PERSONAL INJURY PROTECTION

Otherwise known as "PIP," this is your medical coverage for injuries you (and others) suffer in an auto accident. PIP pays if you or other persons covered under your policy are injured in an auto accident. It is sometimes called "no-fault" coverage because it pays your own medical expenses no matter who caused the auto accident. PIP has two parts - (1) coverage for the cost of treatment you receive from hospitals, doctors and other medical providers and any medical equipment that may be needed to treat your injuries and (2) reimbursement for certain other expenses you may have because you are hurt, such as lost wages and the need to hire someone to take care of your home or family.

COVERAGES

These COVERAGES are:

PERSONAL INJURY PROTECTION

Otherwise known as "PIP," this is your medical coverage for injuries you (and others) suffer in an auto accident. PIP pays if you or other persons covered under your policy are injured in an auto accident. It is sometimes called "no-fault" coverage because it pays your own medical expenses no matter who caused the auto accident. PIP has two parts - (1) coverage for the cost of treatment you receive from hospitals, doctors and other medical providers and any medical equipment that may be needed to treat your injuries and (2) reimbursement for certain other expenses you may have because you are hurt, such as lost wages and the need to hire someone to take care of your home or family.
LIABILITY
This coverage pays others for damages from an auto accident that you cause. It also pays for a lawyer to defend you if you are sued for damages that you cause.

There are two kinds of liability coverage: BODILY INJURY and PROPERTY DAMAGE.

BODILY INJURY LIABILITY COVERAGE
Pays for claims and lawsuits by people who are injured or die as a result of an auto accident you cause. (See page 6 for lawsuit options). It compensates others for pain, suffering and economic damages, such as lost wages.

Property damage liability coverage is typically given as two separate dollar amounts: (1) an amount paid per individual and (2) an amount paid for total injuries to all people injured in any one accident that you cause. It can sometimes be purchased as a combined single limit, which offers a maximum limit of protection per accident of bodily injury and property damage liability combined.

PROPERTY DAMAGE LIABILITY COVERAGE
Pays for claims and lawsuits by people whose property is damaged as a result of an auto accident you cause. (May also be purchased as a combined single limit with bodily injury liability coverage.)

UNINSURED MOTORIST COVERAGE
Pays you for property damage or bodily injury if you are in an auto accident caused by an uninsured motorist.

UNDERINSURED MOTORIST COVERAGE
Pays you for property damage or bodily injury if you are in an auto accident caused by a driver who is insured, but who has less coverage than your underinsured motorist coverage.

EXAMPLE OF UNDERINSURED MOTORIST COVERAGE
Jane purchases $100,000 in liability coverage and $100,000 in underinsured motorist coverage. Sam purchases only $15,000 in liability coverage. Sam crashes his car into Jane’s car, causing $25,000 in damages. Sam’s insurance company pays $15,000 of the damages, while Jane’s insurance company pays the remaining $10,000 from her underinsured motorist coverage.

COLLISION COVERAGE
Pays for damage to your vehicle as the result of a collision with another car or other object.

COMPREHENSIVE COVERAGE
Pays for damage to your vehicle that is not a result of a collision, such as theft of your car, vandalism, flooding, fire or a broken windshield. However, it will pay if you collide with an animal.

UNDERSTANDING YOUR POLICY

Standard and Basic Policies
There are two common types of auto insurance policies in New Jersey. They are referred to as STANDARD and BASIC. Both offer options as well.

STANDARD POLICY
The Standard Policy provides a number of different coverage options and the opportunity to buy additional protection. The Standard Policy is the type of policy chosen by most New Jersey drivers.

BASIC POLICY
The Basic Policy usually costs significantly less than a Standard Policy, but provides limited benefits. It is not for everyone, but it does provide enough coverage to meet the minimum insurance requirements of New Jersey law. The Basic Policy could be an option for those with few family responsibilities and few assets to protect (including income from a job).

