

INSURANCE
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF INSURANCE

Subchapter 15: Standards For Written Notice: Buyer's Guide And Coverage Selection Form

Proposed Repeal: N.J.A.C. 11:3-15 Appendix, Exhibit 1

Proposed Amendments: N.J.A.C. 11:3-15.1 through 15.7

Proposed Recodification with Amendments: N.J.A.C. 11:3-15 Appendix Exhibits 2 and 3 as Exhibits 1 and 2

Proposed New Rule: N.J.A.C. 11:3-15.8

Authorized By: Holly C. Bakke, Commissioner, Department of Banking and Insurance

Authority: N.J.S.A. 17:1-8.1, 17:1-15e and 39:6A-23, and P.L. 2003, c. 89, § 43a.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2003-329

Submit comments by October 3, 2003 to:

Douglas A. Wheeler, Assistant Commissioner
Legislative and Regulatory Affairs
Department of Banking and Insurance
20 West State Street
P.O. Box 325
Trenton, NJ 08625-0325
Fax: (609) 292-0896
Email: legsregs@dobi.state.nj.us

The agency proposal follows:

Summary

The Department of Banking and Insurance (Department) is amending N.J.A.C. 11:3-15 as a result of the recent enactment of section 43 of P.L. 2003, c. 89 (the "Act").

The Act provides a well-balanced approach to addressing the immediate automobile

insurance availability crisis facing New Jersey consumers, insurers and regulators. The Act includes many consumer protection initiatives designed to ensure that consumers understand their rights as they shop for insurance. Moreover, the Act facilitates consumers' purchase of the right coverage, not necessarily the most expensive coverage. To that end, the Act includes provisions that every consumer receive a new document, the New Jersey Automobile Insurance Consumer Bill of Rights (Consumer Bill of Rights) with their application and upon renewal.

The proposed amendments revise the Coverage Selection Forms to reflect the changes provided by the Act including the creation of the Special Automobile Insurance Policy and the change to a \$750.00 default deductible for collision and comprehensive coverages. The scope of the rules are being amended to make it cover the Buyer's Guides and Coverage Selection Forms for Standard and Basic policies only. The Buyer's Guide and Coverage Selection Form required for the Special Policy are discussed in the notice of proposal for the Special Policy rules, N.J.A.C. 11:3-2A, published elsewhere in this issue of the New Jersey Register.

The proposed amendments also reflect a simplified process for making the new Buyer's Guide available to both the public and the insurers. The Buyer's Guide will be available on the internet for easy access. (The Department is currently soliciting public comments on the new Buyer's Guide, which is on the Department's web site at <http://www.state.nj.us/dobi/acrobat/autoguide02.pdf>) Insurers will copy and distribute the Guide and the Consumer Bill of Rights exactly as presented on the Department's website. Insurers will continue to file their Standard and Basic Coverage Selection Forms with the

Department for review. These documents contain information on discounts and coverage choices that varies by insurer.

In addition, given the importance of choosing the appropriate lawsuit limitation option, the Department is proposing that the Buyer's Guide include an expanded Lawsuit Limitation Selection Guide that will give insureds more information on what their choice of lawsuit threshold may mean in the event the insured is injured in an accident.

Section 43 of the Act creates the "Consumer Bill of Rights." The Consumer Bill of Rights serves to balance marketplace changes with consumer protections. This provision seeks to better educate consumers by requiring companies to notify new and existing customers of their rights and responsibilities with regard to auto insurance.

The effect of proposed new rule N.J.A.C. 11:3-15.8 concerning the Consumer Bill of Rights is to equip consumers with additional information necessary to determine what coverage best fits their individual needs.

With respect to the Buyer's Guide and the Consumer Bill of Rights, the rules are proposed to be amended to provide that the Department will advise insurers of changes to these documents by bulletin, and insurers will provide the revised version of these documents effective with all distributions of them made 60 days or later after the date of the bulletin.

Specific amendments are as follows:

The subchapter heading and N.J.A.C. 11:3-15.1 are amended to reflect the addition of the Consumer Bill of Rights.

N.J.A.C. 11:3-15.2 is amended to limit the scope of the rules to Standard and Basic Policies and to clarify that the rule applies to personal lines policies and individually owned private passenger type automobiles written on commercial policies.

N.J.A.C. 11:3-15.3 is amended to include a definition of “private passenger automobile insurance policy,” which, for the purposes of this subchapter, means a Standard or Basic policy.

N.J.A.C. 11:3-15.4(a) is amended to update the compliance date for the new Buyer’s Guide and Coverage Selection Form to 90 days after the effective date of the proposal and to clarify that the notices need to accompany the initial application.

