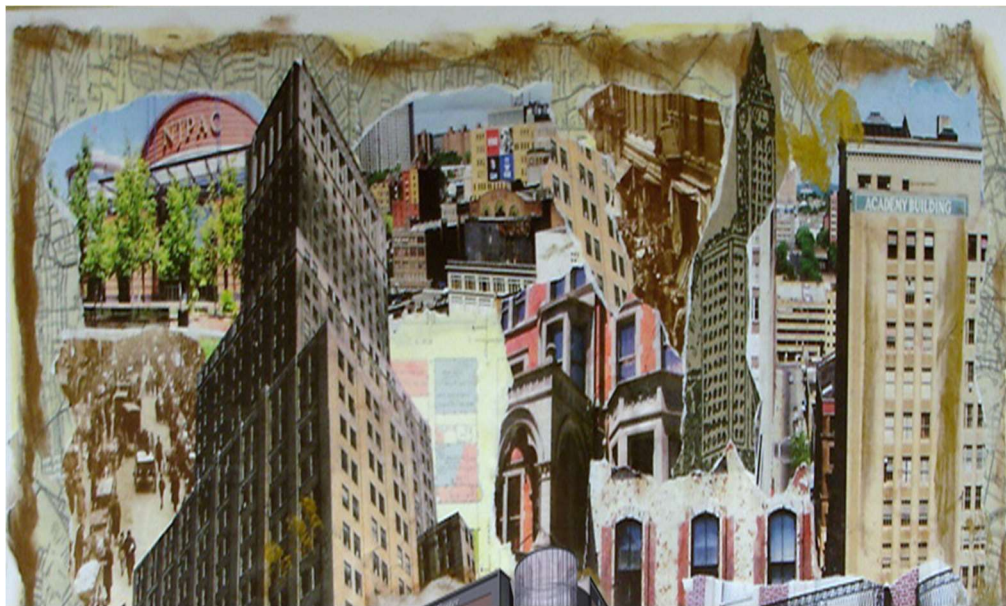


NJIUA

New Jersey Insurance Underwriting Association

2022 Annual Report



The 54th Annual Report



NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

2022 Annual Report

Contents

Message from the Chair and President	2
Financial and Statistical Exhibits	4
Board of Directors	25
Association Staff	26

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New Jersey Insurance Underwriting Association

2022 Annual Report

Message from the Chair and the President

2022 Financial Results

The financial results for the Association in 2022 were consistent with prior year's results in several categories. Written and earned premium continued to decline at approximately the same rate seen in the last five years. Residential and commercial applications in particular are at the lowest levels for the same five-year period. These trends reaffirm the Association's status as "the market of last resort" for individuals and businesses seeking property coverage since its inception in 1968.

Written premium declined by 7% over prior year to \$5.3 million. Earned premium declined by \$526,000 or 9% to \$5.4 million. Policies in force declined by almost 9% to end the year at 7,188. Residential 1 to 4 family dwellings comprise 97% of the policies in force with the remaining 3% consisting of 160 commercial policies and 53 residential crime policies. From all indications we see, the property insurance marketplace in the state remains very competitive and coverage is available for residential and commercial properties alike.

Underwriting expenses were up by 12% to \$2,460,000 from \$2,199,000 the prior year. Most of the increase was due to the lower year-end adjustments to the defined benefit plan and the Retirement Medical Trust compared to those in 2021. The expense ratio of 46.9% was 8.1 points higher from last year.

The number of new claims reported to the Association was 236 compared to 384 the year before. A lack of catastrophe events throughout the year and the smaller book of business has kept our loss frequency in check.

Claims and claim expenses incurred were higher by \$543,300 to \$3,185,490, a 21% increase for the comparable time frame. The first and second quarter loss results were the main contributor for the increase. Improvement was seen in the third and fourth quarter numbers. The loss ratio of 58.7% was 14 points higher from the previous year. The combined ratio of 105.6% was 22 points higher from the 2021 combined ratio of 83.3%. For the year the Association had an underwriting loss of \$215,800. Investment income and other income of \$69,200 resulted in an overall net loss of \$146,156.

2022 Initiatives

The development, design and testing of several parts of the new Finys policy administration system took place throughout the year. A great deal of progress has been made in the claims, underwriting and billing segments of the project. The migration of data from the legacy platform, a major piece of the transition to Finys, was near completion by the end of the year. Our IT department along with other Association staff continue to work closely with the Finys staff to ensure the successful implementation of the finished product. There is more work to be done before final testing and the anticipated rollout gets underway in the latter part of the third quarter.

Cyber insurance and the losses associated with this product continued to be one of the issues at the forefront of the insurance industry. The Association has had coverage in place for several years and strengthened our defense against attacks by implementing multi factor authentication for our users.

Association management conducted a review of rate adequacy, catastrophe exposure and continued to monitor regulatory compliance issues. A rate filing was made in late 2021 that was carried over into 2022. A decision was made to withdraw the filing in April and evaluate a new filing in 2023.

The catastrophe study performed by Guy Carpenter continued to confirm a decrease in exposure to severe loss in conjunction with the decrease in policy count throughout the state. The modeled result for the Association's probable maximum loss indicated the exposure to be well within retention levels and assessment capabilities.

In June members of the Claim Committee reviewed outstanding claims from policy year 2019. The Committee agreed the reserves were adequate and recommended to the Finance and Audit Committee that they be moved to policy year 2020 and policy year 2019 be closed. The final reconciliation prepared by the Association Controller and reviewed by the Finance and Audit Committee indicated a deficit of \$670,883 for policy year 2019. A recommendation was made to the Board of Directors to close out policy year 2019 and defer any assessment based on the financial condition of the Association. The Board approved the recommendation.

We wish to extend our sincere appreciation to the staff and managers for their continued effort, support and enthusiasm for a job well done.

We express our sincere appreciation to Department of Banking and Insurance Commissioner, Marlene Caride, Assistant Commissioner Office of Property and Casualty, Carl Sornson, Department of Insurance representative Bill Horner, and others at the Department of Banking and Insurance for their continued support and guidance. We extend our thanks to legal counsel Cynthia Borrelli for her contributions on our behalf. Very special recognition goes to all the members of the Board of Directors, to Board Chair Pamela Septer, Vice Chair, Ben Cowles and to Committee Chairs Brian Connors, Tim Cronin, Vince Noggle and Joann Searles for their advice and direction of our business activities.



Pamela Septer
Chair, Board of Directors, NJIUA



Steven Mutterperl
President

New Jersey Insurance Underwriting Association

Financial Highlights

Year Ending December 31,
(Unaudited)

	2022	2021
PREMIUM WRITTEN	\$5,238,681	\$5,653,490
PREMIUMS EARNED	5,429,805	5,955,692
LOSSES INCURRED	2,756,445	2,223,584
CLAIM EXPENSES INCURRED	429,045	418,584
EXPENSES INCURRED	2,460,094	2,198,566
UNDERWRITING (LOSS) GAIN	(215,779)	1,114,958
ADD NET INVESTMENT GAIN	60,762	95,920
TOTAL OTHER INCOME	8,861	9,490
NET OPERATING (LOSS) GAIN	(\$146,156)	\$1,220,368
LOSS RATIO	58.67%	44.36%
EXPENSE RATIO	46.96%	38.89%
COMBINED RATIO	105.63%	83.25%

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)	
	2022	2021
Admitted assets		
Cash and invested assets:		
Bonds	\$1,649,780	\$1,684,226
Equity securities	1,395,550	1,666,716
Cash and short-term investments	2,361,504	4,608,753
Total cash and invested assets	5,406,834	7,959,695
Accrued investment income	22,867	12,449
EDP equipment	14,255	14,102
Premiums receivable	201,947	86,860
Total admitted assets	\$5,645,903	\$8,073,106
Liabilities and members' equity		
Liabilities:		
Unpaid losses	\$527,118	\$821,395
Unpaid loss adjustment expenses	196,832	256,062
Unearned premiums	2,634,594	2,825,718
Advance premiums	140,975	150,976
Amounts held for others	66,401	51,321
Accrued expenses	117,875	132,973
Other liabilities	57,350	63,078
Claim checks payable	865	1,951
Premium taxes and filing fees payable	102,678	118,598
Postretirement benefits	-	470,490
Total liabilities	\$3,844,688	\$4,892,562
Members' equity	1,801,215	3,180,544
Total liabilities and members' equity	\$5,645,903	\$8,073,106

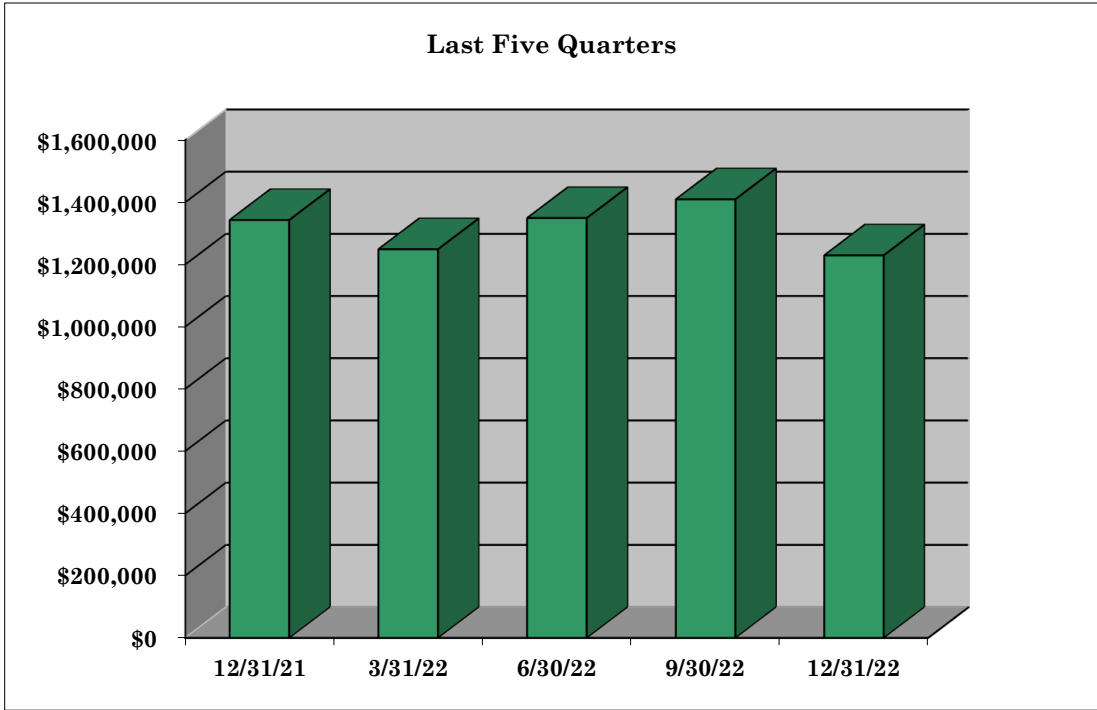
New Jersey Insurance Underwriting Association

