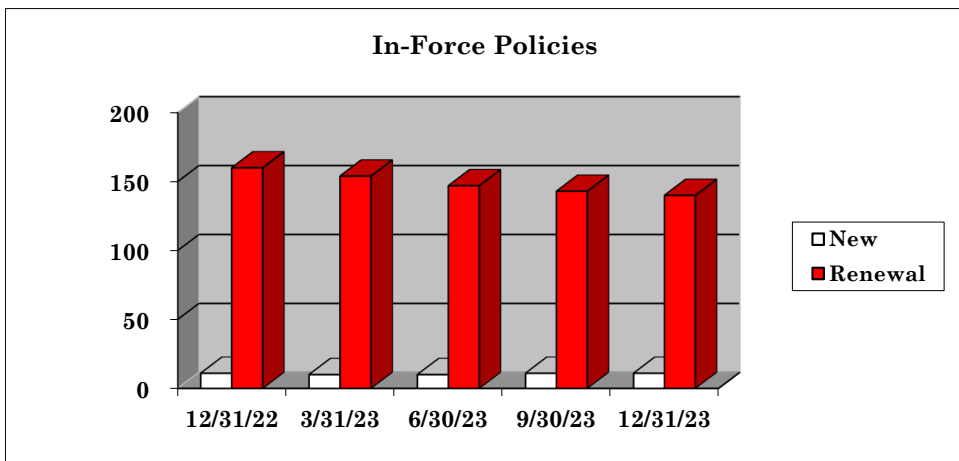
Commercial Business



Quarter Ending	Quarter Ending	
	New	Renewal
12/31/22	\$5,555	\$41,810
3/31/23	21,026	39,237
6/30/23	24,485	27,594
9/30/23	14,008	35,714
12/31/23	\$2,475	\$37,395



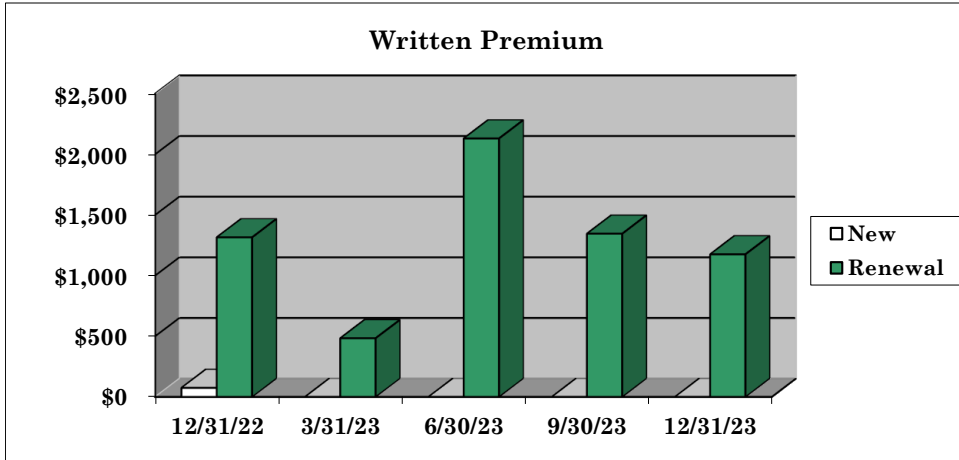
Quarter Ending	Quarter Ending	
	New	Renewal
12/31/22	2	42
3/31/23	4	35
6/30/23	4	37
9/30/23	3	40
12/31/23	2	34



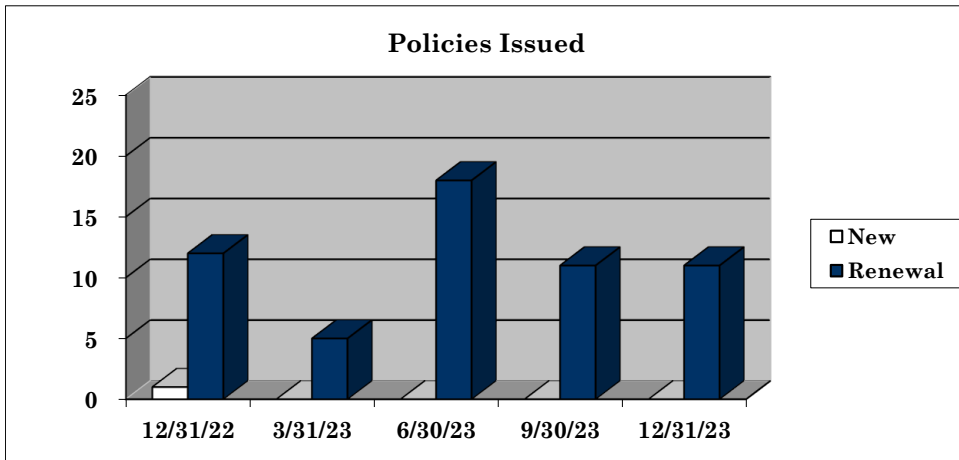
Quarter Ending	Quarter Ending	
	New	Renewal
12/31/22	11	160
3/31/23	10	154
6/30/23	10	147
9/30/23	11	143
12/31/23	11	140

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

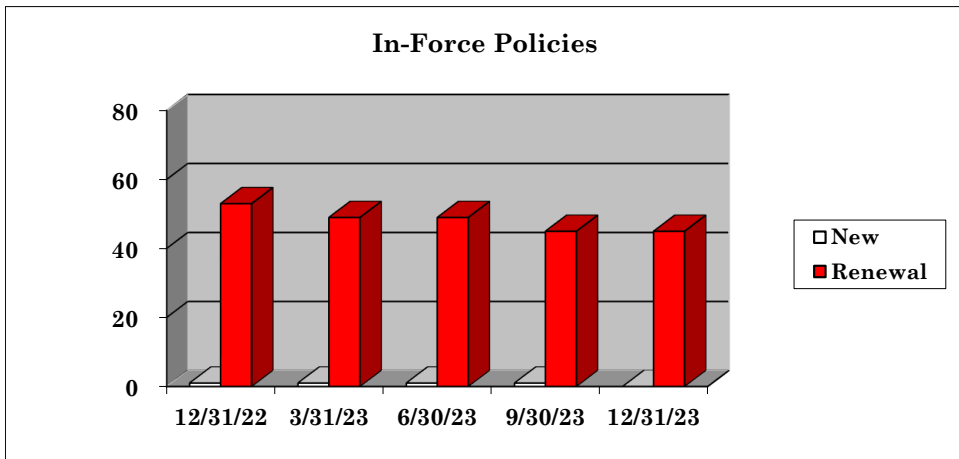
Crime Business



Quarter Ending	Quarter Ending	
	New	Renewal
12/31/22	\$75	\$1,316
3/31/23	0	484
6/30/23	0	2,131
9/30/23	0	1,346
12/31/23	\$0	\$1,176



