



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
PO BOX 325
TRENTON, NJ 08625-0325
Tel (609) 292-5360

JAMES E. MCGREEVEY
Governor

HOLLY C. BAKKE
Commissioner

BULLETIN NO. 03-21

TO: All Insurers Authorized to Transact Private Passenger Automobile
Insurance in this State and All Rating Organizations

FROM: Holly C. Bakke, Commissioner

RE: Changes to PIP Coverage Limits Above \$75,000 up to \$250,000 Pursuant
to P.L. 2003, c. 89

On August 15, 2003, the Commissioner of Banking and Insurance issued Order No. A03-143, which requires that insurers and rating organizations file appropriate changes to their manual rules, rates and policy forms as set forth in Bulletin No. 03-14 to provide for the implementation and timely compliance with the provisions of P.L. 2003, c. 89 (the "Act"). The Order also provides that changes with respect to personal injury protection ("PIP") coverage above \$75,000.00 up to \$250,000, as provided in Sections 36 and 37 of the Act, shall be made in accordance with a Bulletin to issued by the Department of Banking and Insurance ("Department").

Insurers will assume the risk for PIP benefit limits above \$75,000, up to \$250,000, on account of personal injury to any one person in any one accident, on private passenger automobile policies effective on or after January 1, 2004, due to the

elimination of the responsibility of the Unsatisfied Claim and Judgment Fund (“UCJF”) for reimbursement of PIP payments in excess of \$75,000. In addition, the portion of premium for liability and PIP coverages that supported the activities of the UCJF with respect to reimbursement of payments of excess medical expense benefits will no longer be required on policies effective on or after January 1, 2004. The reimbursement for PIP benefits in excess of \$75,000 for private passenger automobile insurance policies effective prior to January 1, 2004, previously covered by the UCJF, will be transferred to the New Jersey Property and Liability Insurance Guaranty Association (“PLIGA”).

As set forth in Order A03-143, the Department is issuing this Bulletin to set forth the procedures for insurers and rating organizations to reflect the changes in PIP coverage limits under Sections 36 and 37 of the Act. Filers may utilize one of the following options:

1. A filer may advise the Department by letter that it will make no change to its rates. A filer may take this action if it believes that its current approved rates for PIP coverage for limits up to \$250,000 are appropriate, and it will not be making a filing to adjust them at this time;

2. A filer may submit a filing to address the PIP rates for the additional exposure from \$75,000 to \$250,000. Rates for PIP coverage may not increase by more than 15 percent of a filer’s currently approved PIP rates on file with the Department. In addition, the overall rate impact of rate filings submitted pursuant to this Bulletin on all private passenger automobile coverages combined shall be revenue-neutral (0.0 percent). Filers shall submit premium or exposure distributions by coverage, as well as their current and proposed rates, to show that the impact of the requested increase on PIP rates is no greater than +15 percent and the overall impact on all private passenger automobile coverages combined is revenue-neutral (0.0 percent).

Pursuant to Order No. A03-143, filings shall be made no later than September 15, 2003, to be implemented by January 1, 2004.

Revisions to rates that pertain to issues other than those defined above shall be submitted to the Department as a separate filing.

August 27, 2003

Date

Holly C. Bakke
Commissioner

jc03-21/inoord