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

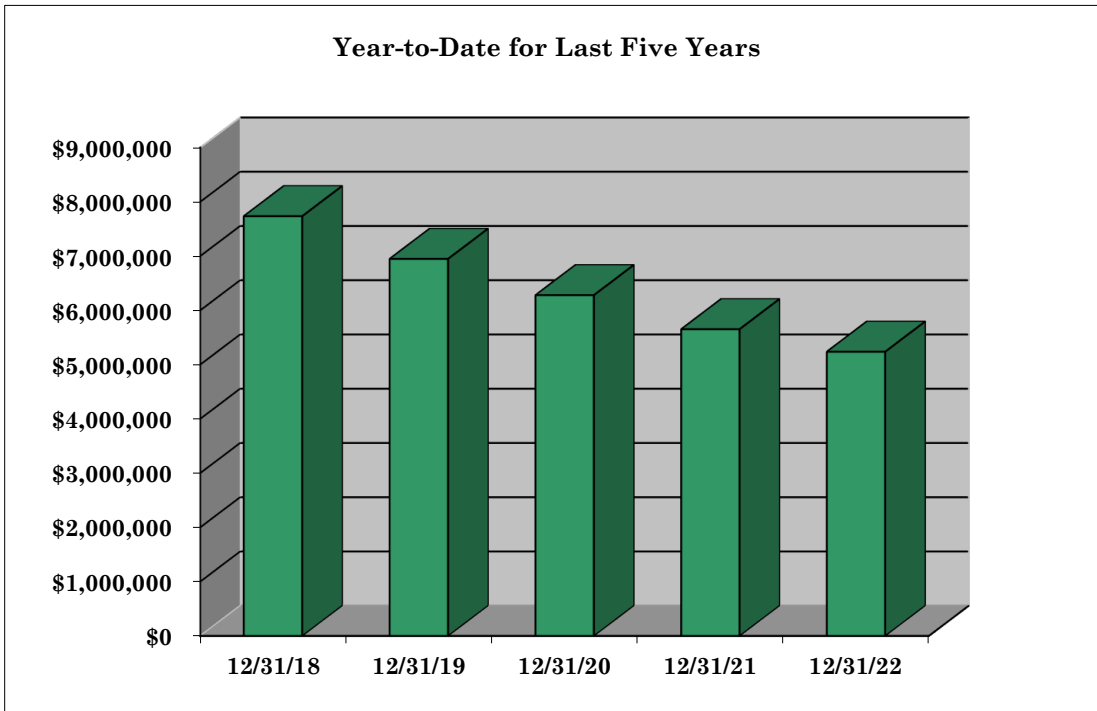
	Twelve Months Ending December 31, (U n a u d i t e d)	
	2022	2021
Underwriting income:		
Net premiums written	\$5,238,681	\$5,653,490
Change in unearned premiums	191,124	302,202
Total underwriting income	5,429,805	5,955,692
Underwriting expenses:		
Losses incurred	2,756,445	2,223,584
LAE incurred	429,045	418,584
Commissions	423,789	460,639
Other underwriting expenses	2,035,583	1,705,271
Premium taxes and filing fees	722	32,656
Total underwriting expenses	5,645,584	4,840,734
Net underwriting (loss) gain	(215,779)	1,114,958
Other income	8,861	9,490
Net investment income	60,762	95,920
Net (loss) gain	(146,156)	1,220,368
Members' equity at beginning of year	3,180,544	2,737,465
Change in nonadmitted assets	(882,784)	(756,952)
Change in net unrealized capital loss	(350,389)	(24,864)
Prior periods fixed income securities adjustments	-	4,527
Members' equity at end of year	\$1,801,215	\$3,180,544

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Written Premium - All Lines



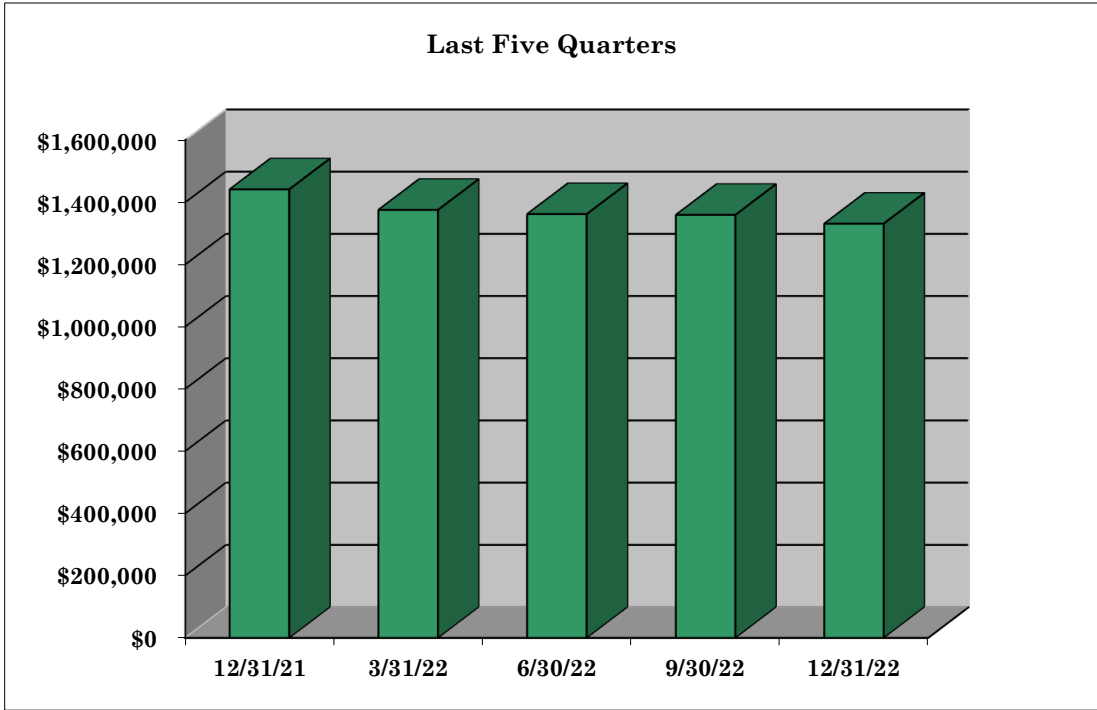
Quarter Ending	
12/31/21	\$1,343,363
3/31/22	1,249,292
6/30/22	1,349,709
9/30/22	1,409,966
12/31/22	\$1,229,714



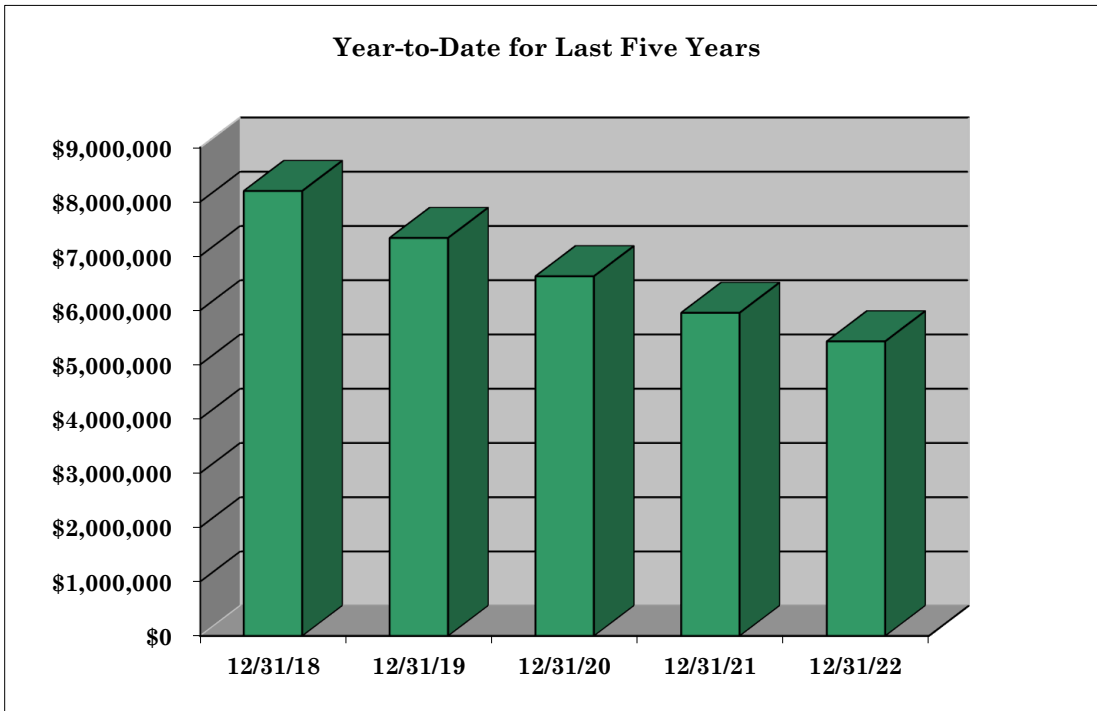
Period Ending	
12/31/18	\$7,736,552
12/31/19	6,949,609
12/31/20	6,280,914
12/31/21	5,653,490
12/31/22	\$5,238,681

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Earned Premium - All Lines



Quarter Ending	
12/31/21	\$1,442,056
3/31/22	1,375,890
6/30/22	1,362,452
9/30/22	1,359,867
12/31/22	\$1,331,596

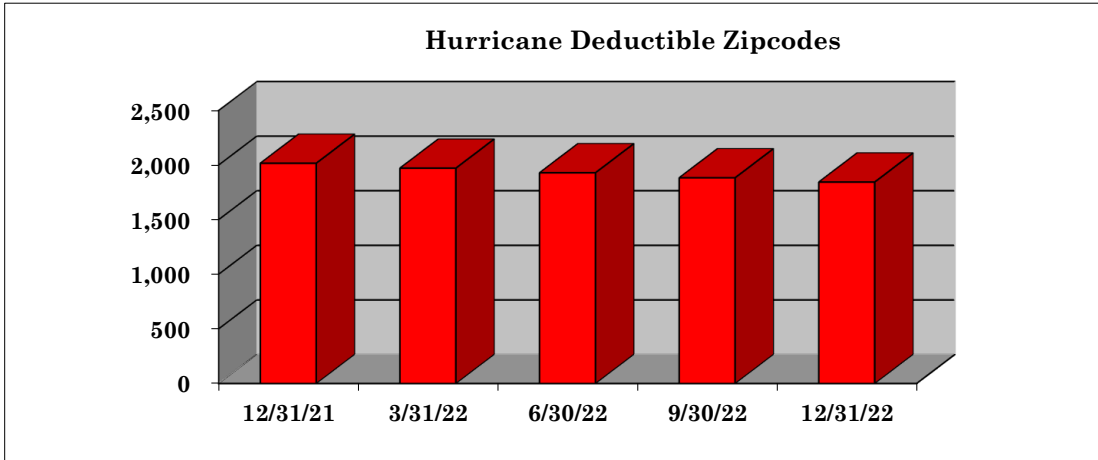


Period Ending	
12/31/18	\$8,201,625
12/31/19	7,335,752
12/31/20	6,629,478
12/31/21	5,955,692
12/31/22	\$5,429,805