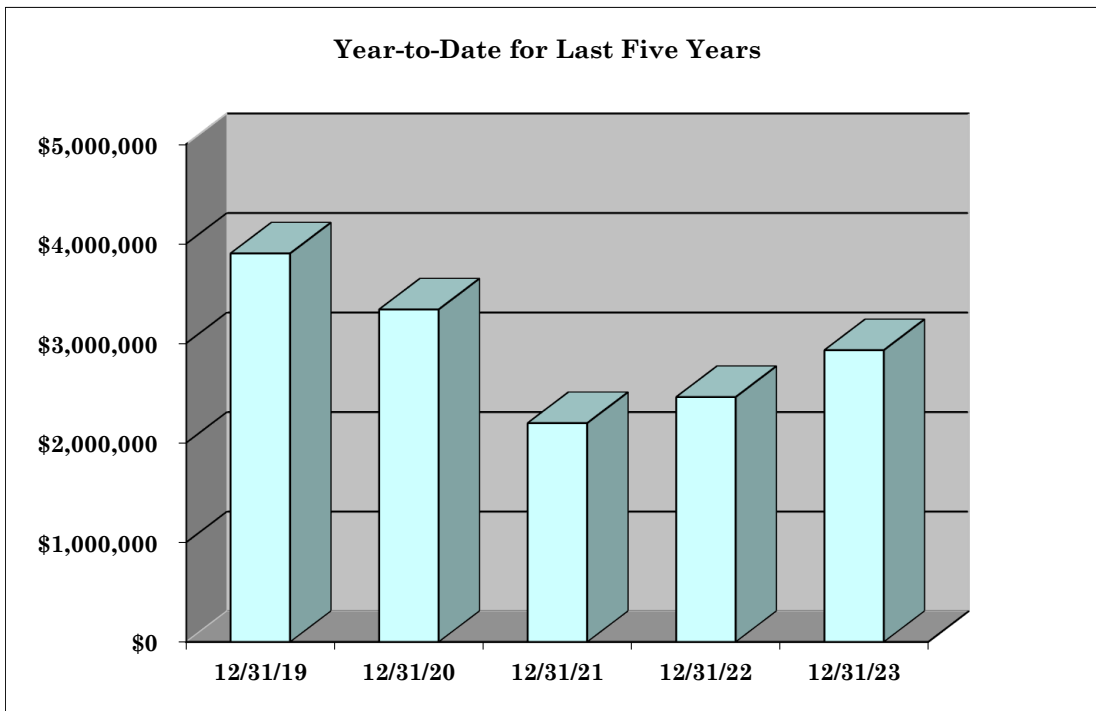
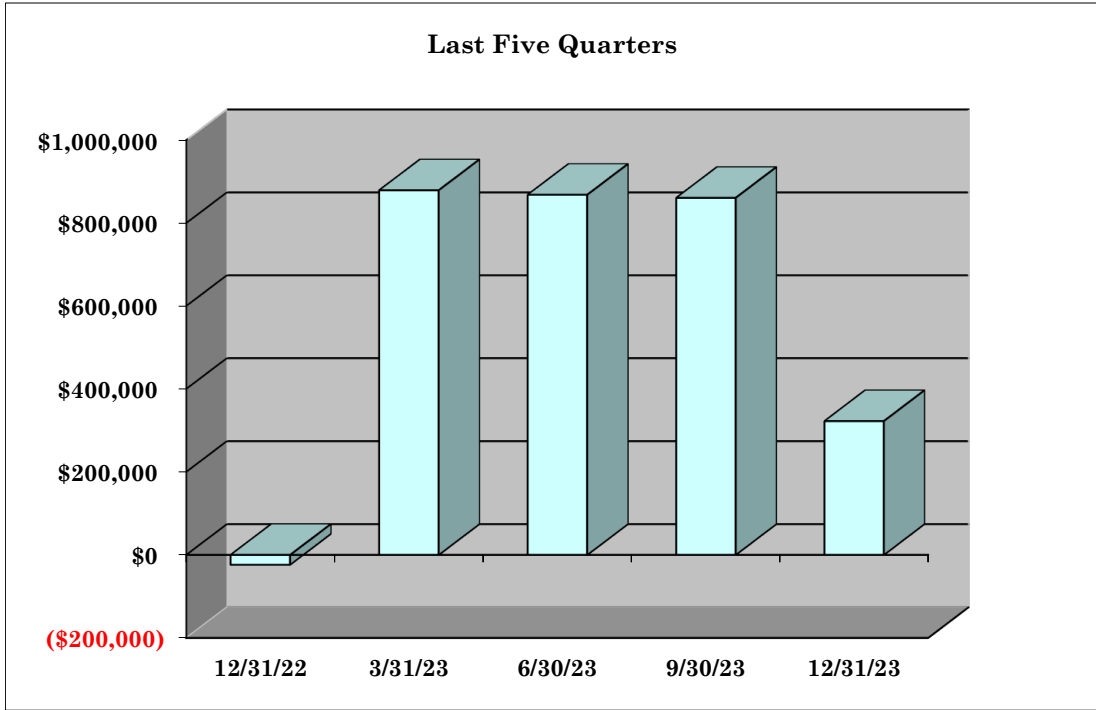
Quarter Ending	Quarter Ending	
	New	Renewal
12/31/22	1	12
3/31/23	0	5
6/30/23	0	18
9/30/23	0	11
12/31/23	0	11



Quarter Ending	Quarter Ending	
	New	Renewal
12/31/22	1	53
3/31/23	1	49
6/30/23	1	49
9/30/23	1	45
12/31/23	0	45