SPECIAL POLICY FOR MEDICAID RECIPIENTS ONLY

"Dollar-a-Day"
The Dollar-a-Day Policy is a new initiative to help make limited auto insurance coverage available to drivers who are eligible for Federal Medicaid with hospitalization. Such drivers can obtain a medical coverage-only policy at a cost of $365 a year. For more information, ask your agent or call the Department of Banking and Insurance at 1-800-446-7467.

The chart on the following page compares the differences between the STANDARD and BASIC policies:
<table>
<thead>
<tr>
<th>COVERAGE</th>
<th>STANDARD POLICY</th>
<th>BASIC POLICY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BODILY INJURY LIABILITY</strong></td>
<td>As low as: $15,000 per person, $30,000 per accident</td>
<td>Coverage is <em>not</em> included, but $10,000 for all persons, per accident, is available as an option</td>
</tr>
<tr>
<td></td>
<td>As high as: $250,000 per person, $500,000 per accident</td>
<td></td>
</tr>
<tr>
<td><strong>PROPERTY DAMAGE LIABILITY</strong></td>
<td>As low as: $5,000 per accident</td>
<td>$5,000 per accident</td>
</tr>
<tr>
<td></td>
<td>As high as: $100,000 or more</td>
<td></td>
</tr>
<tr>
<td><strong>PERSONAL INJURY PROTECTION</strong></td>
<td>As low as: $15,000 per person or accident</td>
<td>$15,000 per person, per accident</td>
</tr>
<tr>
<td></td>
<td>As high as: $250,000 or more</td>
<td>Up to $250,000 for permanent or significant injury regardless of selected limit</td>
</tr>
<tr>
<td></td>
<td><em>Up to $250,000 for permanent or significant injury regardless of selected limit</em></td>
<td></td>
</tr>
<tr>
<td><strong>UNINSURED / UNDERINSURED MOTORIST COVERAGE</strong></td>
<td>Coverage is available up to amounts selected for liability coverage</td>
<td>None</td>
</tr>
<tr>
<td><strong>COLLISION</strong></td>
<td>Available as an option</td>
<td>Available as an option (from some insurers)</td>
</tr>
<tr>
<td><strong>COMPREHENSIVE</strong></td>
<td>Available as an option</td>
<td>Available as an option (from some insurers)</td>
</tr>
</tbody>
</table>
UNDERSTANDING YOUR POLICY

What are Limits and Deductibles?

LIMITS
The maximum dollar amount the insurer will pay following an auto accident. Limits vary with each coverage within the policy.

DEDUCTIBLES
Payments you have to make before the insurer pays. For example, a $750 deductible means that you pay the first $750 of each claim.

EXAMPLE
John has a car accident. His repair shop estimates the cost of repairs at $2,000. John pays $750 of the bill and his insurance company pays the remainder.

UNDERSTANDING YOUR OPTIONS

Personal Injury Protection (PIP)

Choosing a higher deductible may save you money on your premium.

DEDUCTIBLE OPTIONS
In addition to any savings you may realize from how much coverage you buy, deductibles also provide savings opportunities. Cost savings can be achieved by choosing higher deductibles. Thus, if you feel you need a high level of PIP coverage but want to reduce your premium, you can save money by agreeing to pay more out-of-pocket through a higher deductible if you are injured in an auto accident. Your insurer will pay the medical bills over the deductible amount you choose. In addition, there is a 20 percent co-payment on medical expenses in excess of the deductible, up to $5,000. That means you pay 20 percent, and your insurer pays 80 percent, after you pay the deductible.

HEALTH CARE PRIMARY
Cost savings can also be achieved by using your own health insurance as a primary source of coverage in the case of injury related to an auto accident. Before selecting this option, you should find out if your health insurance will cover auto accident injuries and how much coverage is provided. MEDICARE and MEDICAID do not offer the Health Care Primary option.

EXTRA PIP PACKAGE COVERAGE
These are additional benefit options provided under the STANDARD POLICY.

If you choose the STANDARD POLICY:

Even if you choose one of the lower PIP limits, you will be covered for medically necessary treatment up to $250,000 for permanent or significant injury, regardless of your selected limit.