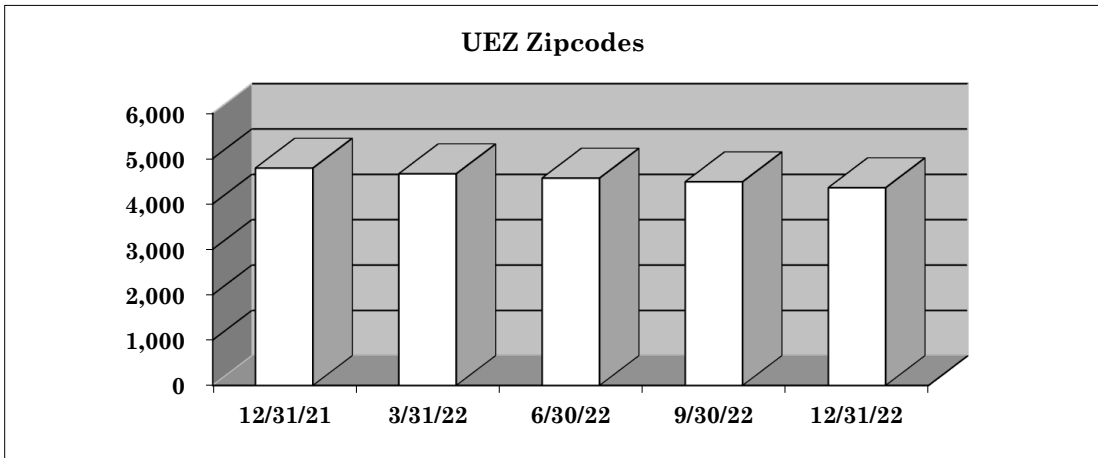
NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

In-Force Policies by Territory - All Lines

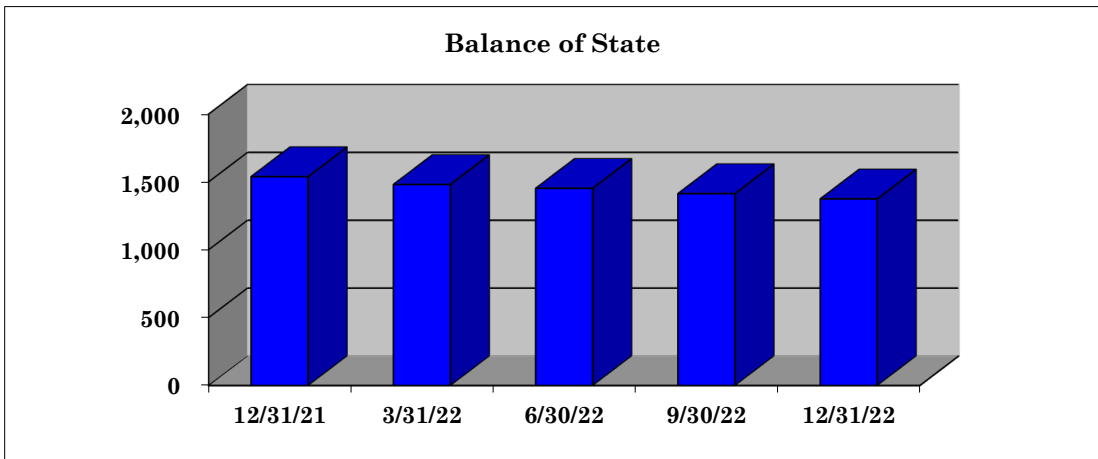
Last Five Quarters



Quarter Ending	
12/31/21	2,017
3/31/22	1,972
6/30/22	1,930
9/30/22	1,884
12/31/22	1,845



Quarter Ending	
12/31/21	4,792
3/31/22	4,666
6/30/22	4,571
9/30/22	4,490
12/31/22	4,359



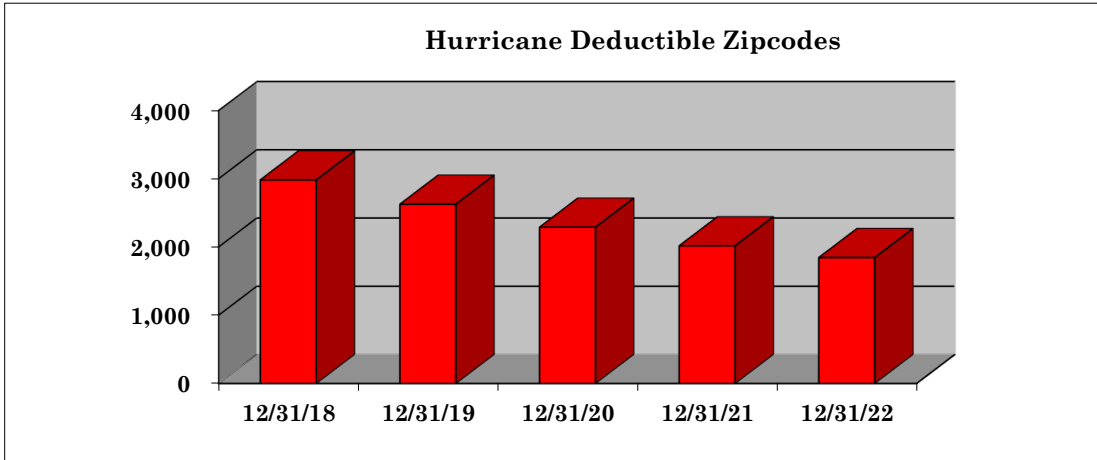
Quarter Ending	
12/31/21	1,539
3/31/22	1,481
6/30/22	1,453
9/30/22	1,414
12/31/22	1,375

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

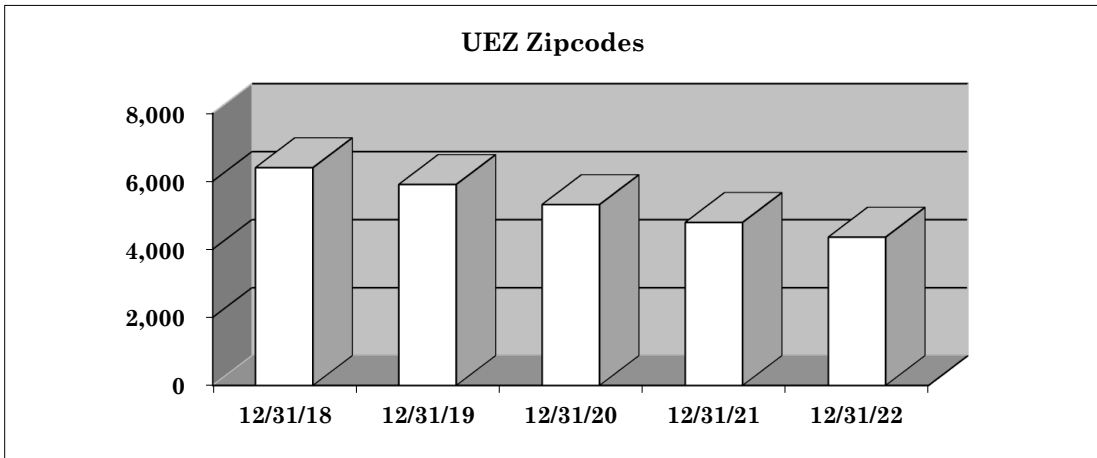
NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

In-Force Policies by Territory - All Lines

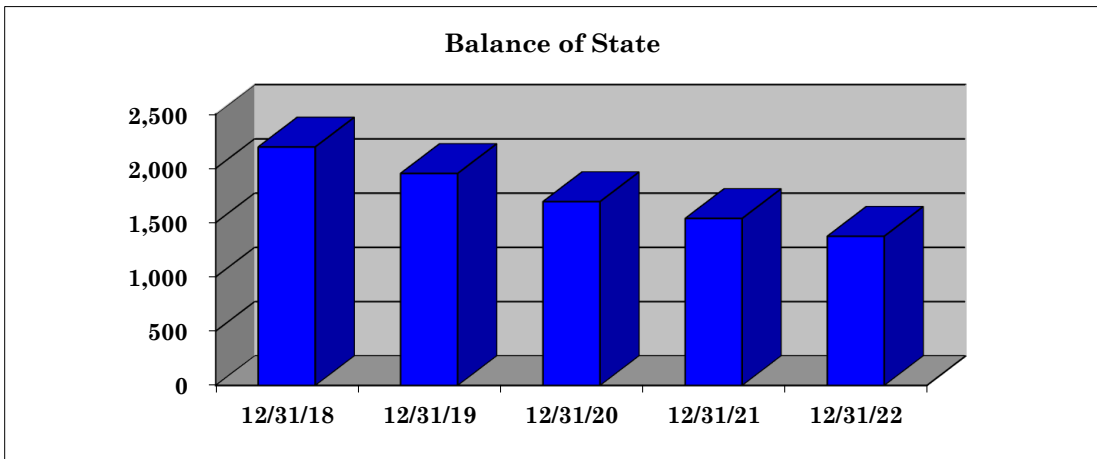
Last Five Years



Period Ending	
12/31/18	2,983
12/31/19	2,627
12/31/20	2,290
12/31/21	2,017
12/31/22	1,845



Period Ending	
12/31/18	6,401
12/31/19	5,907
12/31/20	5,317
12/31/21	4,792
12/31/22	4,359

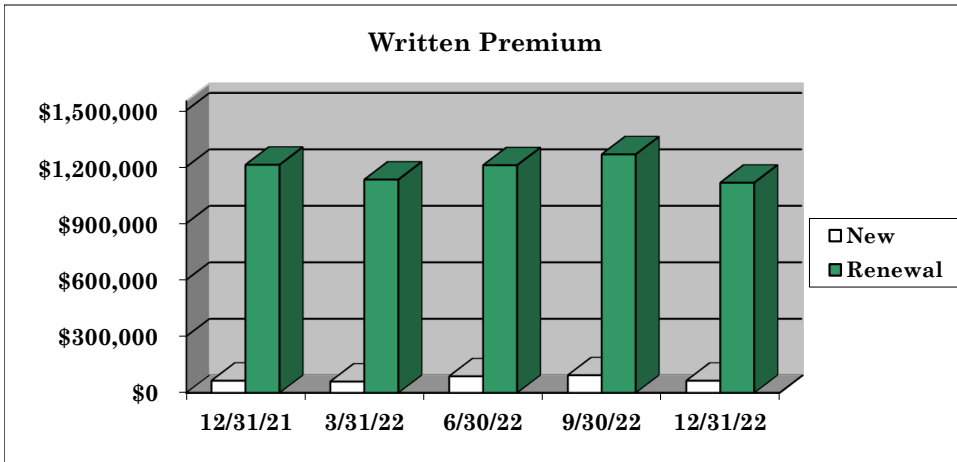


Period Ending	
12/31/18	2,198
12/31/19	1,954
12/31/20	1,694
12/31/21	1,539
12/31/22	1,375

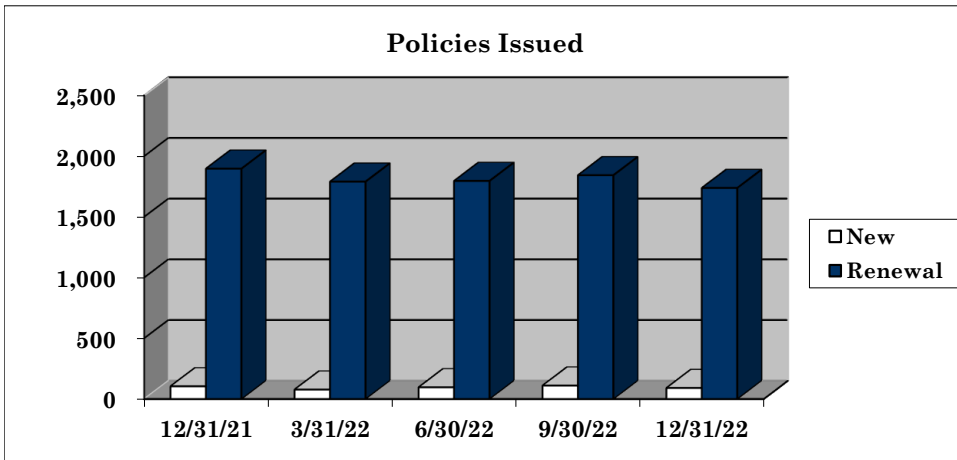
Note: Sum of zipcodes does not equal total due to overlap between Hurricane Deductible and UEZ definitions.

