

NEW JERSEY AUTO INSURANCE BUYER'S GUIDE

American Bankers Insurance Company of Florida

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11222 Quail Roost Drive, Miami, FL 33157-6596

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When you purchase a new insurance policy or renew your current policy, you must make many decisions about what you need to buy and how much you can afford to spend.

You must decide:

Do I need a policy with a broad range of choices that I can adjust to meet my needs and offers the most protection but at a higher cost?

THIS IS THE STANDARD POLICY. See page 2.

Do I need a policy with fewer choices about the type of insurance and the amounts of insurance I buy, which offers less protection but at a lower cost than the Standard Policy?

THIS IS THE BASIC POLICY. See page 2.

How much insurance do I need to cover medical bills and other related expenses if I am in an accident?

THIS IS PERSONAL INJURY PROTECTION OR "PIP". See page 3.

How much insurance do I need if someone sues me because of an accident I caused that injures them or damages their property?

THIS IS BODILY INJURY LIABILITY AND PROPERTY DAMAGE LIABILITY. See pages 2 and 3.

How much insurance do I need if I am in an accident caused by someone who has little or no insurance?

THIS IS UNINSURED AND UNDERINSURED MOTORISTS COVERAGE. See page 5.

Do I need to buy insurance to cover my car if it is damaged in an accident I cause, or if it is stolen or damaged in some other way?

THIS IS COLLISION AND COMPREHENSIVE COVERAGE. See page 5.

How much money can I afford to pay out of my own pocket before the insurance company begins paying, if I have an insurance claim?

THESE ARE DEDUCTIBLES AND CO-PAYMENTS. See page 4.

Do I want to be able to sue another driver for my pain and suffering when the accident was not my fault and I was injured? Am I willing to limit my ability to sue for only the most serious injuries

THESE ARE THE LAWSUIT OPTIONS. See page 3.

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 expenses coverage, bodily injury liability coverage, higher limits of uninsured/underinsured motorists coverage, collision coverage or comprehensive coverage. Insurers, their producers and representatives can lose this limitation on liability by failing to act in accordance with the law. See N.J.S.A. 17:28-1.9 for more information.

SOME TERMS USED IN THIS GUIDE

Your auto insurance policy is divided into different COVERAGES based on the type of loss from which you are protected. Automobile insurance COVERAGES are:

PERSONAL INJURY PROTECTION
LIABILITY
UNINSURED/UNDERINSURED MOTORISTS
COLLISION
COMPREHENSIVE

Most coverages are offered at several LIMITS, which are the maximum dollar amount the insurer will pay in the event of an accident.

The lower the limit of coverage, the less the insurance will cost you. However, low limits of coverage may not pay for all of your loss or cover the damage you have caused to others.

Some coverages also have DEDUCTIBLES. DEDUCTIBLES are payments you have to make before the insurer starts to pay. For example, a \$750 DEDUCTIBLE means that you pay for the first \$750 of each loss.

Higher deductibles can lower the cost of your automobile insurance. However, you should consider how high a deductible you can pay if you are involved in an accident.

A PRODUCER is someone who is licensed to sell insurance.

STANDARD and BASIC POLICIES

There are two types of auto insurance policies available in New Jersey. A BASIC policy is a low cost policy that provides a minimum of benefits.

A STANDARD policy provides a wide variety of coverage options, many of which are not available in a BASIC policy.

The following chart compares the differences between the BASIC and STANDARD policy. Each of the coverages explained below the chart will state whether it is available for the BASIC or STANDARD policy.