N.J.A.C. 11:3-15.4(b) is amended to reflect the addition of the Consumer Bill of Rights to the list of documents that satisfy notice requirements, and P.L. 2003, c. 89 is added to the list of statutes requiring notice.

N.J.A.C. 11:3-15.4(c) is amended to establish the new date by which the new Coverage Selection Forms must be filed and N.J.A.C. 11:3-15.4(c) and (d) are amended to remove the requirement of filing the Buyer’s Guide.

N.J.A.C. 11:3-15.5 is amended to remove the instructions on how the Buyer’s Guide should be created. Those instructions are replaced by the requirements that the guide be reproduced exactly as presented on the Department’s website and a description of the topics to be covered by the Buyer’s Guide in order that consumers may better understand the choices available to them when shopping for automobile insurance. The text of the Buyer’s Guide in Appendix, Exhibit 1 is proposed for repeal.

N.J.A.C. 11:3-15.6 is being amended to correct the references to the Exhibits in the Appendix.

N.J.A.C. 11:3-15.7(b) is amended to require that a change to a Standard or Basic policy type requires that the named insured receive a Coverage Selection Form to sign prior to making the change.

Proposed new N.J.A.C. 11:3-15.8 sets forth the minimum standards for the production of the Consumer Bill of Rights. N.J.A.C. 11:3-15.8 requires that the Consumer Bill of Rights be reproduced exactly as presented on the Department's website and a description of the topics to be covered by the Bill of Rights is included.

The current N.J.A.C. 11:3-15.8 on penalties is recodified as N.J.A.C. 11:3-15.9.

The Department's rule proposal provides for a comment period of 60 days, and therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, is not subject to the provisions of N.J.A.C. 1:30-3.1 and 3.2 governing rulemaking calendars.

Social Impact

The proposed amendments and new rules will have a positive effect on insureds and insurers. Insureds will benefit from the use of a standardized Buyer's Guide that is both uniform and easy to understand. Purchasing automobile insurance can be a very confusing and stressful experience. Providing consumers with a newly-revised, easier-to-read Buyer's Guide, and a newly created Consumer Bill of Rights will improve that experience. As a result, consumers will be better informed and equipped with tools that will enable them to better understand their rights as they shop for insurance. Moreover, with this information, consumers will have the opportunity to purchase the right coverage for them, which may not necessarily be the most expensive coverage.

Insurers will benefit from the standardization of the Buyer's Guide and Consumer Bill of Rights and from the ease with which they may be accessed on the Department's web site and produced. Moreover, the proposed new rules may positively impact insurers by reducing insurance-related disputes because consumers and insurers will be better informed of their rights and responsibilities.

Economic Impact

The proposed amendments and new rules will have an economic impact on insurers. Insurers will have to change their systems to produce the revised Buyer's Guide and Coverage Selection Forms as well as add the new Consumer Bill of Rights. However, the changes in coverages and other requirements are mandated by P.L. 2003, c. 89. These rules merely implement those new statutory requirements and provide standards for implementation. The Department believes that the proposed new rules, particularly those relating to the Consumer Bill of Rights will have a significant, positive impact on New Jersey consumers. The proposed new rules will enable consumers to compare pricing information from different companies and all of the coverage options available that may be suitable for them. Through the use of plain language in the documents, insureds will be better able to understand what their insurance dollar is paying for, and to make prudent, informed coverage choices.

Federal Standards Statement

A Federal standards analysis is not required because the proposed repeal, amendments and new rules are not subject to any Federal requirements or standards.

Jobs Impact

Although the Department does not anticipate that the amendments, new rules and repeal alone will result in the generation or loss of jobs, it believes that the package of statutory and regulatory amendments of which it is a part, taken as a whole, will contribute to the attractiveness and competitiveness of the New Jersey automobile insurance market and help preserve and expand employment in the automobile insurance industry and in insurance agencies and brokerage firms. The Department invites interested persons to submit any data or studies about the jobs impact of these proposed rules with their written comments.

Agriculture Industry Impact

The proposed amendments, new rule and repeal will have no agricultural industry impact.

Regulatory Flexibility Analysis

Pursuant to the New Jersey Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., a “small business” means any business resident in this State, independently owned and operated and not dominant in its field, and which employs fewer than 100 full-time employees. A few New Jersey automobile insurers meet this definition. The Department observes that the proposed amendments, repeal and new rule do not impose any new recordkeeping, reporting or compliance obligations. In fact, the obligation to file a Buyer’s Guide has been repealed. The proposed amendments continue to impose compliance obligations as to distribution of the Buyer’s Guide and Coverage Selection

Form. Furthermore, as a result of the amendments and new rule, insurers will have to revise the documents they currently produce and incorporate the Consumer Bill of Rights into their policy writing systems. Such changes may require the use of professional services. The cost of such services cannot be determined since it varies greatly by insurer.