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

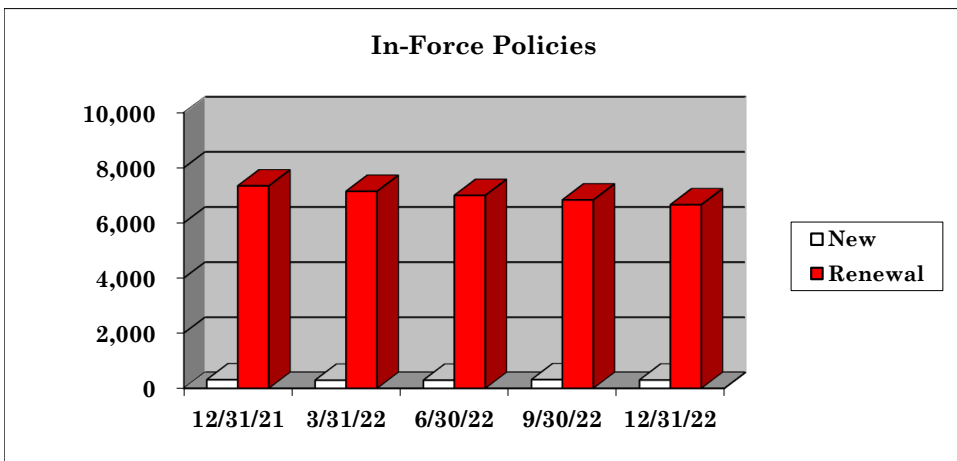
Dwelling Business



Quarter Ending	Quarter Ending	
	New	Renewal
12/31/21	\$64,766	\$1,211,767
3/31/22	60,090	1,133,140
6/30/22	88,135	1,209,490
9/30/22	93,624	1,267,176
12/31/22	\$64,420	\$1,116,538



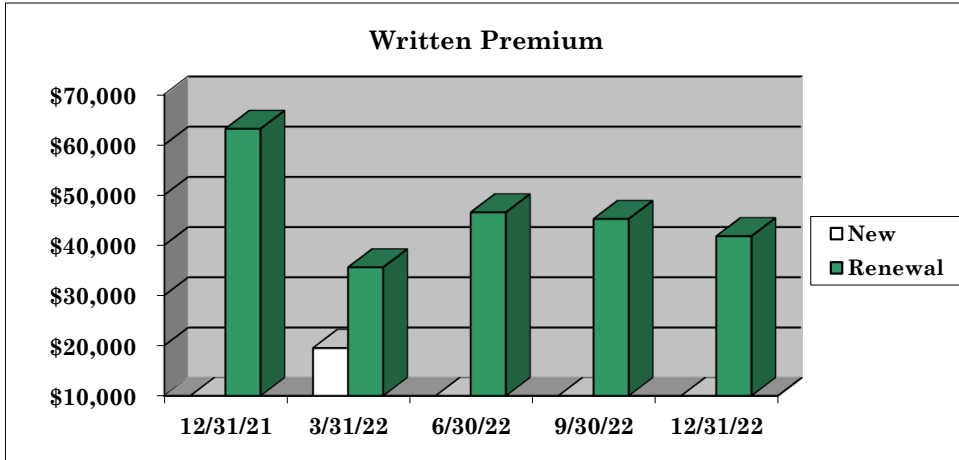
Quarter Ending	Quarter Ending	
	New	Renewal
12/31/21	105	1,898
3/31/22	78	1,791
6/30/22	97	1,797
9/30/22	111	1,844
12/31/22	91	1,739



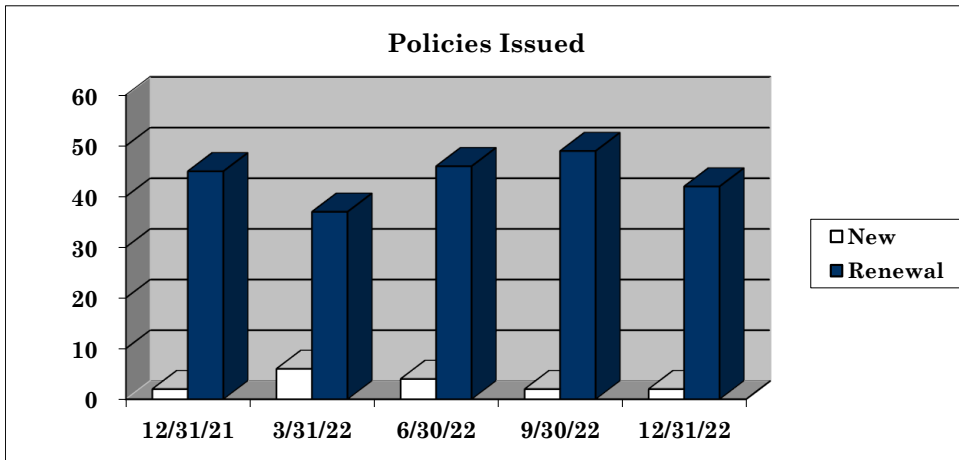
Quarter Ending	Quarter Ending	
	New	Renewal
12/31/21	313	7,347
3/31/22	294	7,150
6/30/22	295	7,002
9/30/22	316	6,837
12/31/22	301	6,662

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

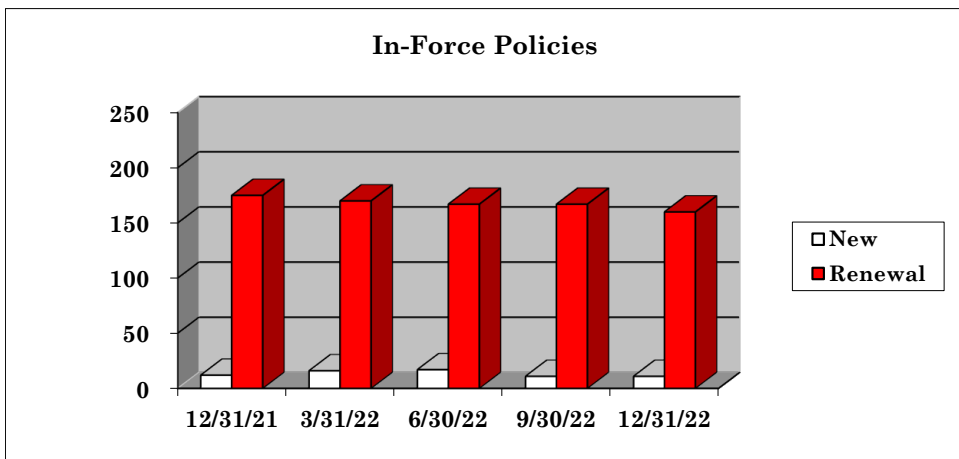
Commercial Business



Quarter Ending	Quarter Ending	
	New	Renewal
12/31/21	\$2,341	\$63,198
3/31/22	19,530	35,606
6/30/22	3,229	46,560
9/30/22	2,185	45,244
12/31/22	\$5,555	\$41,810



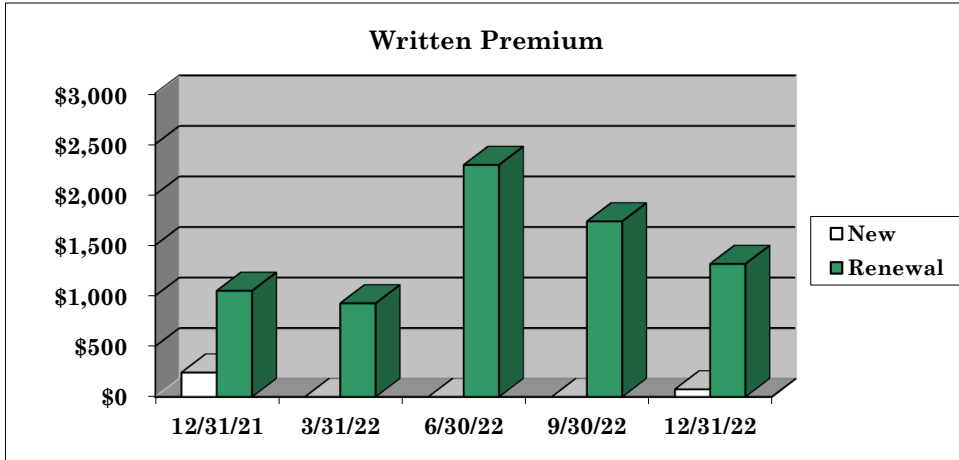
Quarter Ending	Quarter Ending	
	New	Renewal
12/31/21	2	45
3/31/22	6	37
6/30/22	4	46
9/30/22	2	49
12/31/22	2	42



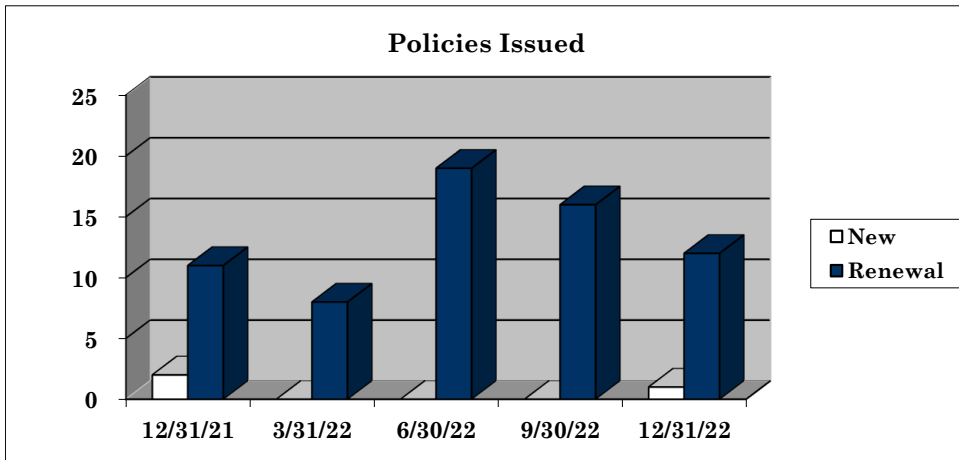
Quarter Ending	Quarter Ending	
	New	Renewal
12/31/21	12	175
3/31/22	16	170
6/30/22	17	167
9/30/22	11	167
12/31/22	11	160

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

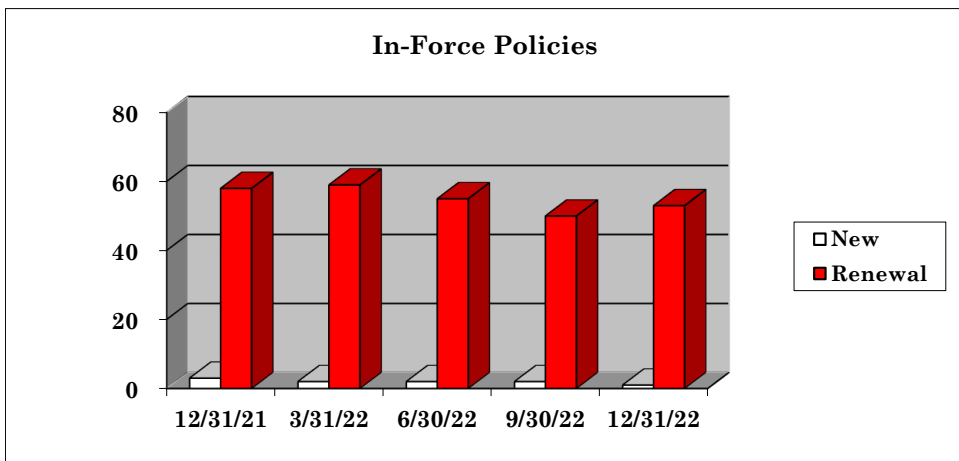
Crime Business



Quarter Ending	Quarter Ending	
	New	Renewal
12/31/21	\$241	\$1,050
3/31/22	0	926
6/30/22	0	2,295
9/30/22	0	1,737
12/31/22	\$75	\$1,316