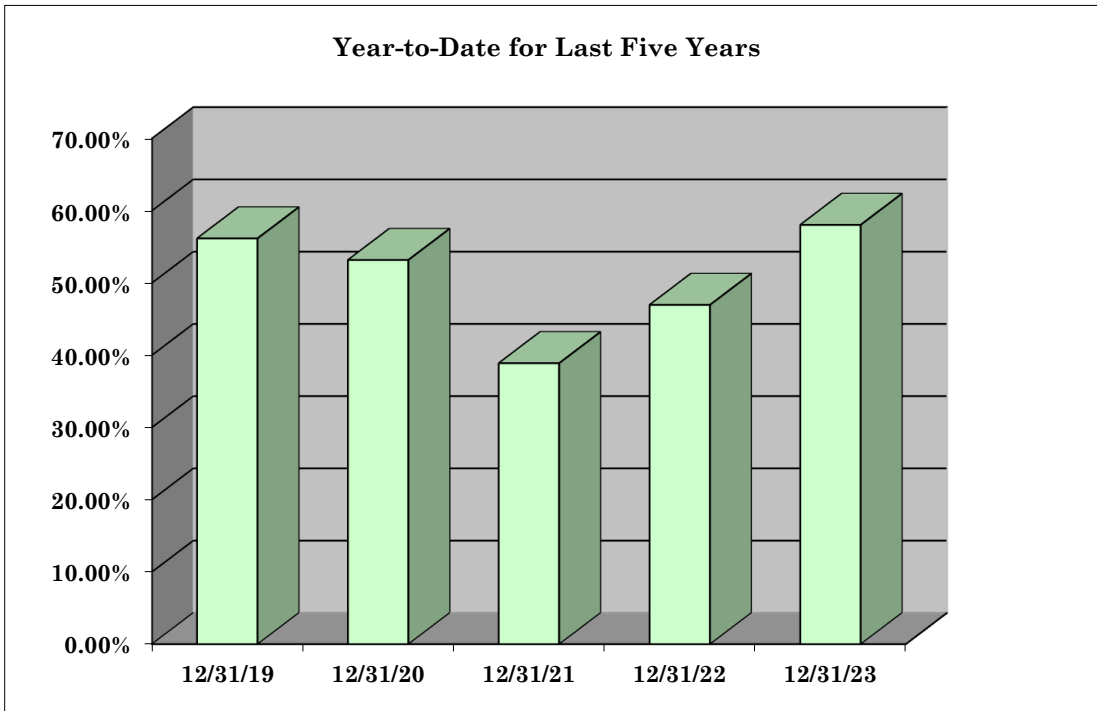
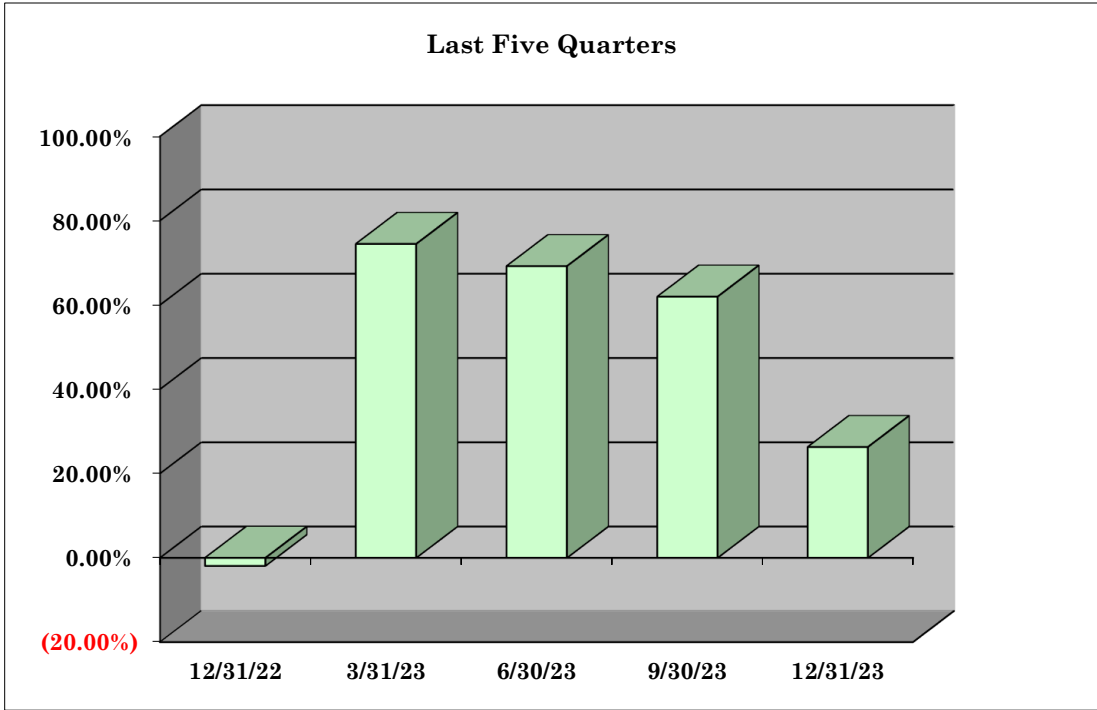
NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Underwriting Expenses Incurred



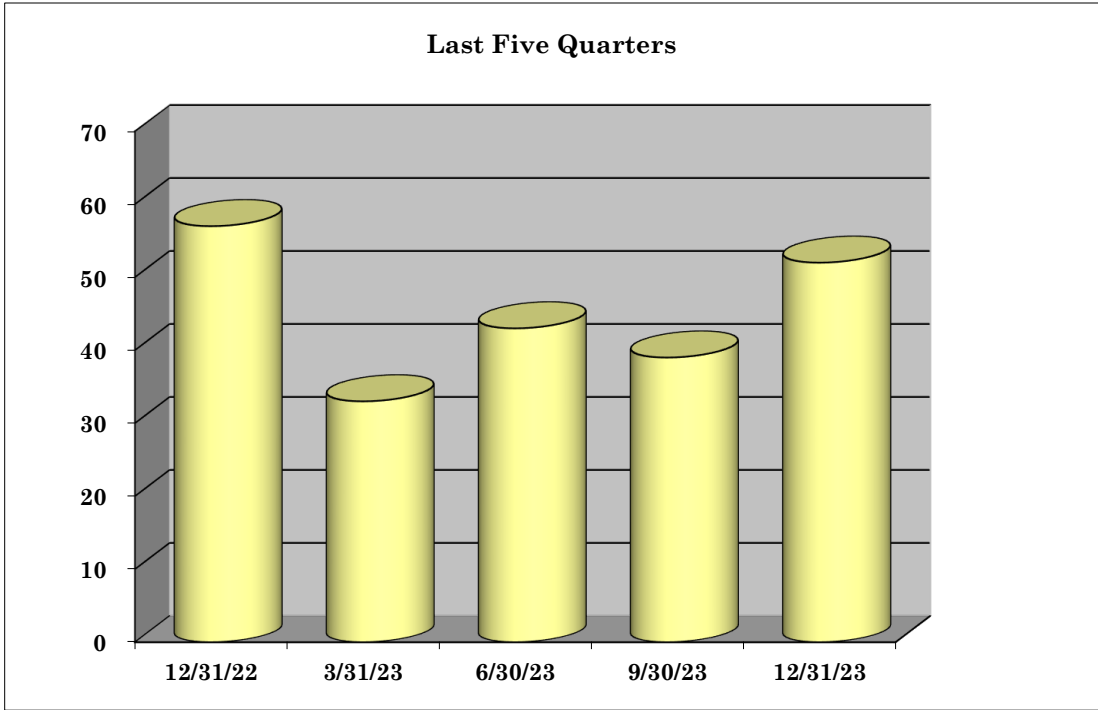
NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Expense Ratio