The proposed amendments and new rule provides no differentiation in compliance requirements based on business size because they merely implement the statutory mandates imposed by Section 43 of P.L. 2003, c. 89, and no provision is made therein for an insurer to be relieved from these requirements based on its size or the volume of its auto insurance business. In order to provide for the uniform and consistent application of these rules in the automobile insurance market, no differential treatment for small businesses would be appropriate.

Smart Growth Impact

The proposed amendments, repeal and new rule will not have an impact on the achievement of smart growth or the implementation of the State Development and Redevelopment Plan.

Full text of the proposed repeal may be found in the New Jersey Administrative Code at N.J.A.C. 11:3-15 Appendix Exhibit 1.

Full text of the proposed amendments and new rule follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

SUBCHAPTER 15 [STANDARDS FOR WRITTEN NOTICE:] BUYER'S GUIDE,
 COVERAGE SELECTION FORM, AND AUTOMOBILE INSURANCE
CONSUMER BILL OF RIGHTS FOR STANDARD AND BASIC POLICIES

11:3-15.1 Purpose

(a) (No change.)

(b) P.L. 2003, c. 89, section 43a requires every insurer writing private passenger automobile insurance in this State to provide each insured at least annually and each applicant for insurance with an Automobile Insurance Consumer Bill of Rights. The Automobile Insurance Consumer Bill of Rights shall contain the information necessary, relevant or appropriate to improve the understanding of the rights and responsibilities of consumers and insurers regarding automobile insurance.

(c) This subchapter implements [this] the statutory requirements in (a) and (b) above and establishes the necessary minimum standards insurers shall use in giving notice of available coverages, options and rate credits and of the rights and responsibilities of consumers and insurers regarding automobile insurance.

[(b)](d) The purpose of the Buyer's Guide [and], Coverage Selection Form and Automobile Insurance Consumer Bill of Rights is to help consumers understand the choices they will make. The Buyer's Guide [and], Coverage Selection Form and Automobile Insurance Consumer Bill of Rights shall be presented in an attractive format and plain language describing the choices in general, in order to encourage

consumers to read the documents and to make informed choices about the auto insurance coverages and options available to them.

11:3-15.2 Scope

(a) This subchapter applies to every insurer authorized to transact the business of private passenger automobile insurance in this State and to any automobile residual market mechanism created by any New Jersey statute.

(b) This subchapter applies to personal lines private passenger automobile insurance policies and individually-owned private passenger automobile insurance policies written on commercial insurance policies.

11:3-15.3 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

. . .

“Private passenger automobile insurance policy” means a Standard policy as defined in N.J.S.A. 39:6a-3 or a Basic policy as defined in N.J.S.A. 39:6A-3.1 providing direct insurance on an automobile as defined in N.J.S.A. 39:6A-2.

. . .

11:3-15.4 Compliance

(a) No new private passenger automobile insurance policy or renewal shall be issued on or after [March 22, 1999] **90 days after the effective date of the amendments to this subchapter** unless the application for the policy or renewal notice is accompanied by a Buyer's Guide, [and] a Coverage Selection Form **and an Automobile Insurance Consumer Bill of Rights** that meet the minimum standards prescribed in this subchapter.

1. (No change.)

(b) The Buyer's Guide [and], Coverage Selection Form and Automobile Insurance Consumer Bill of Rights incorporate and therefore satisfy any and all other notice requirements previously set forth for the coverage options required by the New Jersey Automobile Reparation Reform Act, the New Jersey Automobile Insurance Reform Act of 1982, the New Jersey Automobile Insurance Freedom of Choice and Cost Containment Act of 1984 [and], the Automobile Insurance Cost Reduction Act of 1998 and P.L. 2003, c. 89.

(c) [By February 4, 1999] Within 45 days after the effective date of the amendments to this subchapter, each insurer shall file its [Buyer's Guide and] Coverage Selection Forms with the Department's Insurance Claims Ombudsman. The filing shall include [a sample copy of the Buyer's Guide,] both Coverage Selection Forms, the supporting information on how the Lawsuit Option rate differentials were calculated as required by N.J.A.C. 11:3-15.6(g)4 and a letter listing all alterations and additions, if any, made from the text found in Appendix, Exhibits 1[,] and 2 [and 3].

1. (No change.)

(d) An insurer may make changes in its [Buyer's Guide or] Coverage Selection Forms by filing a copy with the Department's Insurance Claims Ombudsman. The bottom of the last page shall clearly indicate the month and year in which the changes were implemented. The filing shall be deemed approved if not affirmatively approved or disapproved within 30 days of filing.

