



State of New Jersey
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BULLETIN NO. 02-22

**To: ALL INSURERS TRANSACTING PRIVATE PASSENGER
AUTOMOBILE INSURANCE IN THIS STATE
NEW JERSEY PERSONAL AUTOMOBILE INSURANCE PLAN (PAIP)**

From: HOLLY C. BAKKE, COMMISSIONER

**Re: INFORMING PRODUCERS, APPLICANTS AND PROSPECTIVE APPLICANTS
ABOUT THE BASIC POLICY OPTION**

This Bulletin provides information about the Basic Policy and describes the Basic Policy process for applicants, prospective applicants and producers.

The Basic Policy was established pursuant to N.J.S.A. 39:6A-3.1 as a lower-cost alternative to standard coverage for drivers for whom: a.) standard coverage may be cost prohibitive; b.) standard coverage limits may be excessive given personal circumstances; or c.) driving uninsured in violation of N.J.S.A. 39:6A-3 may be contemplated as an alternative to standard coverage. To date, very few drivers for whom the Basic Policy appears suitable have taken advantage of the option. The Department is concerned that the negligible number of Basic Policies now in force (less than 0.22% of all policies in force) indicates that many drivers who could consider the option have not done so because they and producers lack accurate information. New Jersey has an estimated 600,000 uninsured drivers who by driving uninsured are putting themselves and others at substantial risk. Drivers who elect the Basic Policy as an alternative to driving uninsured benefit both themselves and the general public. The following provides accurate information about the Basic Policy process for producers, applicants and prospective applicants.

1. Any owner of an automobile registered or principally garaged in New Jersey may elect to meet minimum mandatory insurance requirements with the Basic Policy. Owners of automobiles requiring collision coverage because of lease or financing terms for the vehicle may elect to add those coverages to the Basic Policy, with all unaffected coverages remaining as set forth in N.J.S.A. 39:6A-3.1, in cases where the insurer offers such an option.

2. Insurers and producers in the voluntary market are required by law to offer coverage, including but not limited to the Basic Policy, to any eligible person who asks for coverage, except where the Department has exempted the insurer from eligible-persons requirements.
3. Drivers who elect the Basic Policy as an alternative to driving uninsured gain several protections, as set forth in N.J.S.A. 39:6A-3.1, as well as a right to sue. Uninsured drivers do not have a right to sue for damages relating to the operation of their vehicle.
4. A properly completed and executed coverage selection form, including for coverages provided by the Basic Policy, is prima facie evidence of the insured's knowing election or rejection of any coverage option.
5. N.J.S.A. 39:36A-23 immunizes insurers from liability for damages relating to the levels of coverage elected or rejected by a driver in a properly completed and executed coverage selection form. Furthermore, N.J.S.A. 17:28-1.9 specifically provides the same immunity for producers.
6. All applicants and prospective applicants must be informed of the existence and terms of the Basic Policy, and provided with the opportunity to select the policy.
7. The Personal Auto Insurance Plan (PAIP) and all insurers should notify their producers of each of the provisions of this bulletin.

The Department will continue to monitor the marketplace to assure that the Basic Policy option mandated by the Legislature is available to New Jersey drivers. A description of the Basic Policy and related information may be downloaded from the Department's web site, <http://www.state.nj.us/dobi>, for distribution to applicants and prospective applicants.

10/7/02
Date

/s/ Holly C. Bakke
Holly C. Bakke
Commissioner