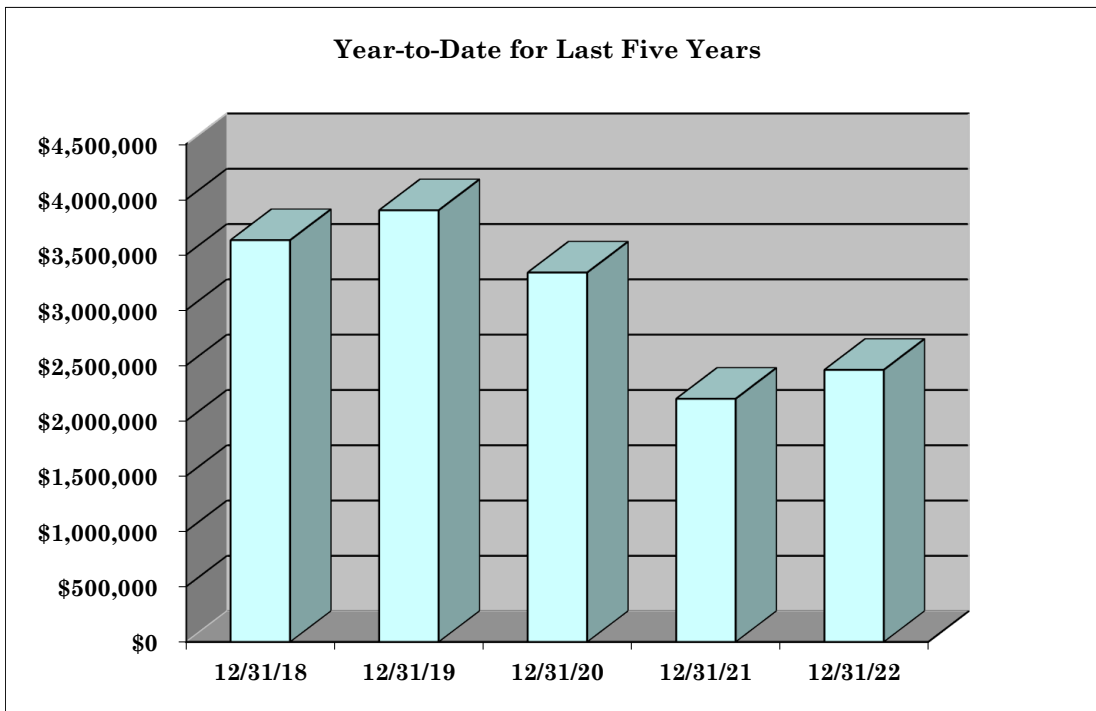
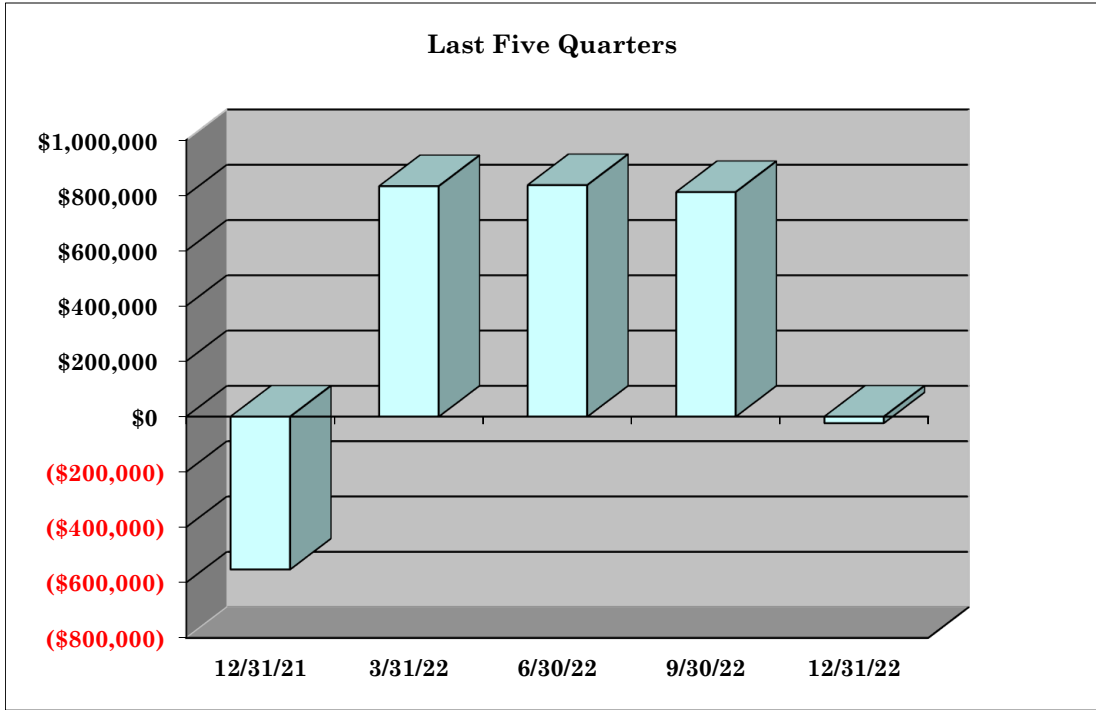
Quarter Ending	Quarter Ending	
	New	Renewal
12/31/21	2	11
3/31/22	0	8
6/30/22	0	19
9/30/22	0	16
12/31/22	1	12



Quarter Ending	Quarter Ending	
	New	Renewal
12/31/21	3	58
3/31/22	2	59
6/30/22	2	55
9/30/22	2	50
12/31/22	1	53

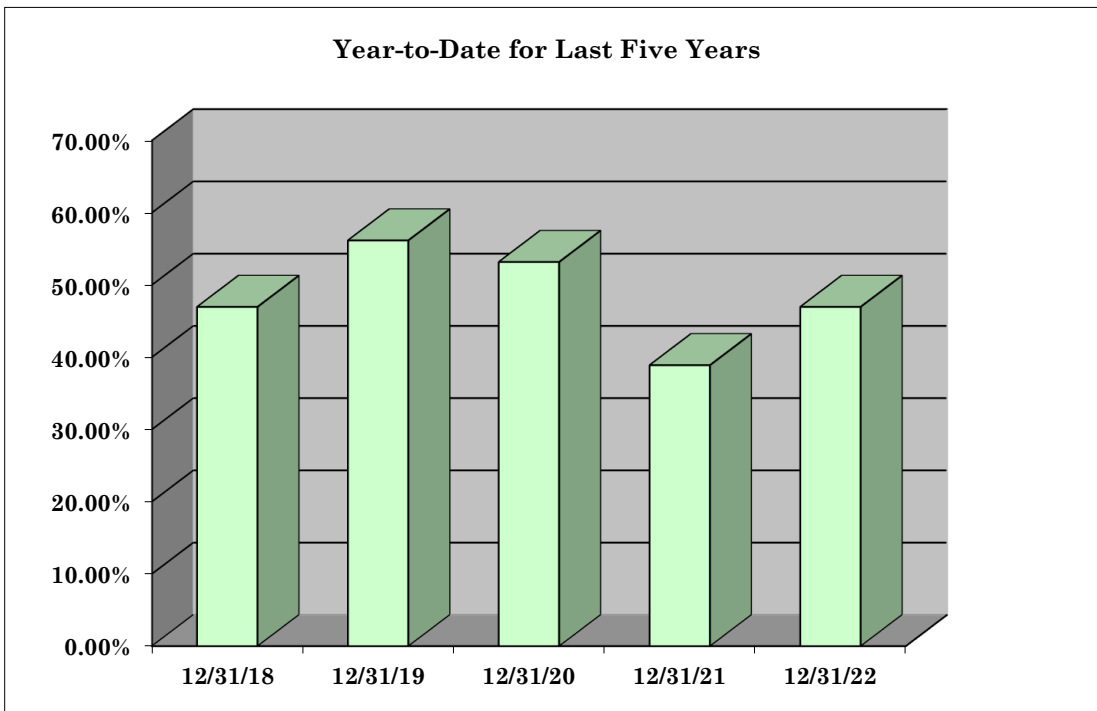
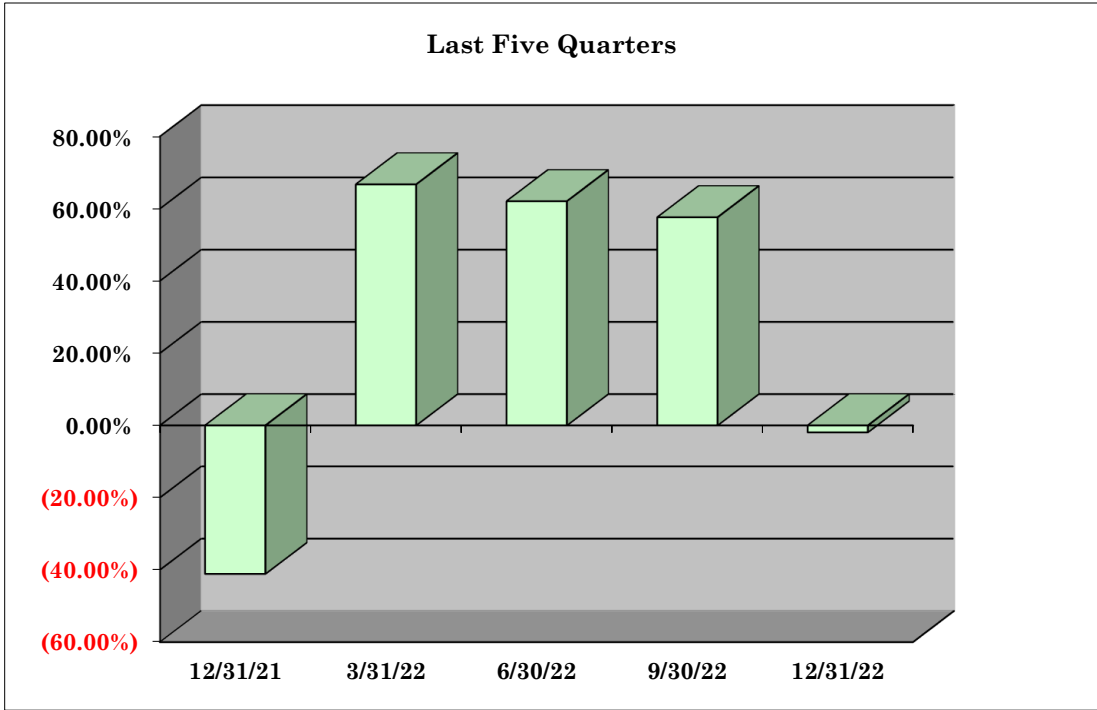
NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Underwriting Expenses Incurred



