



COMPENSATION RATING AND INSPECTION BUREAU

60 PARK PLACE, NEWARK, NJ 07102

(973) 622-6014

GROVER E. CZECH, ESQ.
Executive Director

FREDERICK A. HUBER
Associate Executive Director

June 23, 2010

ADVISORY BULLETIN #30

ADMINISTRATIVE SANCTIONS

Manual Rule 1:3-14, entitled “**Administrative Sanctions and Special Service Charges**,” was amended effective July 1, 2009 authorizing the Rating Bureau to levy administrative sanction charges of not less than \$25, nor more than \$5,000, per violation against member insurers for non-compliance with Manual Rules. Upon approval by the Commissioner of Banking and Insurance, details were promulgated and posted on the Bureau’s web site in Manual Amendment Bulletin (MAB) No. 444, dated June 15, 2009.

Presently, sanctions are invoked only for certain electronic filing deficiencies.

Effective September 1, 2010, all divisions in the Bureau will begin enforcing Rule 1:3-14. For example, administrative sanction charges may result from, but are not limited to, a carrier’s failure to timely submit a response to correspondence from the Underwriting Division concerning subjects such as the Test Audit Program; audit revisions; requests for information; endorsements required as a result of field audits, field inspections, and field conferences; and general correspondence. Enforcement will apply to both the voluntary and residual markets.

Rule 1:3-14 allows insurers 20 days from the date of the initial correspondence to clear outstanding items. If not cleared within the 20-day period, a second request will be sent notifying the insurer that the item remains outstanding and advising that a charge will be imposed if the item is not cleared within 30 days of the date of the second request.

Any item remaining outstanding beyond the second request due date will result in notification and invocation of a charge in the amount of \$250.00. The required response clearing the outstanding item must accompany payment of the invoice. Failure to clear the item within 30 days of the billing date will result in an increase of the fine to a total of \$350.00 and, if the item is not cleared at that point, the total fine will increase to \$500.00.

Continued failure to comply may result in further administrative action as provided for in the Manual Rule. Member insurers should familiarize appropriate personnel with the MAB, this Advisory Bulletin and the applicable Manual Provisions.

Please be guided accordingly.

* * * * *

Grover E. Czech
Executive Director