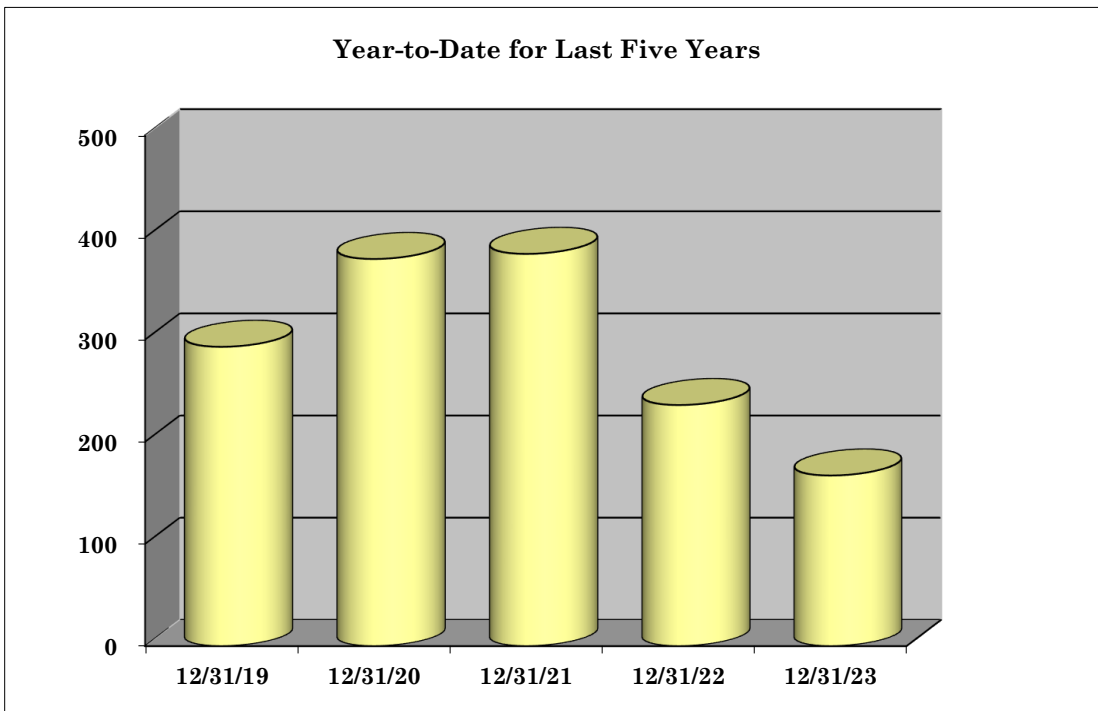


NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Number of New Claims Reported



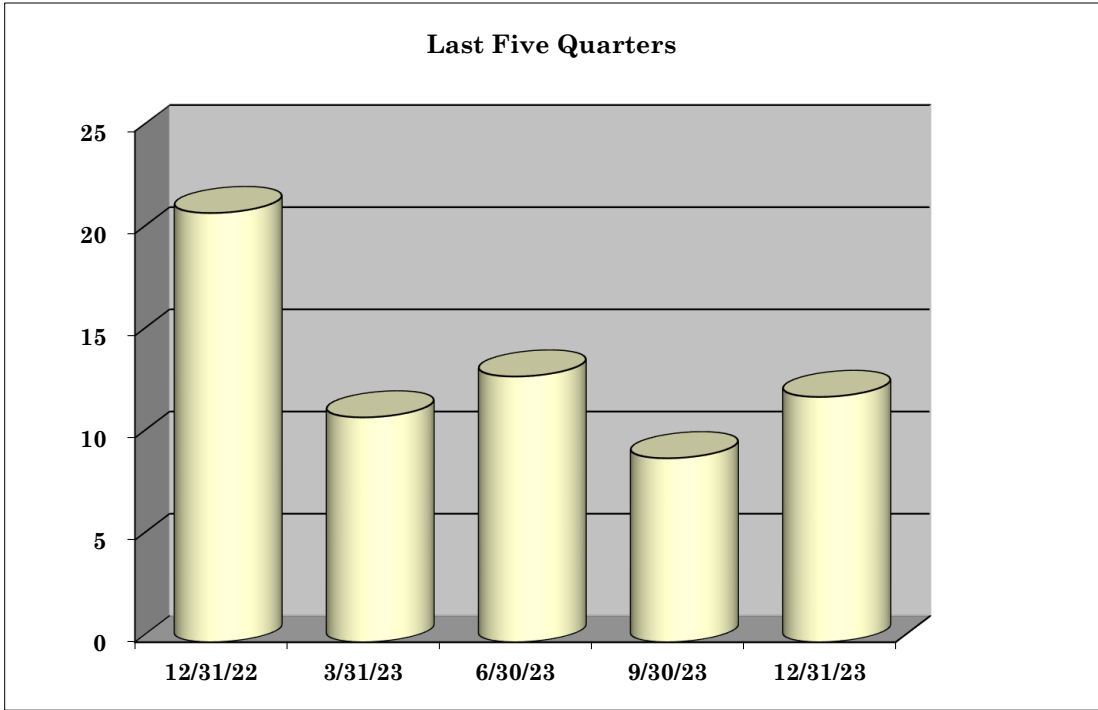
Quarter Ending	
12/31/22	57
3/31/23	33
6/30/23	43
9/30/23	39
12/31/23	52