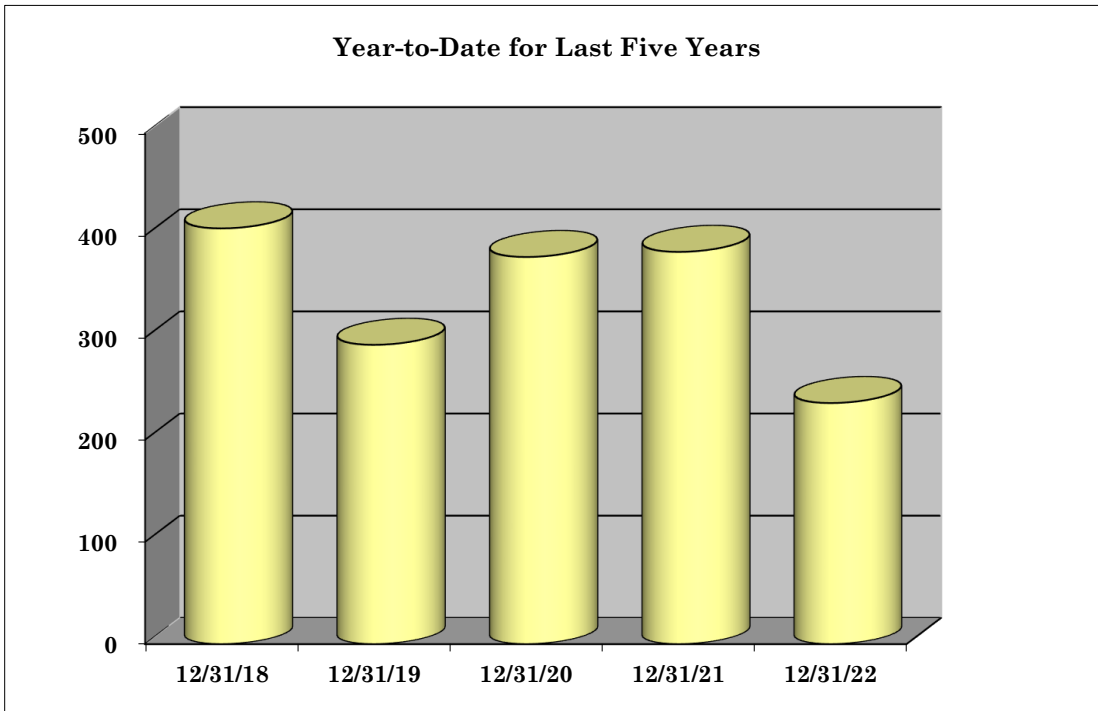
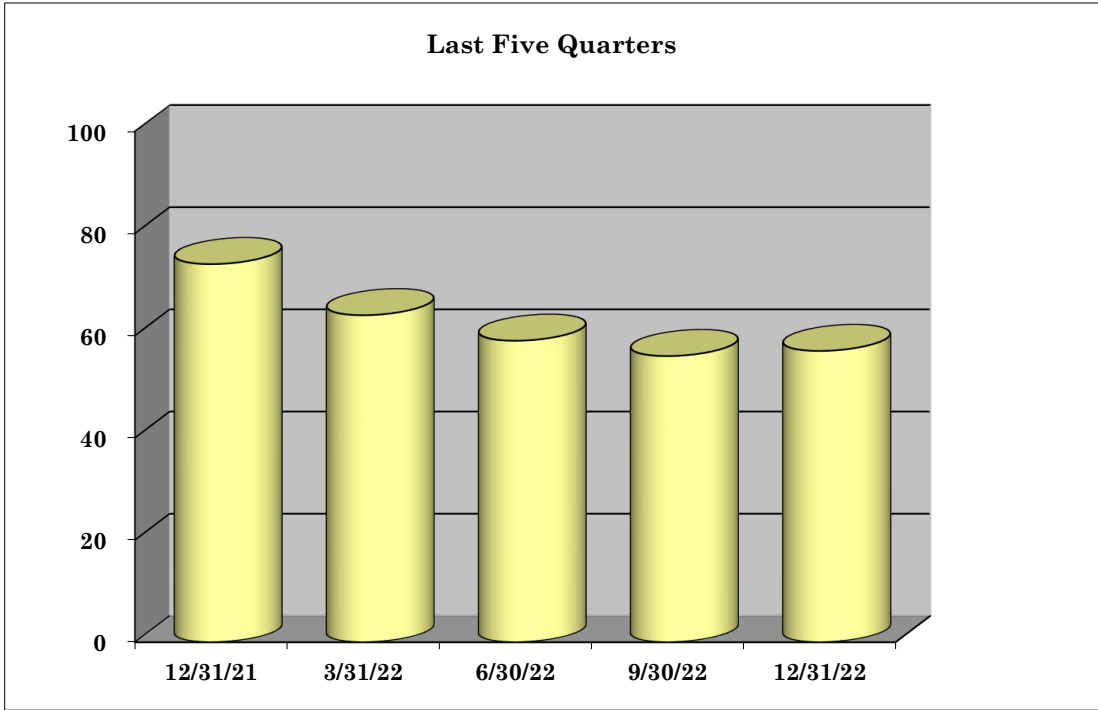
NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Expense Ratio



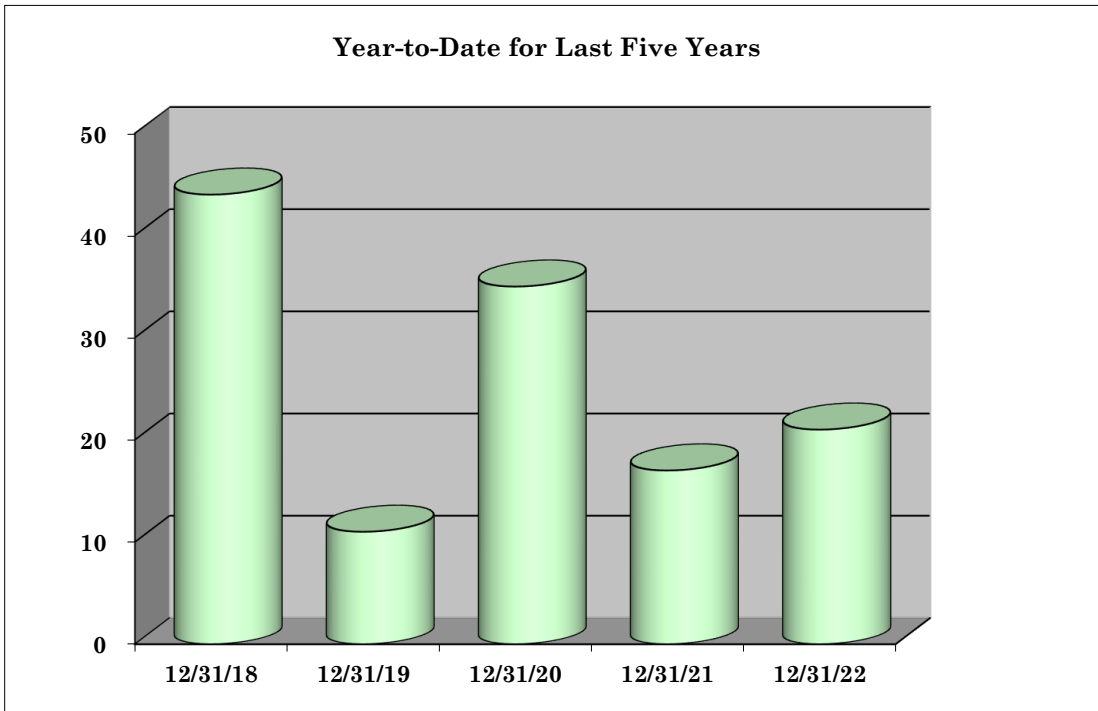
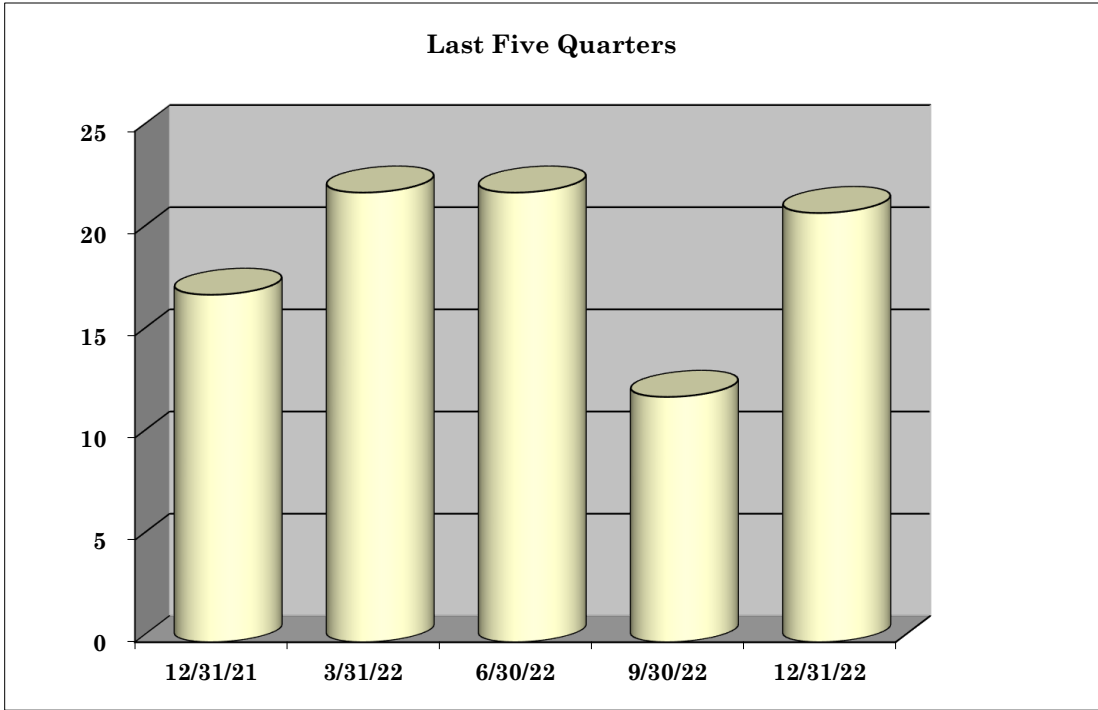
NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Number of New Claims Reported



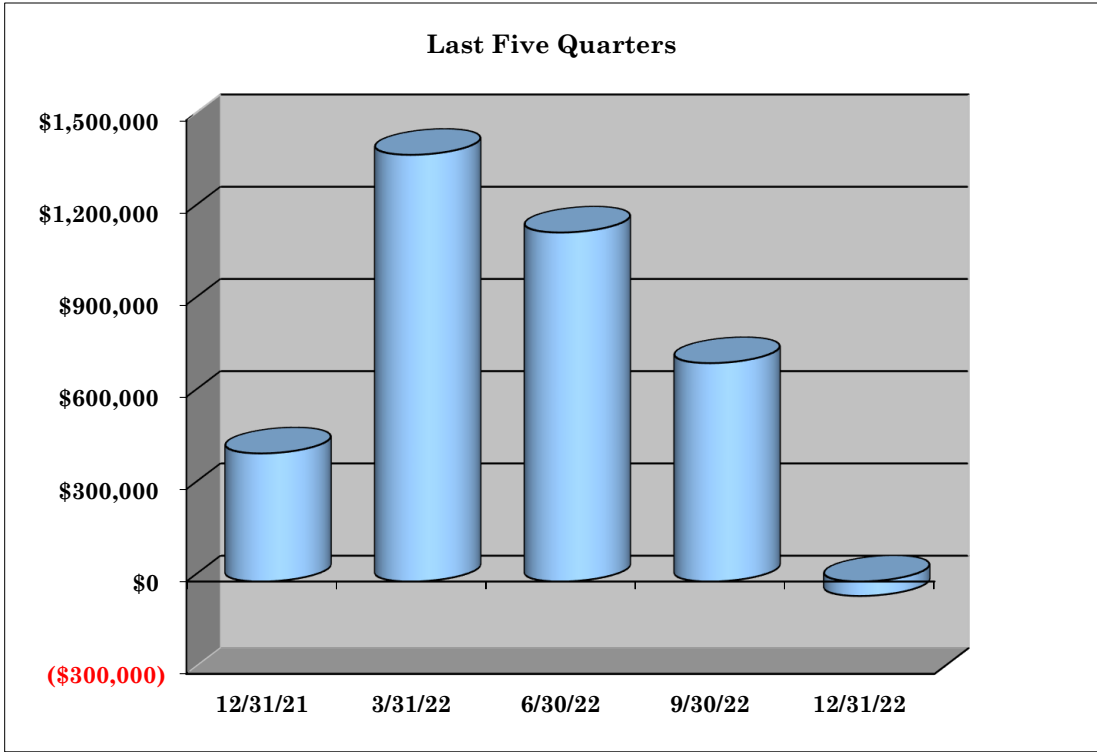
NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Number of Open Claims