11:3-15.5 [Minimum standards for] New Jersey Auto Insurance Buyer's Guide

(a) Each insurer shall produce a Buyer's Guide [using the text provided in the Appendix, Exhibit 1 incorporated herein by reference. Insurers may add information to the Buyer's Guide provided that the information is consistent with the purpose of this subchapter.

1. The text of the Buyer's Guide may be formatted in any way that produces an easily readable document and may include different colors and graphics. Text in uppercase letters denote section headings, defined terms or is for emphasis. Insurers are not restricted to uppercase for these purposes in formatting the Buyer's Guide.

2. The Buyer's Guide shall be printed in at least 10-point type on paper of a quality sufficient to assure that the printing does not bleed from one side to the other.

3. Text in Appendix, Exhibit 1 in italics, thus, contains instructions or options for the insurer and should not be printed in the Buyer's Guide.

(b) The Buyer's Guide shall be entitled in large type: "New Jersey Auto Insurance Buyer's Guide." An insurer may include its name and/or company logo.

(c) The Buyer's Guide shall contain a statement advising the insured or applicant that additional information concerning coverages or premiums is available by contacting the insurer or the producer. Insurers that write at least two percent of the New Jersey private passenger automobile market shall provide a toll-free telephone number for this purpose.

(d) As required by N.J.S.A. 17:29E-11, the Buyer's Guide shall contain a notice describing the functions of the Insurance Claims Ombudsman, the mailing address of the Ombudsman and a toll-free information telephone number. The Commissioner shall prescribe the contents of the notice by Order.] **by reproducing the Consumer Guide to Auto Insurance available on the Department's website at**

<http://www.state.nj.us/dobi/acrobat/autoguide02.pdf> . The Department shall notify insurers of any changes to the Buyer's Guide by Bulletin. Insurers shall provide the Buyer's Guide, as revised, for new and renewal business 60 days after the date of the Bulletin.

(b) The Buyer's Guide shall be reproduced exactly as presented on the website, duplicating all fonts, type-point sizes, colors and illustrations.

(c) The Buyer's Guide shall describe:

1. How to begin to shop for automobile insurance;
2. The types of policies available and the basic differences between them;
3. Various insurance coverages such as Personal Injury Protection (PIP), Liability (including bodily injury and property damage liability coverage), Uninsured/Underinsured Motorists, Collision and Comprehensive;
4. Policy terms such as limits, deductibles, producer and direct writer;
5. PIP options such as deductibles and health care primary and PIP package coverage such as income continuation, essential services, death benefit and funeral expense benefit;
6. Comprehensive and Collision options such as limits, deductibles and named driver exclusions;
7. A Lawsuit Limitation Selection Guide that explains the tort threshold options with a warning that insurance companies and their producers shall not be held liable for the consumer's choice of right to sue options; and
8. Information on how the consumer can contact the Department of Banking and Insurance.

11:3-15.6 Minimum standards for Coverage Selection Forms

(a) Each insurer shall have a separate Coverage Selection Form for the Standard Policy and for the Basic Policy using the text found in the Appendix, Exhibits 1[, **and** 2 [and 3] incorporated herein by reference.

(b) - (c) (No change.)

(d) In addition to the required text, each Coverage Selection Form shall include space at the top for the consumer's name and any other necessary information such as policy number, etc. The bottom of each Coverage Selection Form shall have space for the consumer's signature and date.

1. Text in the Appendix, Exhibits **1 and** 2 [and 3] in italics, *thus*, is instructions or options for the insurer and should not be printed in the Coverage Selection Form.

2. (No change.)

(e) (No change.)

(f) Each Coverage Selection Form shall include the range of premium rate differences as indicated by the text in the Exhibits. Each insurer shall determine the range of premium rate differences for use in these sections. Premium rate differences for the Lawsuit Options in the Standard Policy Coverage Selection Form, Appendix, Exhibit [2]**1** shall be calculated according to (g) below. When the range of premium rate differences on a Coverage Selection Form changes for any reason, including, but not limited to, rate changes, a new Coverage Selection Form with the current numbers shall be [printed and used] **filed with the Department in accordance with N.J.A.C. 11:3-15.4(d).**

(g) (No change.)

11:3-15.7 Use of Coverage Selection Form; Availability

(a) (No change)

(b) For the mid-term policy changes set forth in (b)1 through 5 below, the insurer shall receive a Coverage Selection Form signed by the named insured prior to making the change.