New Jersey Auto Insurance Comparison Chart

Basic Policy Includes:	Standard Policy Includes:	Standard Policy Coverage Choices:
PIP medical expenses up to \$15,000. Certain extremely serious injuries and hospital care of other significant injuries are covered over \$15,000 up to \$250,000.	PIP medical expenses up to \$250,000.	Lower PIP medical expenses limits.(-) Certain extremely serious injuries and hospital care of other significant injuries are covered over the limit and up to \$250,000. Higher PIP medical expense limits.(+)
No other PIP benefits.	Other PIP benefits: essential services; income continuation; death; and funeral expenses (Extra PIP Package).	No essential services; income continuation; death or funeral benefits (PIP Medical Only).(-); or Higher essential services; income continuation; death and funeral benefits (Extra PIP Package).(+)
Property Damage Liability limit of \$5,000.	Property Damage Liability limit of \$5,000.	Higher Property Damage Limits.(+)
Right to sue for pain and suffering limited to serious injuries (Limitation on Lawsuit).	Right to sue for pain and suffering limited to serious injuries (Limitation on Lawsuit Option).	No limit on right to sue for pain and suffering (No Limitation on Lawsuit Option).(+)
No Uninsured and Underinsured Motorists Coverage.	Uninsured and Underinsured Motorists Coverage limit same as liability limits.	Higher Limits of Uninsured and Underinsured Motorists Coverage.(+)
Optional Coverages for Basic Policy:	Bodily Injury Liability limit of \$15,000 per person/\$30,000 per accident.	Higher Bodily Injury Liability Limits.(+)
Bodily Injury Liability of \$10,000 per accident.(+)	Optional Coverages for Standard Policy:	
Collision and Comprehensive Coverages.(+)	Collision and Comprehensive Coverages.(+)	

(+) = your premium will increase with this choice
 (-) = your premium will decrease with this choice

Some coverages are subject to deductibles or co-payments that may require you to pay for a part of your claim before your insurer will pay anything.

I. LIABILITY COVERAGES

LIABILITY coverage pays other people for damages that you cause if you are found to be at fault in an accident. There are two kinds of liability coverage: BODILY INJURY and PROPERTY DAMAGE.

A. Bodily Injury Liability Coverage

BODILY INJURY liability coverage protects you from claims and lawsuits by people who are injured or die as a result of an accident you cause. It compensates those people for pain, suffering, and other personal hardships,

and will also pay for some economic damages, such as lost wages.

BASIC POLICY - Bodily injury liability is optional for a basic policy. It is available at a limit of \$10,000 total for all persons, per accident.

Caution: If you do not have liability coverage, you will be responsible for paying for the bodily injury, pain, and suffering you cause. The insurer will not provide or pay for a lawyer to represent you in court if necessary.

STANDARD POLICY – Bodily injury liability is required by law for a standard policy. The minimum limits are:

- \$15,000 for any one person’s injuries, per accident;
- \$30,000 for more than one person’s injuries, per accident.

Higher limits of liability coverage available are listed on the Coverage Selection Form.

B. Property Damage Liability Coverage

PROPERTY DAMAGE liability coverage protects you from claims and lawsuits by people whose property is damaged as a result of an accident you cause.

STANDARD POLICY and BASIC POLICY - Property Damage liability coverage is required by law for both the standard and basic policies and the minimum limit is \$5,000 per accident

For the STANDARD POLICY, higher property damage liability limits are available and are listed on the Coverage Selection Form.

II. LIABILITY LAWSUIT OPTIONS

For the STANDARD POLICY, you must make a choice about the rights you will have if you are injured in an automobile accident. The choice you make does affect how much your insurance will cost. The choice you make will apply to you, your spouse, children, and other relatives living with you who are not covered under another automobile insurance policy.

For the BASIC POLICY, you do not have a choice and will have the limitation on lawsuit option described below.

A. Limitation on Lawsuit Option

Under the limitation on lawsuit option, you agree not to sue the person who caused an accident for your pain and suffering unless you sustain one of the injuries that appears on this list:

- death;
- dismemberment;
- significant disfigurement or significant scarring;
- a displaced fracture;
- loss of a fetus; or
- permanent injury within a reasonable degree of medical probability other than scarring or disfigurement.

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.

B. No Limitation on Lawsuit Option

Under the No Limitation On Lawsuit Option, you can sue the person at fault in an accident for pain and suffering for any injury, no matter how minor.

