



State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

OFFICE OF THE COMMISSIONER

PO Box 325

TRENTON, NJ 08625-0325

TEL (609) 292-7272

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

KENNETH E. KOBYSLOWSKI
Acting Commissioner

BULLETIN NO. 12-07

**TO: ALL INSURERS TRANSACTING PRIVATE PASSENGER
AUTOMOBILE INSURANCE IN THIS STATE AND ALL NEW
JERSEY LICENSED INSURANCE PRODUCERS**

FROM: KENNETH E. KOBYSLOWSKI, ACTING COMMISSIONER

**SUBJECT: DEFAULT PERSONAL INJURY PROTECTION COVERAGE
LIMITS**

The Department of Banking and Insurance (“Department”) has become aware that some insurers have not been providing \$250,000 as the default coverage limit for personal injury protection (“PIP”) benefits for a standard private passenger automobile insurance policy as required by N.J.S.A. 39:6A-4. This statute provides that PIP means and includes ... “[payment] of medical expense benefits in accordance with a benefit plan provided in the policy and approved by the Commissioner for reasonable, necessary and appropriate treatment and provision of services to persons sustaining bodily injury, in an amount not to exceed \$250,000 per person per accident.” N.J.S.A. 39:6A-4.3e provides that a private passenger automobile insurer shall provide as a coverage option, medical expense benefits in amounts of \$150,000, \$75,000, \$50,000, or \$15,000 per person per accident. Pursuant to N.J.A.C. 11:3-14.3, if the insured does not affirmatively select lower limits in writing, the insurer must provide \$250,000 PIP medical expense benefits coverage limits.

As a result of market surveys, examinations and reviews, the Department has become aware that some insurers are displaying lower PIP coverage levels as the first option in quotes and requests for coverage, such as by setting defaults on websites to the minimum PIP coverage limits rather than allowing the insured to affirmatively select such optional lower coverage limits.

Insurers and producers are reminded that the \$250,000 limit is the default coverage level option that must be offered to all applicants and existing insureds with respect to PIP benefits for standard private passenger automobile insurance policies. This includes default coverage level selections on websites. The applicant or policyholder may affirmatively select lower limits; however the default coverage level option must be \$250,000 and the PIP coverage amount cannot be pre-populated with a

lower amount.

The Department will continue to monitor this situation and take appropriate steps to the extent it finds insurers and/or producers are not providing the requisite \$250,000 PIP coverage limit as the first or default option or otherwise fail to comply with the above-referenced statutes and rules.

June 18, 2012

Date

A handwritten signature in black ink, appearing to read 'K. Kobylowski', is written above a horizontal line.

Kenneth E. Kobylowski
Acting Commissioner

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