1. Change of policy type [from Basic] to Standard or [Standard to] Basic;

2. – 5. (No change)

(c) -(e) (No change)

11:3-15.8 New Jersey Automobile Insurance Consumer Bill of Rights

(a) The insurer shall produce a Consumer Bill of Rights by reproducing the New Jersey Automobile Insurance Consumer Bill of Rights available on the Department's website at <http://www.state.nj.us/dobi/autorights.htm> The Department shall notify insurers of any changes to the Consumer Bill of Rights by Bulletin. Insurers shall provide the Consumer Bill of Rights, as revised, with new and renewal business 60 days after the date of the Bulletin.

(b) The Consumer Bill of Rights shall be reproduced exactly as presented on the website, duplicating all fonts, type-point sizes, colors and illustrations.

(c) The Consumer Bill of Rights shall contain:

- 1. An overview containing the purpose of the Bill of Rights;**
- 2. The consumer's obligations with regard to their insurance;**
- 3. The duties of the insurer concerning the application process;**

- 4. The consumer’s general insurance rights regarding denials and right to purchase;
- 5. The consumer’s right to appeal a cancellation of insurance;
- 6. Instructions on how to be an educated insurance consumer; and
- 7. A statement advising the insured or applicant that additional information concerning the Coverage Selection Form and Buyer’s Guide is available by contacting the insurer or the producer.

11:3-[15.8] **15.9** (No change in text.)

APPENDIX

EXHIBIT [2]**1**

STANDARD POLICY COVERAGE SELECTION FORM

Name: _____

This Coverage Selection Form is for a STANDARD POLICY, see Buyer's Guide, page [insert page # here] insert page # here. A BASIC POLICY with the minimum of required coverages is also available for a lower premium. **A SPECIAL POLICY with a very low premium is also available for persons enrolled in Medicaid.** Contact your insurer or producer for more information.

BODILY INJURY LIABILITY--Buyer's Guide page [insert page # here] insert page # here

Choose the Bodily Injury Liability Limits that you want:

At least four of the most popular coverage limits shall be listed, including the lowest limit offered. If a complete list is not provided, state that other coverage limits are available.

PROPERTY DAMAGE LIABILITY--Buyer's Guide page [insert page # here] insert page # here

Choose the Property Damage Limits you want:

[At least four of the most popular coverage limits shall be listed, including the lowest limit offered. If a complete list is not provided, state that other coverage limits are available. For insurers offering combined single limits, substitute at least four of the most popular combined single limits, including the lowest offered.] **At least four of the most popular coverage limits shall be listed, including the lowest limit offered. If a complete list is not provided, state that other coverage limits are available. For insurers offering combined single limits, substitute at least four of the most popular combined single limits, including the lowest offered.**

PERSONAL INJURY PROTECTION (PIP)--Buyer's Guide page [insert page # here]
insert page # here

I choose the standard PIP Medical Expense Limit of \$250,000. Include higher limit if offered

I choose one of the lower PIP Medical Expense Limits below.

WARNING: Prior to insert effective date of P.L. 1998, c.21, all auto insurance policies had PIP Medical Expense Benefit limits of \$250,000. The limits below provide you with less coverage [Warning must be in at least 12 point type] **Warning must be in at least 12 point type.**

\$150,000* for a ___% to ___% reduction in the PIP premium

\$ 75,000* for a ___% to ___% reduction in the PIP premium

\$ 50,000* for a ___% to ___% reduction in the PIP premium

\$ 15,000* for a ___% to ___% reduction in the PIP premium

***Even if you choose one of the amounts above, all medically necessary treatment over the policy limit up to \$250,000 will be paid for permanent or significant brain injury, spinal cord injury or disfigurement or treatment of other permanent or significant injuries rendered at a trauma center or acute care hospital immediately following the accident and until a doctor says that you no longer require critical care.**

Choose the PIP Medical Expenses Deductible you want:

\$ 250 deductible, minimum required by law.

\$ 500 deductible, for a ___% to ___% reduction in the PIP premium.

\$1,000 deductible, for a ___% to ___% reduction in the PIP premium.

\$2,000 deductible, for a ___% to ___% reduction in the PIP premium.

\$2,500 deductible, for a ___% to ___% reduction in the PIP premium.

[Insurers with an approved pre-certification plan should insert a description of the plan here plus any deductibles or co-payments included in the plan.]

Health Insurer for PIP Option

[] I choose the health insurer for PIP option--Buyer's Guide, page [insert page # here] insert page # here.

The name of my health insurer(s) is (are):

1. _____
Policy/Group#/Certificate# _____

2. _____
Policy/Group#/Certificate# _____

Extra PIP Package Coverage Options

The Extra PIP Package benefits include income continuation, essential services, death benefits and funeral expense benefits--Buyer's Guide page [insert page # here] insert page # here

You may choose not to have the Extra PIP Package benefits for a ___% to ___% savings in the ___ PIP premium. [Include the range of percentage savings and the base PIP premium] Include the range of percentage savings from the base PIP premium

I choose PIP Medical Expense Only

You may choose to have higher limits for the Extra PIP Package of Income Continuation, Essential Services, Death and Funeral Benefits. Buyer's Guide page insert page # here.

