



**State of New Jersey**  
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**BULLETIN NO. 04-15**

**TO: ALL PROPERTY AND CASUALTY INSURANCE COMPANIES AND  
PROPERTY AND CASUALTY INSURANCE PRODUCERS**

**FROM: HOLLY C. BAKKE, COMMISSIONER**

**RE: REQUIREMENT TO PROVIDE BUYER'S GUIDE, COVERAGE  
SELECTION FORM AND CONSUMER BILL OF RIGHTS WITH  
RESPECT TO INDIVIDUALLY-OWNED PRIVATE PASSENGER  
AUTOMOBILES WRITTEN ON COMMERCIAL POLICIES**

Effective March 15, 2004, the Department of Banking and Insurance (the "Department") adopted new rules and amendments to N.J.A.C. 11:3-15. Among the amendments adopted was N.J.A.C. 11:3-15.2(b), which stated that the scope of the chapter requiring distribution of the New Jersey Auto Insurance Buyer's Guide, the Coverage Selection Form and the New Jersey Automobile Insurance Consumers Bill of Rights includes individually-owned private passenger automobiles written on commercial policies.

Numerous comments were received on the notice of the proposal of those amendments and new rules disagreeing with the inclusion of individually-owned private passenger automobiles written on commercial auto policies within the scope of these regulations. In responding to those comments in the Notice of Adoption, the Department stated that the inclusion of individually-owned private passenger automobiles written on commercial auto policies was deliberate and that the intent of extending the scope of the regulation was to cover those situations where, for whatever reason, the insurer makes an accommodation to the policyholder and includes such an individually-owned vehicle on a commercial auto policy. An example of such an accommodation occurs when the insurer of a commercial business agrees to include on the business policy the private passenger auto used by the business owner's spouse and registered in the spouse's name. Individually-owned private passenger automobiles are automobiles which are registered in the name of the individual owner or the owner's spouse and which are rated from a personal vehicle manual. In these types of situations, the intent of the amended rule is

that the Buyer's Guide, Consumer Bill of Rights and the Coverage Selection Form be provided to that person. This is as opposed to "private passenger type automobiles" as defined by N.J.A.C. 11:3-1.2, which are owned by a corporation, partnership or any other entity except an individual or spouse and are rated using the commercial lines rating manual. The provisions of N.J.A.C. 11:3-15 do not apply to such commercially-rated vehicles.

There have been suggestions that, with respect to individually-owned private passenger vehicles written on commercial auto policies, inclusion of the Coverage Selection Form alone would suffice. The Buyer's Guide and/or the Consumer Bill of Rights cannot, however, be eliminated because N.J.S.A. 39:6A-23 imposes a statutory requirement that applications for a policy be accompanied by written notice which contains a buyer's guide and a coverage selection form. Thus, the coverage selection form alone will not suffice.

The Department believes that inclusion of individually-owned private passenger automobiles written on commercial auto insurance policies in the written notice regulations codified at N.J.A.C. 11:3-15 is necessary. The benefit of extending the rules to natural person owners, including those who may change from a private passenger auto to a commercial auto policy, outweighs any confusion which may be caused. The Department is aware that all provisions of the Buyer's Guide will not apply to these consumers. However, in order to alleviate any confusion, the Department has created a "Commercial PPA Edition" of the Buyer's Guide for individually-owned private passenger automobiles written on commercial auto policies. This new edition will be available on the Department website within the next ten business days.

Because the basic and special policy options are not offered for automobile insurance written on commercial auto policies, insurers may wish to supplement their guides with information clarifying that, although referenced elsewhere in the Buyer's Guide, these coverages are not offered under their commercial auto insurance policies.

The Department recognizes that certain companies may only write private passenger automobile coverage under personal auto policies and that the situations with which this bulletin is concerned may be rare or non-existent for some commercial insurers. Commercial insurers that are insuring an individually-owned private passenger vehicle and therefore are required to provide the Buyer's Guide, Coverage Selection Form and Consumer's Bill of Rights, may wish to:

Provide the Coverage Selection Form and use the text of the Consumer's Bill of Rights available on the Department website in all cases, AND either

i. Use the text of the Commercial PPA Edition of the Buyer's Guide available on the Department website and identify any section that would not apply to your policies;

-OR-

ii. Provide the standard Buyer's Guide used by the company's private passenger auto insurance (if applicable) with a cover note indicating that some of the options listed in this guide may not be available on a

commercial auto policy and the insured should consult the coverage selection form or their agent or company representative;

-OR-

iii. If the situations are too rare to justify the production of a unique Buyer's Guide, either the standard Buyer's Guide or the Commercial PPA Edition of the Buyer's Guide available on the Department website can be downloaded and printed and then provided with a cover note as described above to the individual involved in any specific case.

8/17/04

Date

/s/ Holly C. Bakke

Holly C. Bakke  
Commissioner

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