STANDARD POLICY - You must choose one of these two options. If you do not make a choice, you will receive the Limitation On Lawsuit Option. The Limitation On Lawsuit Option will decrease your premium. It is also important to remember that these options only cover lawsuits for “pain and

suffering” or noneconomic 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.

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.

III. PERSONAL INJURY PROTECTION COVERAGE

PERSONAL INJURY PROTECTION COVERAGE or “PIP” pays if you or other persons covered under your policy are injured in an automobile accident. It is often called NO-FAULT coverage because it pays your own medical expenses no matter who caused the accident. PIP coverage has two parts: medical expense coverage and the extra PIP package coverage.

A. PIP Medical Expense Coverage

PIP medical expense coverage pays hospitals, doctors, and other medical providers for treatment of injuries from automobile accidents. It also pays for medical equipment you may need.

Both STANDARD and BASIC POLICIES have medical expense coverage.

STANDARD POLICY LIMITS: The medical expense coverage limit is \$250,000 per person per accident, unless you choose a lower limit.

You can select medical expense coverage with the following lower limits of coverage per person per accident:

- \$15,000;
- \$50,000;
- \$75,000; or
- \$150,000.

Even if you choose one of the lower limits above, you will be covered for medically necessary treatment above the limit and up to \$250,000 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.

BASIC POLICY LIMITS: For the basic policy, the medical expense coverage limit is \$15,000, per person per accident. You are also covered for all medically necessary treatment above \$15,000 and up to \$250,000 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.

B. PIP Deductibles and Co-payments: Standard and Basic Policies

You will pay for part of the first \$5,000 of medical expenses you or other covered persons have in an auto accident. Your insurer will pay medical bills over the deductible amount you choose. In addition, there is a 20 percent co-payment for medical expenses in excess of the deductible up to \$5,000. That means that you pay 20 percent of the medical expenses and the insurer pays 80 percent. For necessary medical expenses over \$5,000, the insurer pays 100 percent.

The chart below shows the choice of deductibles and the total out-of-pocket expenses you would have to pay for deductibles and co-payments if you were injured in an accident and had medical expenses of \$5,000 or more.

<u>Deductible Choice</u>	<u>Highest Co-Pay</u>	<u>Total Deductible and Co-Pay</u>
\$250	\$950	\$1,200
\$500	\$900	\$1,400
\$1,000	\$800	\$1,800
\$2,000	\$600	\$2,600
\$2,500	\$500	\$3,000

Caution: Higher deductibles reduce the cost of your insurance but you may not have that cash available when you or a person covered under the policy has an accident. In some cases, your health insurer may cover part of the deductible. Contact your health insurer for more information.

C. PIP Health Insurer For PIP Option – Standard Policy Only

You may choose your health coverage provider to pay medical expenses for injuries you sustain in an auto accident instead of your automobile insurer. Please consider the factors below to see if this option is right for you.

1. Does your health coverage provider cover injuries from automobile accidents?

A health coverage provider may be an insurance company, an HMO or some other type of benefit plan provided by your employer. You must make sure that your health

coverage provider will pay for automobile accident injuries. Medicare and Medicaid will not provide this coverage.

2. What limits and deductibles apply?

The deductibles and co-payments of your health policy or plan will apply to treatment for injuries from auto accidents. In addition, the coverage limits of your health policy or plan will also be in effect. Your automobile insurer will only pay for necessary expenses not covered by your health policy or plan.

3. What if I lose my health coverage?

You must maintain your health coverage. If you are in an accident and your coverage is no longer in effect, your auto insurer must pay PIP medical benefits. However, you will be required to pay a \$750 additional deductible.

D. PIP Extra Package Coverage - Standard Policy Only

The following package of additional benefits goes with your PIP medical expense coverage with the following minimum benefits. This coverage is available for the STANDARD POLICY ONLY:

- **Income Continuation:** If you cannot work because of an auto accident injury, you can collect up to \$100 a week up to a total limit of \$5,200 for lost wages.
- **Essential Services:** You can collect as much as \$12 a day, up to a total limit of \$4,380 to pay someone to do necessary services that you normally do yourself, such as cleaning your house, mowing your lawn, shoveling snow, or doing laundry.
- **Death Benefit:** If you die from auto accident injuries, your family or estate will receive any benefits you have not already collected under the income continuation and essential services coverages.
- **Funeral Expense Benefit:** In addition to the death benefit, reasonable funeral expenses are covered up to \$1,000.