[Insert a chart listing options and choices] Insert a chart listing options and choices

UNINSURED/UNDERINSURED MOTORIST COVERAGE--Buyer's Guide, Page [insert page # here] insert page # here

You may choose one of the following higher limits of Uninsured/Underinsured Motorist Coverage, up to your Bodily Injury Liability Insurance Limit.

[List the same options available for bodily injury liability coverage above.

Other options may also be listed] List the same options available for bodily injury liability coverage above. Other options may also be listed.

COLLISION COVERAGE--Buyer's Guide, page [insert page # here] insert page # here

[] No, I choose not to be covered for collision damage.

[] Yes, I choose to be covered for collision damage with the [basic \$500] default \$750 deductible.

[] Yes, I choose to be covered for collision damage with the deductible circled here: \$1,000, \$1,500 or \$2,000. This premium will be less than the premium with the [basic \$500] default \$750 deductible. Details available from company or insurance producer (i.e., agent or broker).

[] Yes, I choose to be covered for collision damage with the deductible circled here: \$100, \$150, \$200, [or] \$250 or \$500. This premium will be more than the premium with the [basic \$500] default \$750 deductible. Details available from insurer or insurance producer.

[Insert provision for coverage/no coverage per car if available] **Insert provision for coverage/no coverage per car if available**

COMPREHENSIVE COVERAGE **Buyer's Guide page insert page # here** [If appropriate, use the term "other than collision" coverage throughout this section] **If appropriate, use the term "other than collision" coverage throughout this section**

No, I choose not to be covered for comprehensive damage.

Yes, I choose to be covered for comprehensive damage with the [basic \$500] **default \$750** deductible.

Yes, I choose to be covered for comprehensive damage with the deductible circled here: \$1,000, \$1,500 or \$2,000. This premium will be less than the premium with the [basic \$500] **default \$750** deductible. Details available from insurer or insurance producer.

Yes, I choose to be covered for comprehensive damage with the deductible circled here: \$100, \$150, \$200, [or] \$250 **or \$500**. This premium will be more than the premium with the [basic \$500] **default \$750** deductible. Details available from insurer or insurance producer.

[Insert provision for coverage/no coverage per car if available

For both collision and comprehensive, if either the \$200 deductible or \$250 deductible is not offered, that option may be deleted from this form. Also, all other available collision and comprehensive deductibles shall be listed where appropriate.] **Insert provision for coverage/no coverage per car if available**

For both collision and comprehensive, if either the \$200 deductible or \$250 deductible is not offered, that option may be deleted from this form. Also, all other available collision and comprehensive deductibles shall be listed where appropriate.

WARNING: Insurers or their producers or representatives shall not be held liable for choices you make for insurance coverages or limits as long as your choices provide at least the minimum coverage required by law. Insurers or their producers or representatives also shall not be held liable if you choose not to purchase higher limits of PIP medical expense coverage, higher limits of uninsured/underinsured motorists coverage, collision coverage or comprehensive coverage. Insurers, their producers and representatives can lose this limitation on liability for failing to act in accordance with the law. See N.J.S.A. 17:28-1.9 for more information. **Warning must be in at least 12 point type.**

LAWSUIT OPTIONS, Buyer's Guide, page [insert page # here] **insert page # here**

I want the Limitation on Lawsuit Option.

I want the No Limitation on Lawsuit Option. My bodily injury liability premium will be ___% to ___% higher if I select the No Limitation on Lawsuit option instead of the Limitation on Lawsuit option, depending upon where my car is garaged, my bodily injury liability coverage limit, and other factors. Per vehicle, my bodily injury liability premium at current rates will be \$___ to \$___ higher on each ___ renewal of my policy if I select the No Limitation on Lawsuit option instead of the Lawsuit option. I understand that I can contact my insurer or my insurance producer for specific details.

[Insurance companies writing six month policies should insert the word "semi-annual" in the blank space above. Companies writing 12 month policies should insert the word "annual."

Insurance companies writing single limit liability coverage may add a footnote to inform insureds that the policy declaration page will not include a specific premium for "bodily injury liability" coverage.] **Insurance companies writing six month policies should insert the word "semi-annual" in the blank space above. Companies writing 12 month policies should insert the word "annual."**

Insurance companies writing single limit liability coverage may add a footnote to inform insureds that the policy declaration page will not include a specific premium for "bodily injury liability" coverage.