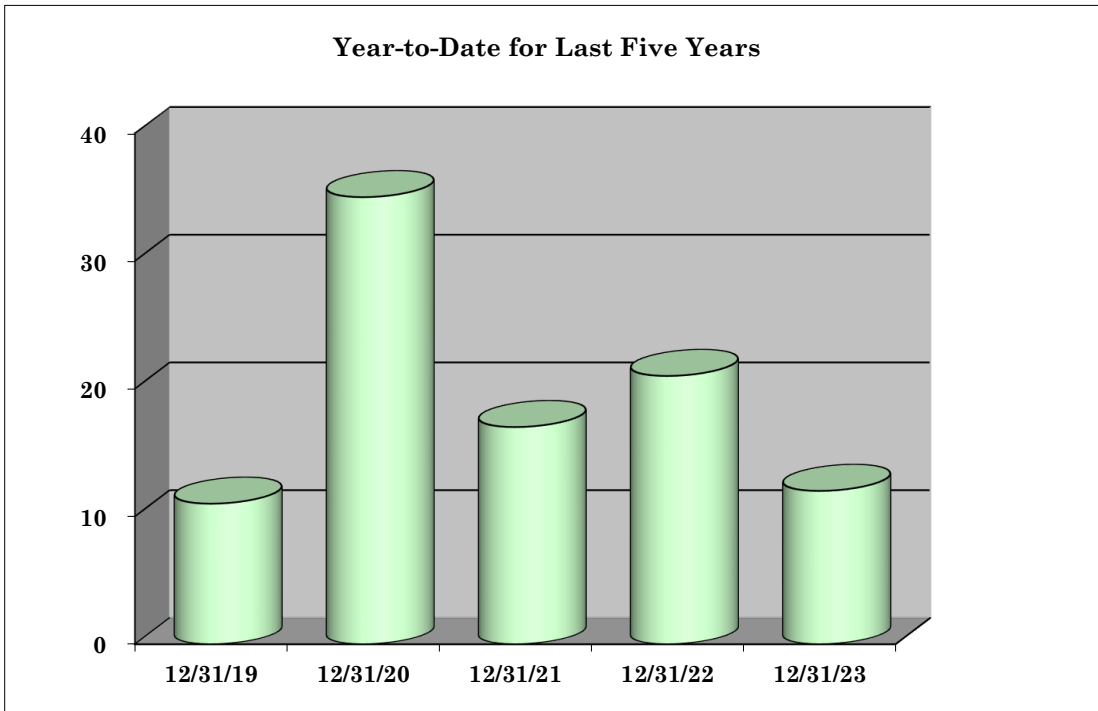
Period Ending	
12/31/19	293
12/31/20	379
12/31/21	384
12/31/22	236
12/31/23	167

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Number of Open Claims



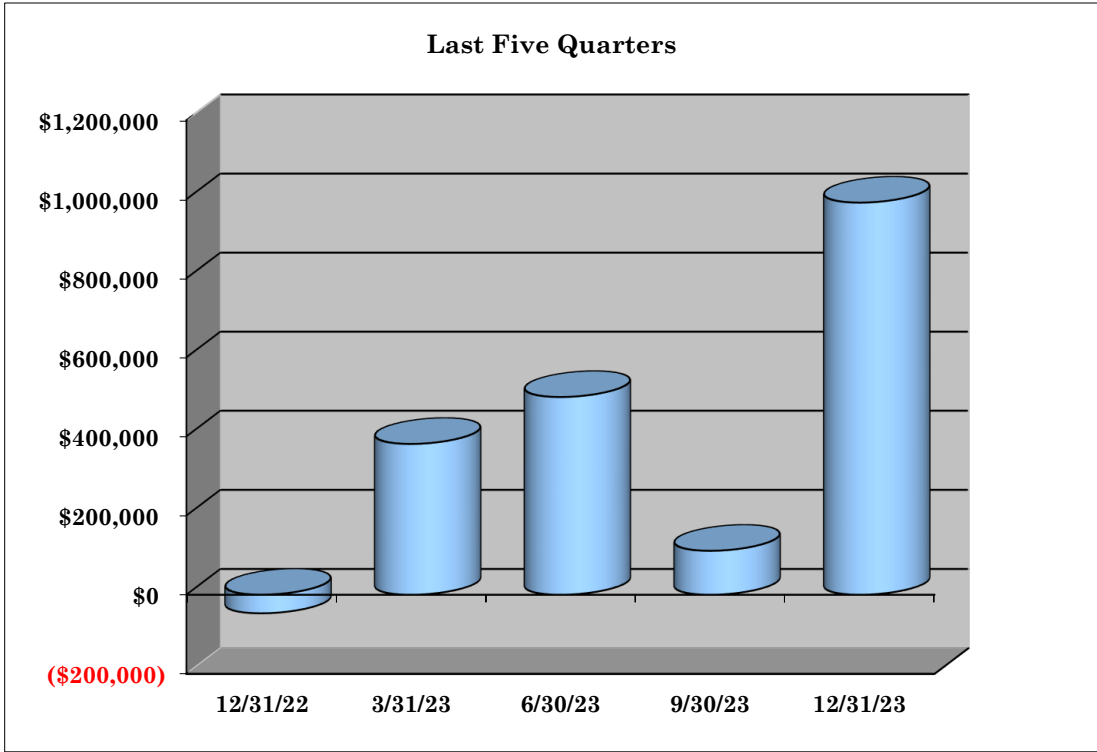
Quarter Ending	
12/31/22	21
3/31/23	11
6/30/23	13
9/30/23	9
12/31/23	12



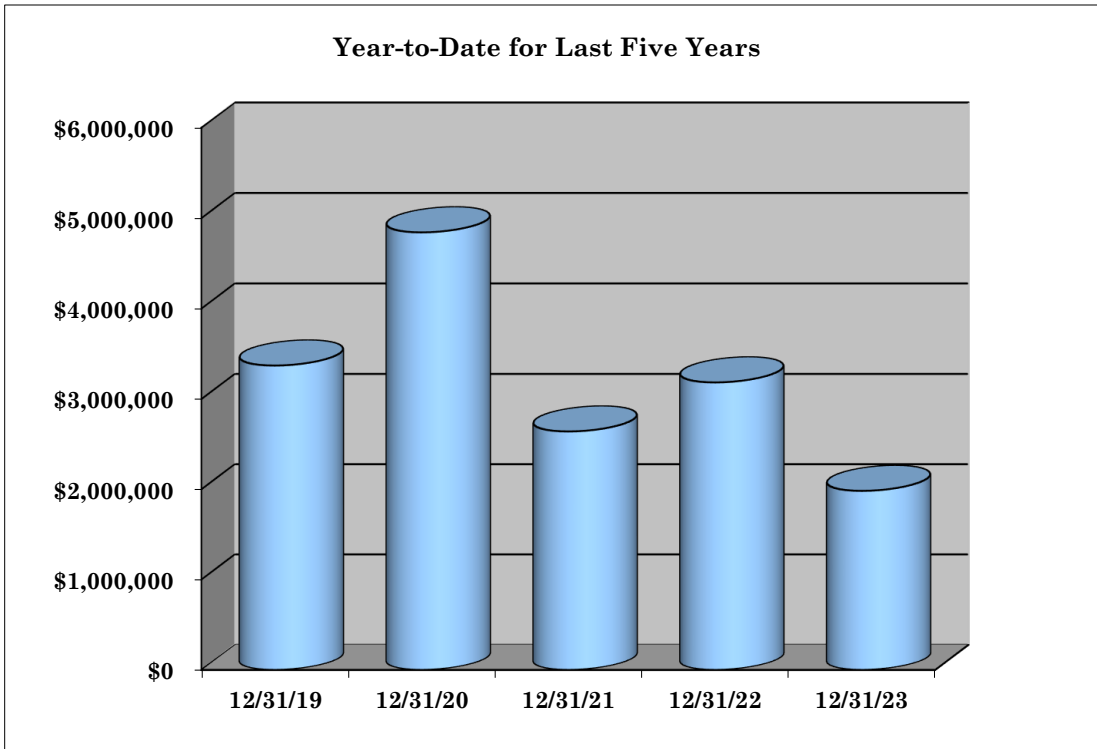
Period Ending	
12/31/19	11
12/31/20	35
12/31/21	17
12/31/22	21
12/31/23	12