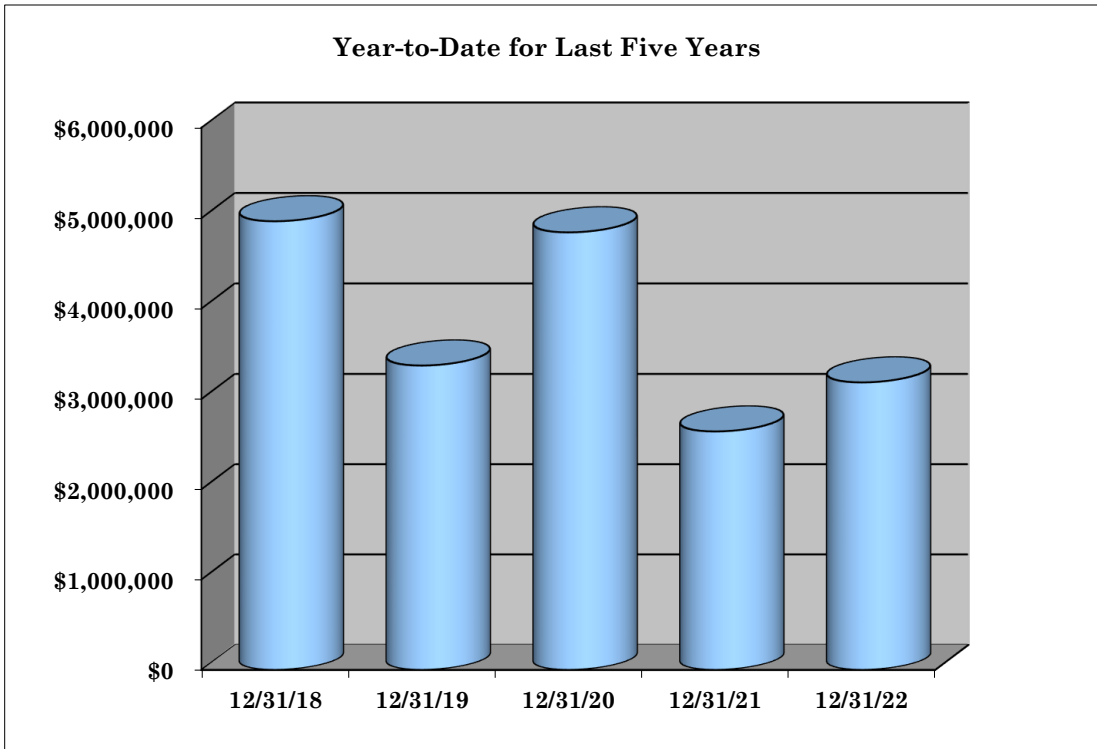


NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Claims & Claim Expenses Incurred



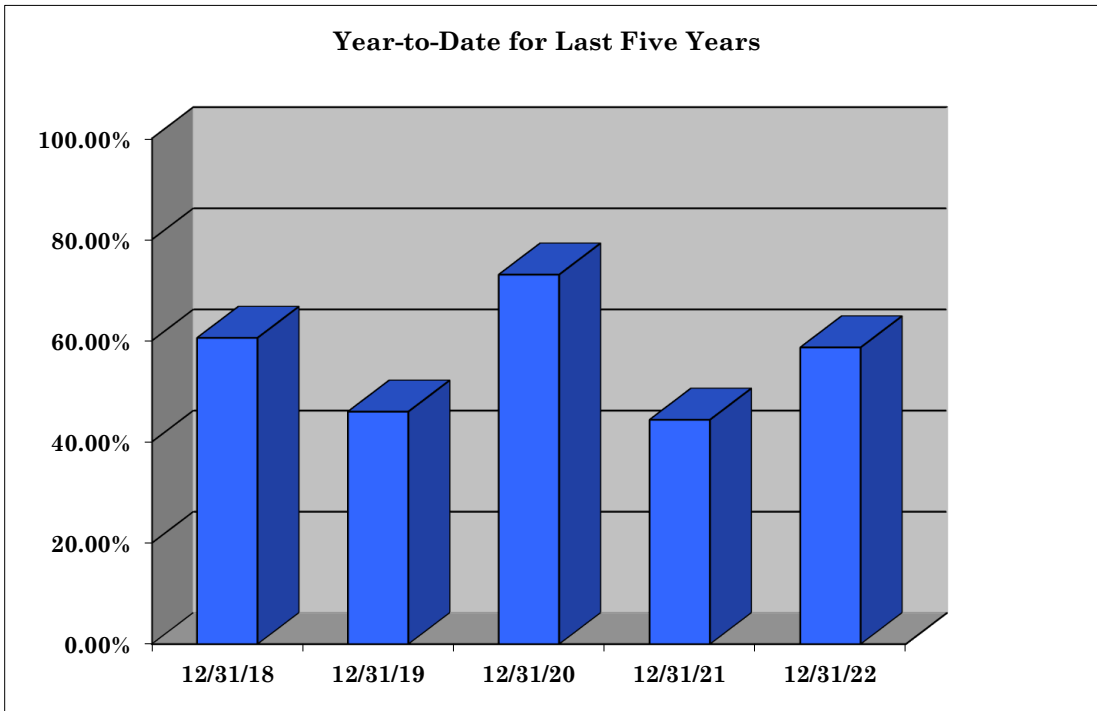
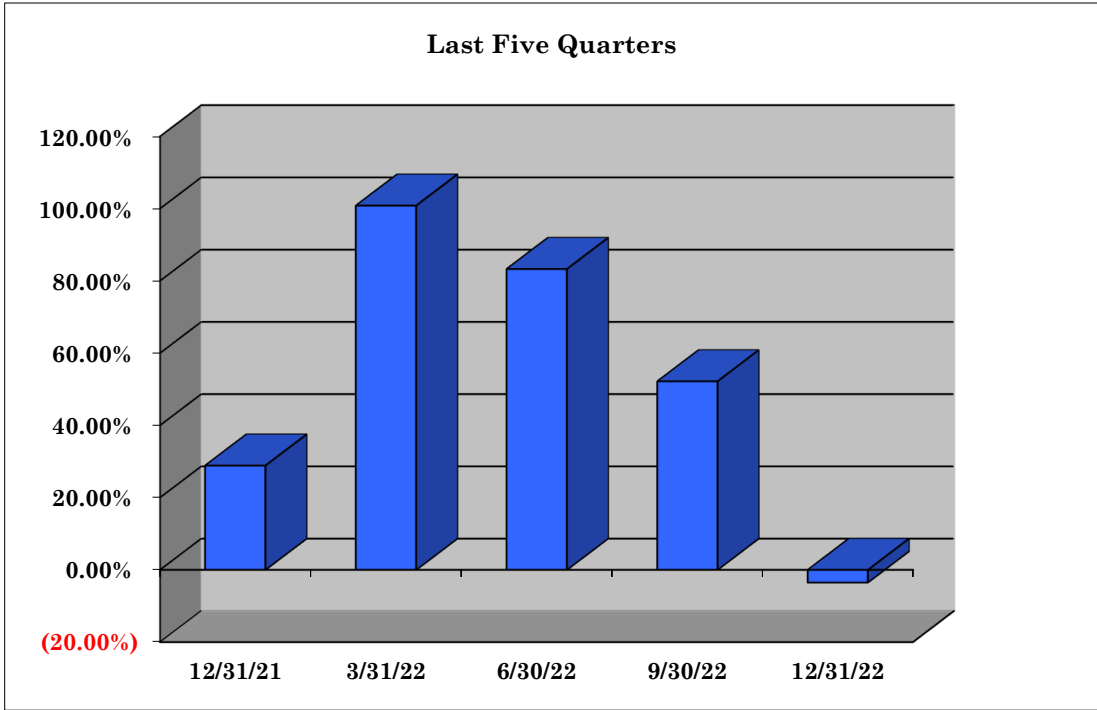
Period Ending	
12/31/21	\$416,374
3/31/22	1,387,566
6/30/22	1,134,871
9/30/22	709,907
12/31/22	(\$46,853)



Period Ending	
12/31/18	\$4,966,739
12/31/19	3,372,036
12/31/20	4,844,106
12/31/21	2,642,168
12/31/22	\$3,185,490

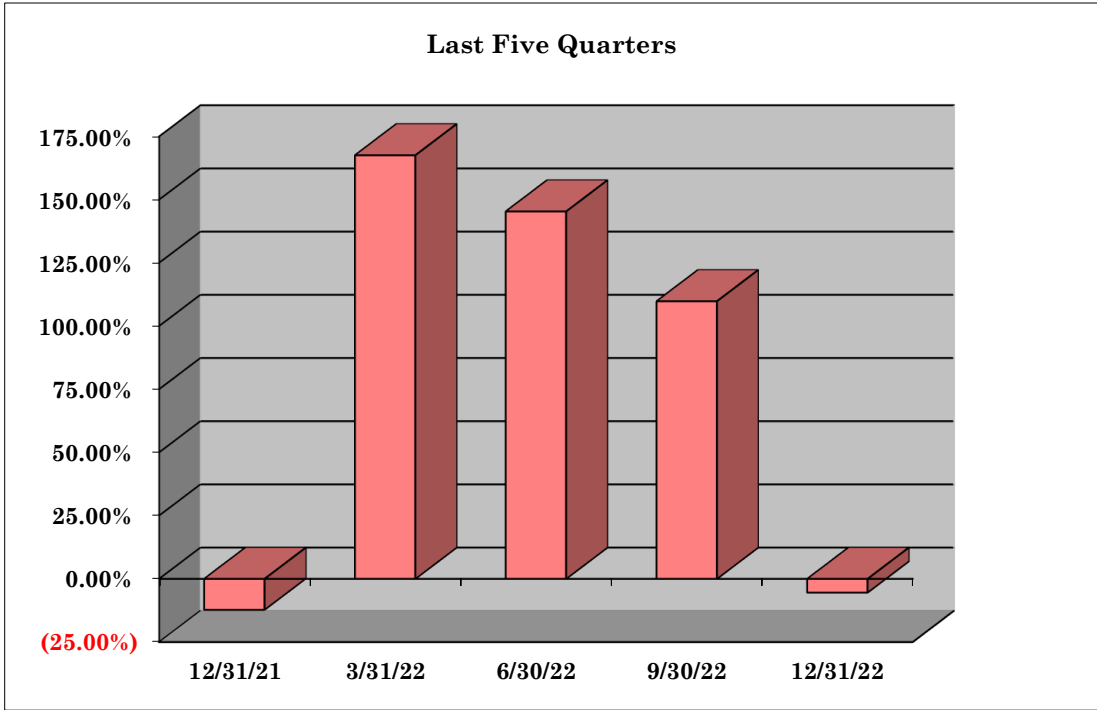
NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Loss Ratio