WARNING: Insurance companies or their producers or representatives shall not be held liable for your choice of lawsuit option (limitation on lawsuit option or no limitation on lawsuit option). Insurers or their producers or representatives also shall not be liable if the limitation on lawsuit option is imposed by law because no choice was made on the coverage selection form. Insurers, their producers or representatives can lose this limitation on liability for failing to act in accordance with the law. See N.J.S.A. 17:28-1.9 for more information. **Warning must be in at least 12 point type.**

STATEMENT OF INSURED or APPLICANT:

I have read the Buyer's Guide outlining the coverage options available to me.

The limits available for PIP medical expense coverage and uninsured and underinsured motorists coverage have been explained to me. My choices are shown above. I agree that each of these choices will apply for all vehicles insured by my policy and to each subsequent renewal, continuation, replacement or amendment until the insurer or its insurance producer receives my request that a change be made.

For new policyholders, I understand that:

(a) If I do not make a choice to have the No Limitation on Lawsuit Option, I will receive the Limitation on Lawsuit option;

(b) If I carry collision and/or comprehensive coverage without making a written choice of deductible, I will receive the [basic \$500] **default \$750** deductible;

(c) If I do not choose to have my health insurer provide PIP medical expense benefits, my auto insurer will provide PIP medical expense benefits; and

(d) If I do not choose a lower PIP medical expense limit, I will receive the \$250,000 limit.

I understand that if this is a policy renewal and if I do not complete choices, I will receive the same coverage as in my previous policy except when changes are required by a law becoming effective during the term of my previous policy. I understand that these choices take effect in the following manner:

(1) For new policies, on the effective date of the policy;

(2) For mid-term policy changes, on the day following the date of postmark or, when personal delivery is made or the postmark is illegible, the day following receipt of this form by the insurer or producer; and

(3) For changes upon renewal, on the date of the next policy renewal if postmarked or received by the insurance company or by an insurance producer prior to the renewal date.

ANY PERSON WHO KNOWINGLY MAKES AN APPLICATION FOR MOTOR VEHICLE INSURANCE COVERAGE CONTAINING ANY STATEMENT THAT THE APPLICANT RESIDES OR IS DOMICILED IN THIS STATE WHEN, IN FACT, THAT APPLICANT RESIDES OR IS DOMICILED IN A STATE OTHER THAN THIS STATE, IS SUBJECT TO CIVIL AND CRIMINAL PENALTIES.

Please check the appropriate box to which this form applies:

New Policy Mid-Term Change Renewal Change

SIGNATURE OF NAMED INSURED

OR APPLICANT _____

DATE _____

EXHIBIT [3]2

BASIC POLICY COVERAGE SELECTION FORM

Name:

This Coverage Selection Form is for a BASIC POLICY, see Buyer's Guide, page insert page # here. A STANDARD POLICY with more coverages and higher limits is also available for a higher premium. **A SPECIAL POLICY with a very low premium is also available for persons enrolled in Medicaid.** Contact your insurer or producer for more information.

BODILY INJURY LIABILITY--Buyer's Guide page -- [insert page # here] **insert page # here**

Yes, I choose the \$10,000 Bodily Injury Liability Limit.

No, I do not choose to have Bodily Injury Liability Coverage.

WARNING: If you do not choose to have Bodily Injury Liability Coverage and you are at fault in an accident where people are injured or die, you will be responsible for paying for the pain, suffering and other personal hardships and some economic damages, such as lost wages that you cause. Your insurer will not pay a judgment against you or pay for a lawyer to defend you if you are sued. Your assets will be at risk, including having money deducted from your wages if a judgment is entered against you. [Warning must be in at least 12 point type] **Warning must be in at least 12 point type.**

WARNING: Insurers or their producers or representatives shall not be held liable for choices you make for insurance coverages or limits as long as your choices provide at least the minimum coverage required by law. Insurers or their producers or representatives also shall not be held liable if you choose to purchase a basic policy instead of a standard policy, or if you choose not to purchase bodily injury liability coverage, collision coverage or comprehensive coverage. Insurers, their producers and

representatives can lose this limitation on liability for failing to act in accordance with the law. See N.J.S.A. 17:28-1.9 for more information.

PERSONAL INJURY PROTECTION--Buyer's Guide, page [insert page # here] **insert page # here**

WARNING: For a BASIC POLICY, the limit on PIP Medical Expense Coverage is \$15,000 but includes up to \$250,000 for emergency care of certain catastrophic injuries (See Buyer's Guide page insert page # here). Prior to insert effective date of P.L. 1998, c.21, all automobile insurance policies had PIP Medical Expense limits of \$250,000. The PIP Medical Expense Coverage for a BASIC POLICY is significantly less than previously required by law. [Warning must be in at least 12 point type] **Warning must be in at least 12 point type.**

Choose the PIP Medical Expenses Deductible you want:

\$ 250 deductible, minimum required by law.