INCOME CONTINUATION
If you cannot work due to accident-related injuries, this coverage pays lost wages, less Temporary Disability Benefits you may receive if your disability prevents you from working, up to the amount you select.

ESSENTIAL SERVICES
Pays for necessary services that you normally do yourself, such as cleaning your house, mowing your lawn, shoveling snow or doing laundry if you are injured in an auto accident.

DEATH BENEFIT
In the case of death, family members or estates will receive any benefits not already collected under the income continuation and essential services coverages.

FUNERAL EXPENSE BENEFIT
Pays for reasonable funeral expenses up to the limit you select if you die as a result of an auto accident.
UNINSURED MOTORIST COVERAGE
Pays you if you are in an auto accident caused by a driver who does not have the minimum level of insurance required by law. Claims that you would have made against the uninsured driver who caused the accident are paid by your own policy. Uninsured motorist coverage does not pay benefits to the uninsured driver.

UNDERINSURED MOTORIST COVERAGE
Pays you if you are in an auto accident caused by a driver who is insured, but who has less coverage than your underinsured motorist coverage. Damages greater than the limits of the other driver’s policy are covered by your policy up to the difference between the limits of your underinsured motorist coverage and the other driver’s policy limit.

UNDERSTANDING YOUR OPTIONS

Comprehensive Coverage/Collision Coverage

COMPREHENSIVE (also known as comp or other than collision) and COLLISION coverage are not required by law, but may be required under the terms of an automobile leasing or financing contract.

Collision coverage pays you for damage that you cause to your automobile. You can also make a claim under your own collision coverage for damage to your car from an auto accident you did not cause. This may take less time than making a property damage liability claim against the driver who caused the auto accident. Your insurer then seeks reimbursement from the insurer of the driver who caused the auto accident.

Comprehensive coverage pays you if your automobile is stolen or for damage to your automobile caused by things not covered under collision coverage, such as vandalism, flooding, fire, a broken windshield or damage from an animal.

DEDUCTIBLE
The STANDARD deductible for comprehensive and collision coverage is $750. Higher and lower deductibles are available as options. Higher deductibles can reduce your premium.

NAMED DRIVER EXCLUSION
Prevents certain drivers on your policy from being covered by collision and/or comprehensive coverage on a specific automobile. This can lower your premium, but if the excluded driver operates the automobile and is involved in an auto accident, you are not insured for collision and/or comprehensive coverage; which means you could be personally responsible.

If you choose the STANDARD POLICY:

Comprehensive and Collision Coverage are available as options of the STANDARD POLICY.

If you choose the BASIC POLICY:
Some insurers also provide these options in the BASIC POLICY.
UNDERSTANDING YOUR OPTIONS

The Right to Sue

For the STANDARD POLICY, you must make a choice about the rights you will have if you are injured in an automobile accident. (The BASIC POLICY includes the LIMITED RIGHT TO SUE option.)

IMPORTANT

The choice you make affects how much your insurance will cost and what claims will be paid in the event of an accident.

The choice you make regarding your right to sue another driver applies to you, your spouse, children and other relatives living with you who are not covered under another automobile insurance policy.

The UNLIMITED RIGHT TO SUE and LIMITED RIGHT TO SUE options only cover lawsuits for "pain and suffering" or non-economic losses. Your medical expenses and some economic losses for injuries in auto accidents will be paid up to the limits of your PIP coverage and are not affected by the choice you make here.

UNLIMITED RIGHT TO SUE

Under the No Limitation on Lawsuit Option, you retain the right to sue the person who caused an auto accident for pain and suffering for any injury.

LIMITED RIGHT TO SUE

By choosing the Limitation on Lawsuit Option, you agree not to sue the person who caused an auto accident for pain and suffering unless you sustain one of the permanent injuries listed below: (Choosing this option does not affect your ability to sue for economic damages such as medical expenses and lost wages.)