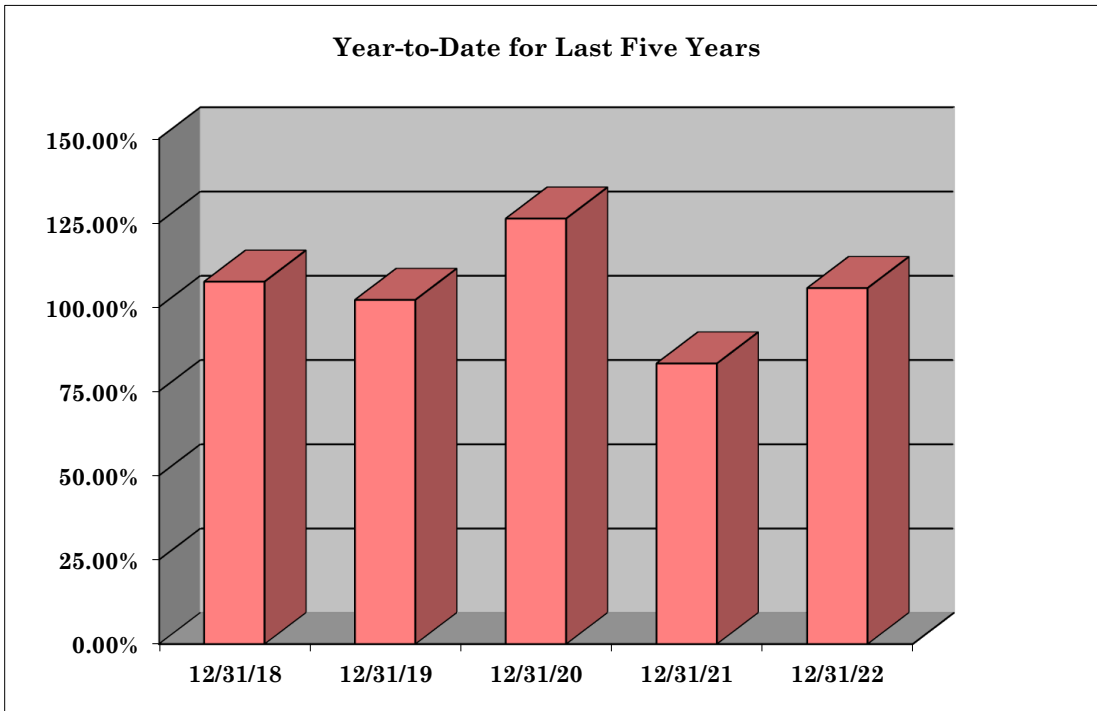


NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Combined Ratio



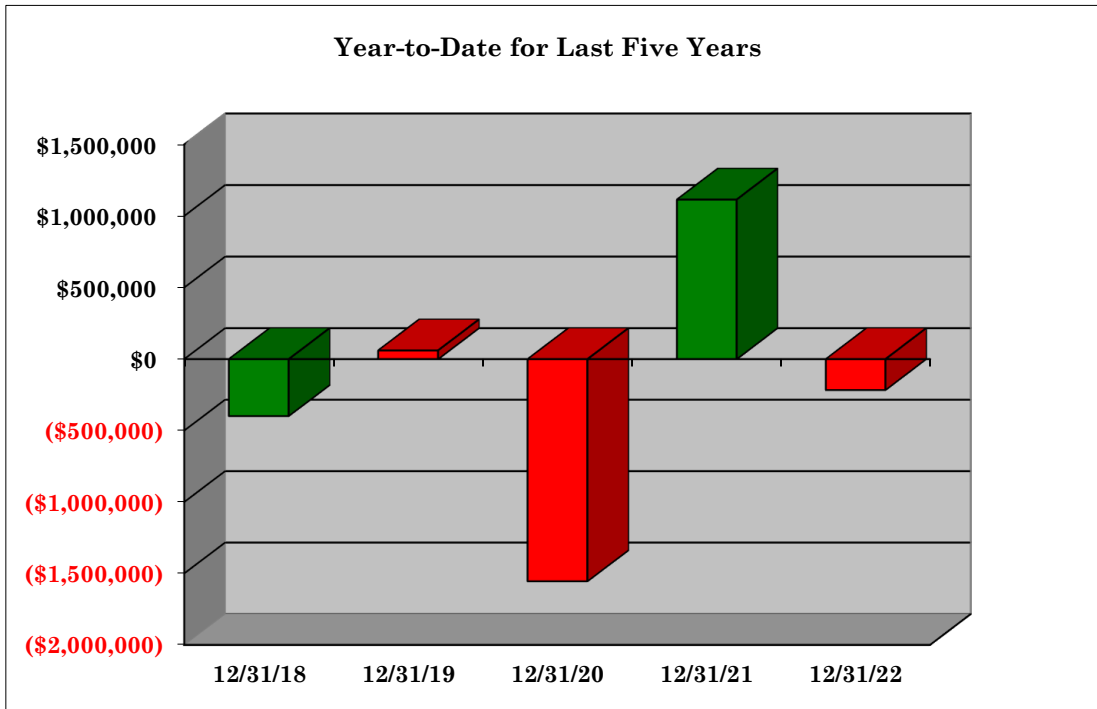
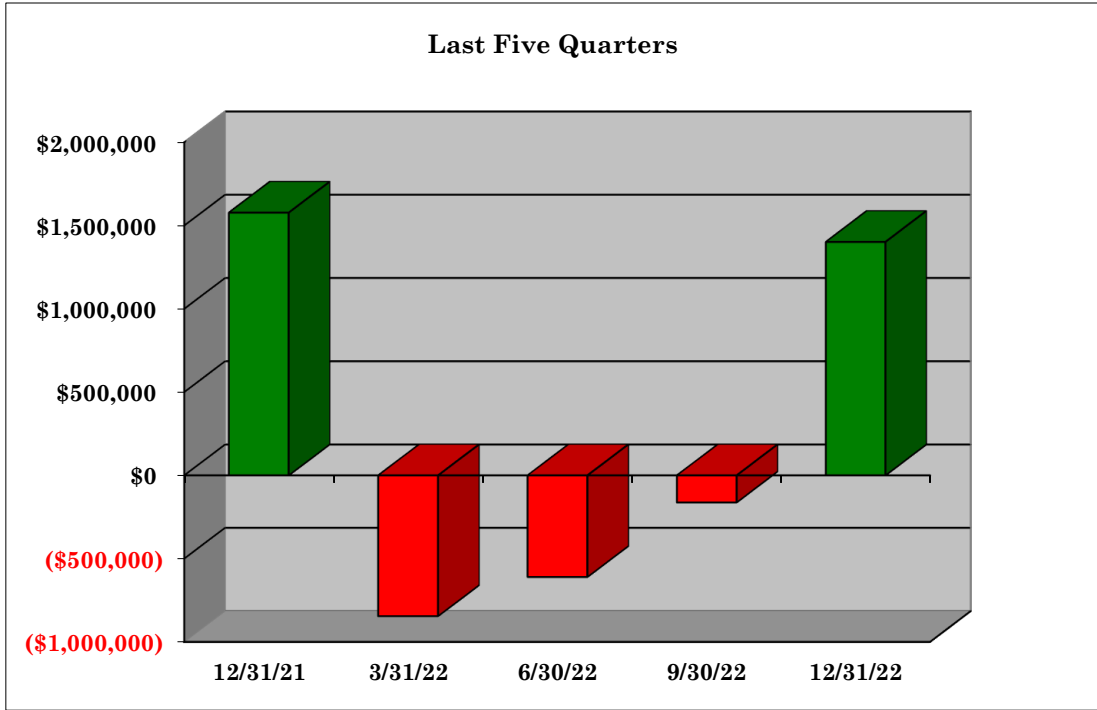
Quarter Ending	
12/31/21	(12.24%)
3/31/22	167.58%
6/30/22	145.36%
9/30/22	109.82%
12/31/22	(5.44%)



Period Ending	
12/31/18	107.52%
12/31/19	102.13%
12/31/20	126.24%
12/31/21	83.25%
12/31/22	105.63%

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Underwriting Gain (Loss)



New Jersey Insurance Underwriting Association

Policies Issued by Line of Business

<u>Dwelling Business</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
New	377	451	438	690	748
Renewal	7,171	7,921	8,918	9,894	11,077
Total	7,548	8,372	9,356	10,584	11,825
<u>Commercial Business</u>					
New	14	17	8	16	23
Renewal	174	195	213	238	269
Total	188	212	221	254	292
<u>Crime Business</u>					
New	1	4	2	3	6
Renewal	55	60	75	90	102
Total	56	64	77	93	108
<u>All Lines</u>					
New	392	472	448	709	777
Renewal	7,400	8,176	9,206	10,222	11,448
Total	7,792	8,648	9,654	10,931	12,225

New Jersey Insurance Underwriting Association

Applications Received by Line of Business

<u>Dwelling Business</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
New	407	490	533	819	1,107
Renewal	7,452	8,280	9,178	11,331	12,316
Total	7,859	8,770	9,712	12,150	13,423
<u>Commercial Business</u>					
New	15	9	10	24	24
Renewal	178	180	223	279	297
Total	193	189	233	303	321
<u>Crime Business</u>					
New	2	2	2	6	6
Renewal	68	75	81	110	124
Total	70	77	83	116	130
<u>All Lines</u>					
New	424	501	546	849	1,137
Renewal	7,698	8,535	9,483	11,720	12,737
Total	8,122	9,036	10,028	12,569	13,874

New Jersey Insurance Underwriting Association

Claim Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
New Claims Reported	236	384	379	293	407
Large Losses (+ \$100k)	9	8	12	7	16
Catastrophe Losses	4	137	101	39	63
Arson Losses	0	2	0	2	2
Paid Losses	\$3,051,000	\$2,656,000	\$3,862,000	\$3,385,000	\$3,888,000
Case Reserves	\$137,000	\$421,000	\$698,000	\$672,000	\$1,364,000
Loss Exp. Paid	\$488,000	\$486,000	\$700,000	\$848,000	\$729,000
Loss Exp. Reserves	\$197,000	\$256,000	\$323,000	\$283,000	\$344,000
IBNR Reserves	\$390,000	\$400,000	\$556,000	\$340,000	\$448,000

2022 ANNUAL REPORT

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

BOARD OF DIRECTORS 2022

NAME

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Mr. Vince Noggle	Franklin Mutual Insurance Company
Mr. Benjamin Cowles	Hartford Fire Insurance Company
Ms. Pamela McQuaid	Liberty Mutual Insurance Company
Ms. Joanne Searles	Nationwide Insurance Companies
Ms. Pamela Septer, Chair	NJ Manufacturers Insurance Company
Ms. Marisa C. Devito	Selective Insurance Company of America
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Mr. Michael Beckerman	Professional Insurance Agents of New Jersey

OBSERVER

Mr. Bill Horner	New Jersey Department of Banking and Insurance
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2022 ANNUAL REPORT

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
Elaine Tam