D. PIP Extra Package Options Coverage - Standard Policy Only (cont.)

You may choose not to receive the extra PIP package benefits and have your PIP coverage be for medical expenses only. Alternatively, you may choose these higher limits of income continuation, essential services, death, and funeral benefits

OPTION	INCOME		ESSENTIAL SERVICES		DEATH	FUNERAL EXPENSE
	WEEKLY	TOTAL	PER DAY	TOTAL		
1	\$100	\$10,400	\$12	\$8,760	\$10,000	\$2,000
2	\$100	\$31,200	\$12	\$8,760	\$10,000	\$2,000

IV. UNINSURED/UNDERINSURED MOTORISTS COVERAGE

A. Uninsured Motorists Coverage - Standard Policy Only

Uninsured motorists coverage protects you if you are in an accident caused by someone who does not have the minimum level of insurance required by law. Claims that you would have made against the driver who was at fault are paid by your own policy up to the limits of your own uninsured motorists coverage. Your uninsured motorists coverage may not have a limit higher than your own bodily injury liability coverage limit. Uninsured motorists coverage does not benefit the uninsured driver.

B. Underinsured Motorists Coverage – Standard Policy Only

Underinsured motorists coverage protects you if you are in an accident caused by someone who is insured but who has lower liability limits than your underinsured motorist limits. If your damages are greater than the limits of the other driver’s policy, you can make a claim against your own policy for the difference up to the limits of underinsured motorists coverage that you buy.

LIMITS: You are required to have uninsured motorists coverage at the minimum liability limit. Uninsured/underinsured motorists coverage is sold together and is available up to the limits of your own liability coverage.

V. PHYSICAL DAMAGE COVERAGE

LIMITS - The limit of collision and comprehensive coverage is how much your automobile is worth on the market.

DEDUCTIBLES - The standard deductible for collision coverage is \$750. Higher and lower deductibles are available and are listed on the Coverage Selection Form. The standard deductible for comprehensive is \$750. Lower and higher deductibles are available and are listed on the Coverage Selection Form.

COLLISION and COMPREHENSIVE COVERAGES ARE OPTIONAL for both the BASIC and STANDARD policies.

Your insurer requires you to buy comprehensive coverage if you buy collision coverage, but comprehensive may be purchased alone. Many automobiles have to be inspected within seven (7) days of being covered by collision and/or comprehensive coverage. This inspection prevents fraudulent claims for preexisting damage. Your local agent or American Collectors, Ins. will give you information about how to get an inspection if one is required.

A. Collision Coverage

Collision coverage protects you from damage that you cause to your automobile. For example, collision coverage would pay for repairs to your automobile if you were at fault in an accident or hit a tree. You can also make a claim under your own collision coverage for damage to your car from an accident in which you were not at fault. This is instead of making a property damage liability claim against the driver who caused the accident.

B. Comprehensive Coverage

Comprehensive coverage protects you if your automobile is stolen and for damage to your automobile caused by things not covered under collision coverage, such as vandalism or fire.

VI. INSURANCE CLAIMS OMBUDSMAN

The Office of Insurance Claims Ombudsman is established in the 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.

The Office of Insurance Claims Ombudsman can be reached at 1-800-446-7467 or fax 609-292-2431. Email address is Ombudsman@dobi.state.nj.us and mailing address is:

Office of Insurance Claims Ombudsman
New Jersey Department of Banking and Insurance
P.O. Box 472
Trenton, NJ 08625-0472

IF YOU HAVE ANY QUESTIONS OR REQUIRE ADDITIONAL INFORMATION CONCERNING COVERAGES OR PREMIUMS, YOU MAY CONTACT YOUR LOCAL AGENT OR AMERICAN COLLECTORS INSURANCE AT 1-800-360-2277.