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Claims & Claim Expenses Incurred



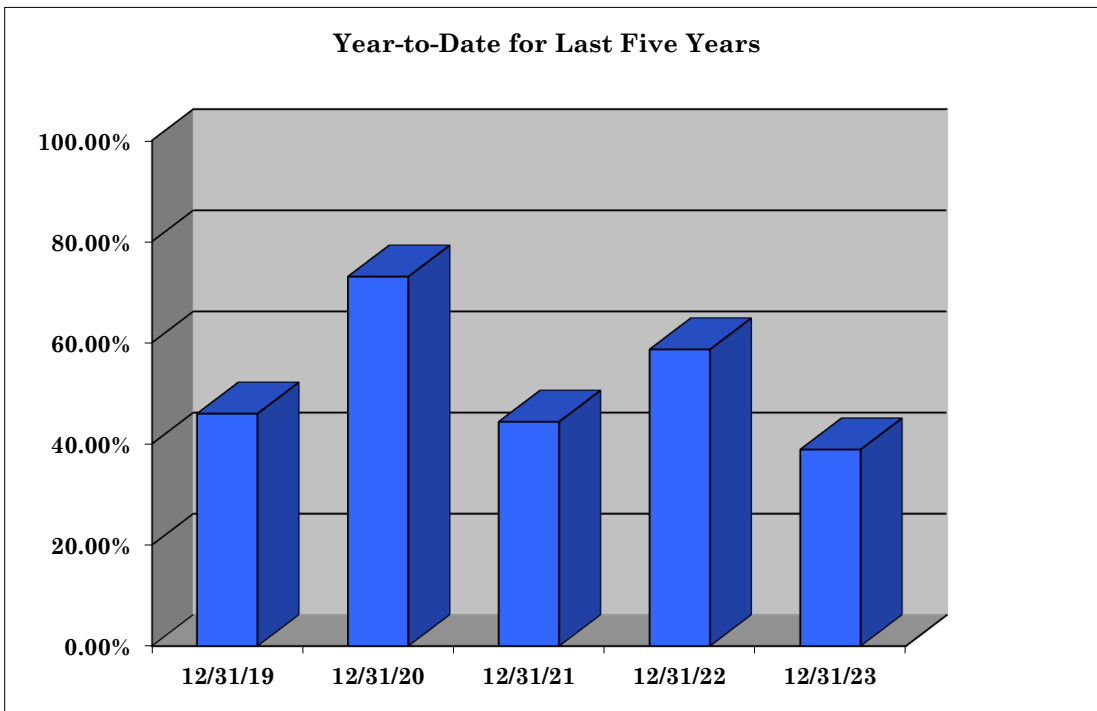
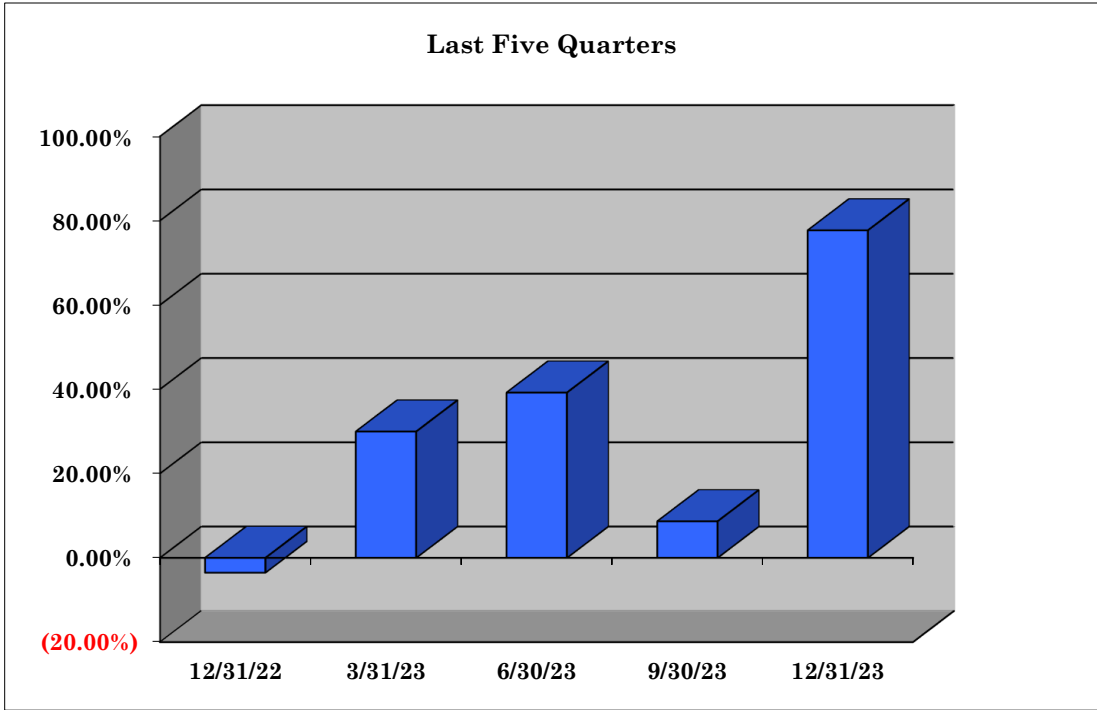
Period Ending	
12/31/22	(\$46,853)
3/31/23	381,202
6/30/23	499,807
9/30/23	111,007
12/31/23	\$991,680



Period Ending	
12/31/19	\$3,372,036
12/31/20	4,844,106
12/31/21	2,642,168
12/31/22	3,185,490
12/31/23	\$1,983,698