\$ 500 deductible, for a ___% to ___% reduction in the PIP premium.

\$1,000 deductible, for a ___% to ___% reduction in the PIP premium.

\$2,000 deductible, for a ___% to ___% reduction in the PIP premium.

\$2,500 deductible, for a ___% to ___% reduction in the PIP premium.

[Insurers with an approved pre-certification plan should insert a description of the plan here plus any deductibles or co-payments included in the plan.]

COLLISION COVERAGE--Buyer's Guide, page [insert page # here] **insert page # here**

No, I choose not to be covered for collision damage.

Yes, I choose to be covered for collision damage with the basic \$[500] deductible.

Yes, I choose to be covered for collision damage with the deductible circled here: \$1,000, \$1,500 or \$2,000. This premium will be less than the premium with the [basic \$500] **default \$750** deductible. Details available from company or insurance producer (i.e., agent or broker).

Yes, I choose to be covered for collision damage with the deductible circled here: \$100, \$150, \$200, [or] \$250 **or \$500**. This premium will be more than the premium with the [basic \$500] **default \$750** deductible. Details available from insurer or insurance producer.

Insert provision for coverage/no coverage per car if available

COMPREHENSIVE COVERAGE Buyer's Guide page [insert page # here] If appropriate, use the term "other than collision" coverage throughout this section] **insert page # here If appropriate, use the term "other than collision" coverage throughout this section**

No, I choose not to be covered for comprehensive damage.

Yes, I choose to be covered for comprehensive damage with the [basic \$500] **default \$750** deductible.

Yes, I choose to be covered for comprehensive damage with the deductible circled here: \$1,000, \$1,500 or \$2,000. This premium will be less than the premium with the [basic \$500] **default \$750** deductible. Details available from insurer or insurance producer.

[] Yes, I choose to be covered for comprehensive damage with the deductible circled here: \$100, \$150, \$200, [or] \$250 or \$500. This premium will be more than the premium with the \$[500] 750 deductible. Details available from insurer or insurance producer.

Insert provision for coverage/no coverage per car if available.

[These sections should be omitted by insurers that do not offer collision and comprehensive coverage in the Basic Policy. For both collision and comprehensive, if either the \$200 deductible or \$250 deductible is not offered, that option may be deleted from this form. Also, all other available collision and comprehensive deductibles shall be listed where appropriate] **These sections should be omitted by insurers that do not offer collision and comprehensive coverage in the Basic Policy. For both collision and comprehensive, if either the \$200 deductible or \$250 deductible is not offered, that option may be deleted from this form. Also, all other available collision and comprehensive deductibles shall be listed where appropriate.**

STATEMENT OF INSURED or APPLICANT:

I have read the Buyer's Guide outlining the coverage options available to me. I understand that this is a BASIC POLICY with the minimum coverages required by law and that a Standard Policy with higher limits and additional coverages is available. The option to buy Bodily Liability Coverage has been explained to me. My choices are shown above. I agree that each of these choices will apply for all vehicles insured by my policy and to each subsequent renewal, continuation, replacement or amendment until the insurer or its insurance producer receives my request that a change be made.

For new policyholders, I understand that:

- (a) Unless I choose to have the \$10,000 Bodily Injury Liability Coverage, I will not receive any Bodily Injury Liability Coverage;
- (b) If I choose collision or comprehensive coverage without making a written choice of deductible, I will receive the \$[500] 750 deductible; I understand that if this is a policy renewal and if I do not complete choices, I will receive the same coverage as in my previous policy except when changes are required by a law becoming effective during the term of my previous policy.

I understand that these choices take effect in the following manner:

- (1) For new policies, on the effective date of the policy;
- (2) For mid-term policy changes, on the date of postmark or, when personal delivery is made or if the postmark is illegible, the day following receipt of this Form by the insurers or by a producer; and
- (3) For changes upon renewal, on the date of the next policy renewal if postmarked or received by the insurance company or by an insurance producer prior to the renewal date.

ANY PERSON WHO KNOWINGLY MAKES AN APPLICATION FOR MOTOR VEHICLE INSURANCE COVERAGE CONTAINING ANY STATEMENT THAT THE APPLICANT RESIDES OR IS DOMICILED IN THIS STATE WHEN, IN FACT, THAT APPLICANT RESIDES OR IS DOMICILED IN A STATE OTHER THAN THIS STATE, IS SUBJECT TO CIVIL AND CRIMINAL PENALTIES.

Please check the appropriate box to which this form applies.

New Policy Mid-Term Change Renewal Change
SIGNATURE OF NAMED INSURED OR APPLICANT

DATE _____