- loss of body part
- significant disfigurement or significant scarring
- a displaced fracture
- loss of a fetus
- permanent injury (Any injury shall be considered permanent when the body part or organ, or both, has not healed to function normally and will not heal to function normally with further medical treatment.)
- death

WARNING: Insurance companies or their producers or representatives shall not be held liable for your choice of lawsuit option (Limited Right to Sue or Unlimited Right to Sue) or for your choices regarding amounts and types of coverage. You cannot sue an insurance company or its producers or representatives if the Limited Right to Sue option is imposed by law because no choice was made on the coverage selection form. Insurers and 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.
<table>
<thead>
<tr>
<th>COVERAGES</th>
<th>Options That Cost Less</th>
<th>What Most Drivers Choose</th>
<th>Options That Cost More</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIABILITY</td>
<td>$ 35,000; $ 50,000; $100,000</td>
<td>$300,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Bodily Injury and Property Damage</td>
<td>$ 15,000; $ 50,000; $75,000; $150,000</td>
<td>$250,000</td>
<td>Some insurers may offer more than $250,000</td>
</tr>
<tr>
<td>PERSONAL INJURY PROTECTION (PIP)</td>
<td>Medical Expense Limit</td>
<td>$500; $1,000; $2,000; $2,500</td>
<td>$250</td>
</tr>
<tr>
<td></td>
<td>Medical Deductible</td>
<td>$500; $1,000; $2,000; $2,500</td>
<td>$250</td>
</tr>
<tr>
<td></td>
<td>Extra PIP Options:</td>
<td>You can decline the Extra PIP Package</td>
<td>Most consumers choose the Extra PIP Package</td>
</tr>
<tr>
<td></td>
<td>Income Continuation, Essential Services, Death Benefit and Funeral Expense Benefit</td>
<td></td>
<td>Packages may be available in higher amounts</td>
</tr>
<tr>
<td></td>
<td>Health Insurer for PIP Option</td>
<td>Choose your own health insurer</td>
<td>Most consumers do not choose their own health insurer</td>
</tr>
<tr>
<td>UNINSURED/UNDERINSURED MOTORIST COVERAGE</td>
<td>$ 35,000; $ 50,000; $100,000</td>
<td>$300,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>COLLISION COVERAGE DEDUCTIBLE</td>
<td>$750; $1,000; $1,500; $2,000</td>
<td>$500</td>
<td>$50; $100; $150; $200; $250</td>
</tr>
<tr>
<td>COMPREHENSIVE COVERAGE DEDUCTIBLE</td>
<td>$750; $1,000; $1,500; $2,000</td>
<td>$500</td>
<td>$50; $100; $150; $200; $250</td>
</tr>
<tr>
<td>LAWSUIT OPTION</td>
<td></td>
<td>Limitation on Lawsuit Option</td>
<td>No Limitation on Lawsuit Option</td>
</tr>
</tbody>
</table>
HOW NJ DOBI CAN HELP

Policyholders are the primary responsibility of the New Jersey Department of Banking and Insurance (NJ DOBI). NJ DOBI hopes this guide will assist you in choosing the auto insurance coverage that best suits your needs.

The Department can be reached at:

(609) 292-5316

or by mail at:

New Jersey Department of Banking and Insurance
Office of Consumer Protection
P.O. Box 329
Trenton, NJ 08625-0472

The Office of Insurance Claims Ombudsman is established in the New Jersey Department of Banking and Insurance to investigate and help resolve complaints from consumers, including complaints relating to the payment of claims, inquiries concerning policy provisions, and the availability of insurance coverage.

New Jersey Department of Banking and Insurance
Office of Insurance Claims Ombudsman
P.O. Box 427
Trenton, NJ 08625-0472

1-800-446-7467

Fax: (609) 292-2431
E-mail: ombudsman@dobi.state.nj.us

Visit the
NJ DOBI
on the Web at:

www.njdobi.org

or in person at one of our two Consumer Centers:

NJ DOBI Consumer Center
Robert N. Wilentz Court Complex, Second Floor
153 Halsey Street
Newark, NJ 07102
Phone: (973) 648-4713

NJ DOBI Consumer Center
State Building
101 Haddon Avenue, Suite 15
Camden, NJ 08102
Phone: (856) 614-2958