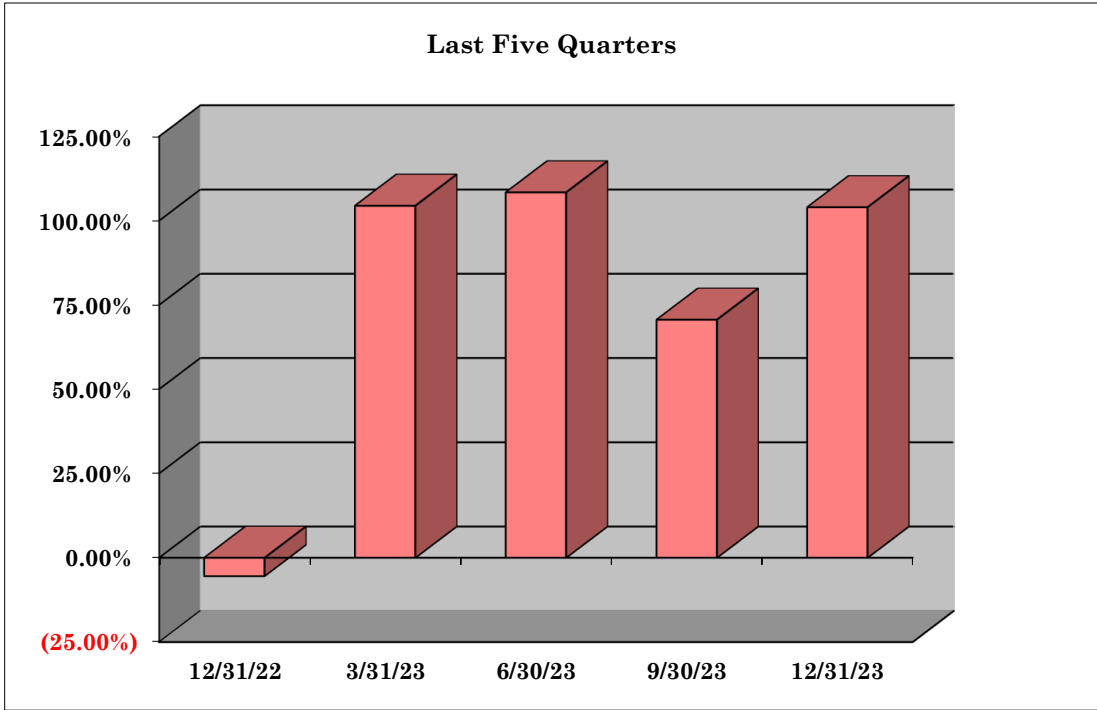
NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Loss Ratio

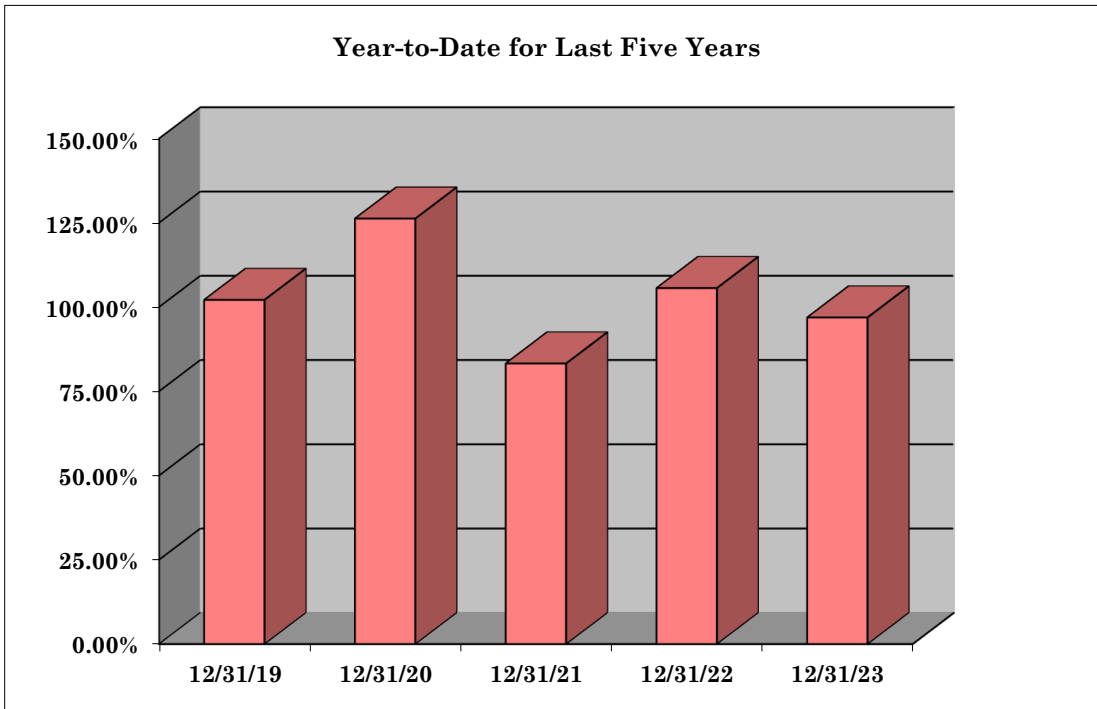


NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Combined Ratio



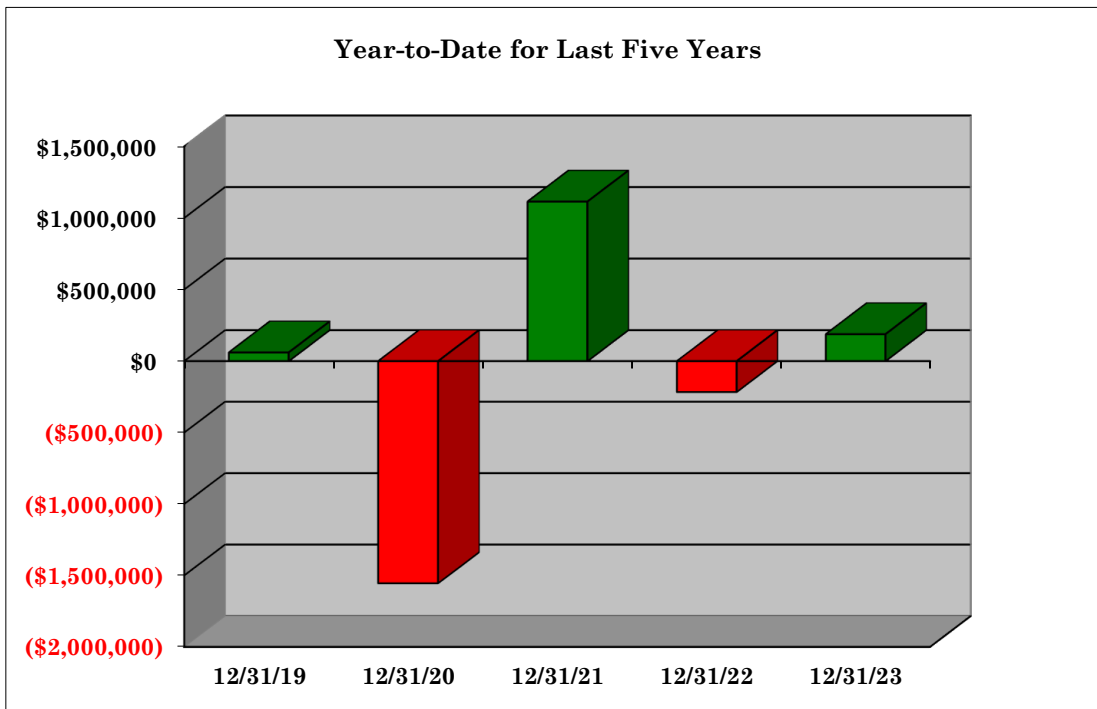
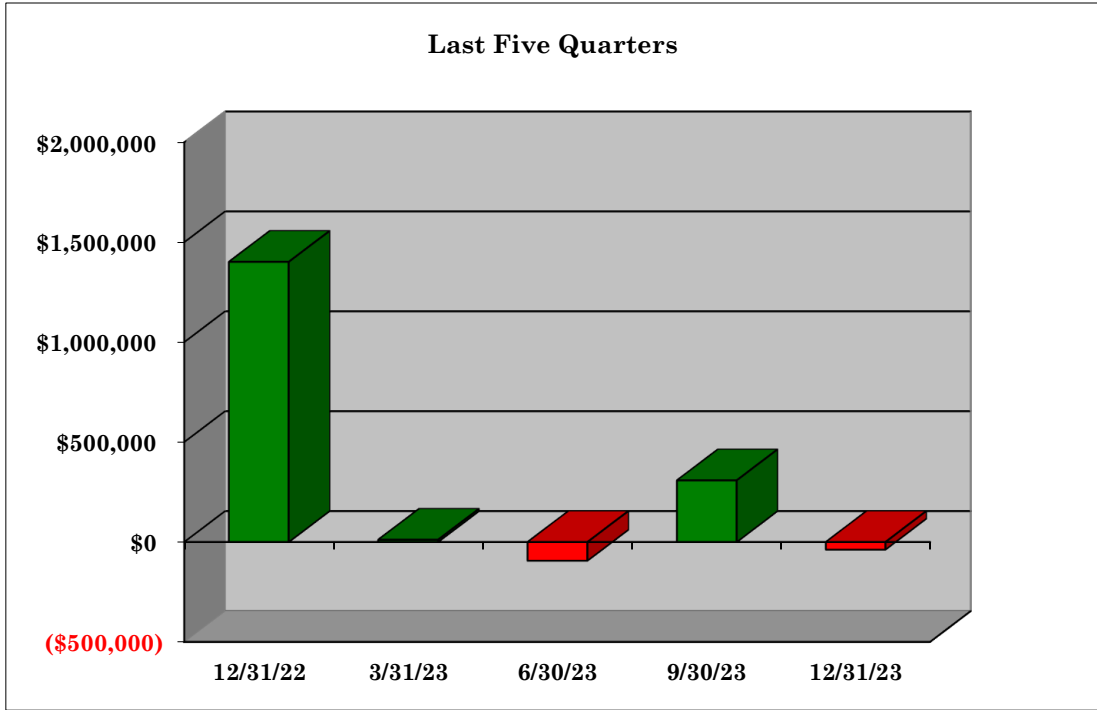
Quarter Ending	
12/31/22	(5.44%)
3/31/23	104.46%
6/30/23	108.42%
9/30/23	70.65%
12/31/23	104.02%



Period Ending	
12/31/19	102.13%
12/31/20	126.24%
12/31/21	83.25%
12/31/22	105.63%
12/31/23	96.91%

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Underwriting Gain (Loss)



New Jersey Insurance Underwriting Association

Policies Issued by Line of Business

<u>Dwelling Business</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
New	491	377	451	438	690
Renewal	6,547	7,171	7,921	8,918	9,894
Total	7,038	7,548	8,372	9,356	10,584
<u>Commercial Business</u>					
New	13	14	17	8	16
Renewal	146	174	195	213	238
Total	159	188	212	221	254
<u>Crime Business</u>					
New	0	1	4	2	3
Renewal	45	55	60	75	90
Total	45	56	64	77	93
<u>All Lines</u>					
New	504	392	472	448	709
Renewal	6,738	7,400	8,176	9,206	10,222
Total	7,242	7,792	8,648	9,654	10,931

New Jersey Insurance Underwriting Association

Applications Received by Line of Business

<u>Dwelling Business</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
New	529	407	490	533	819
Renewal	6,781	7,452	8,280	9,178	11,331
Total	7,310	7,859	8,770	9,712	12,150
<u>Commercial Business</u>					
New	14	15	9	10	24
Renewal	151	178	180	223	279
Total	165	193	189	233	303
<u>Crime Business</u>					
New	1	2	2	2	6
Renewal	56	68	75	81	110
Total	57	70	77	83	116
<u>All Lines</u>					
New	544	424	501	546	849
Renewal	6,988	7,698	8,535	9,483	11,720
Total	7,533	8,122	9,036	10,028	12,569

New Jersey Insurance Underwriting Association

Claim Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
New Claims Reported	167	236	384	379	293
Large Losses (+ \$100k)	1	9	8	12	7
Catastrophe Losses	25	4	137	101	39
Arson Losses	0	0	2	0	2
Paid Losses	\$1,305,000	\$3,051,000	\$2,656,000	\$3,862,000	\$3,385,000
Case Reserves	\$416,000	\$137,000	\$421,000	\$698,000	\$672,000
Loss Exp. Paid	\$485,000	\$488,000	\$486,000	\$700,000	\$848,000
Loss Exp. Reserves	\$206,000	\$197,000	\$256,000	\$323,000	\$283,000
IBNR Reserves	\$295,000	\$390,000	\$400,000	\$556,000	\$340,000

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NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

BOARD OF DIRECTORS 2023

NAME

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Mr. Michael Beckerman	Professional Insurance Agents of New Jersey

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Mr. Bill Horner	New Jersey Department of Banking and Ins
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NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

STAFF OF THE ASSOCIATION

Steve Mutterperl
Jennifer Peaks

Underwriting Services – Steve Mutterperl

Dianna Anthony
Husmanie Koonjan-Daniel
Faziah Mangar
Maritoni Y. Agatep

Claim Services – Steve Mutterperl

Justin Floyd
Laurie Hallam

Information Technology – Israel Popack

Theodore Abrams

Financial Services – Albert Chin

Akleema Abrams
Carmen Rodriguez
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