



QUARTERLY REPORT TO
THE NEW JERSEY DEPARTMENT
OF BANKING & INSURANCE

*No Fault Insurance PIP Arbitration
3rd Quarter, 2005*

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Executive Summary

During the reporting period, the National Arbitration Forum introduced significant enhancements to the NAF on-line Award Search web site. Awards may be searched using multiple criteria including full-text keyword or key phrase entries. Search results are displayed in paginated format with links to each award. There is no limitation on the number of results. At the close of the calendar quarter, more than 14,000 awards were accessible. These consisted of all awards issued during NAF's administration of the No-Fault Arbitration program as well as 6,000 awards issued in 2004 through the prior administrator. Going forward, awards are available on-line to the public within four weeks of issuance.

The Advisory Council enjoyed a summer meeting hiatus but members continued to submit written award critiques as part of the DRP evaluation and training procedures.

In the third quarter of 2005, the panel of Dispute Resolution Professionals ("DRPs") was expanded from 30 to 32. DRPs were added to the North and Central regions. DRP recruitment continued in anticipation of supplementing the panel in the following quarter. During the reporting period, 7,954 cases were assigned to DRPs.

During the reporting period, 8,517 cases were initiated in the PIP ADR program. Of these cases, 5,574 (66%) originated in the Northern region, 1,825 (21%) in the Central region, and 1,118 (13%) in the Southern region.

Of the pending cases filed with NAF in the PIP ADR program, 6,384 cases were concluded during the 3rd quarter by means of an award or denial at hearing, dismissal of the case, settlement or withdrawal. 113 were placed in abeyance by consent of the parties or by order of the court.

1,205 cases settled during the 45-day conciliation period distributed regionally as follows: 806 in the North region, 233 in the Central region and 166 in the South region.

Of all cases resolved in the PIP ADR program during the quarter, a total of 5,016 cases were resolved after the DRP was appointed, from a combination of DRP issued awards, dismissals, settlements and withdrawals.

System-wide, the average total amount awarded in arbitration was \$5,246 comprised of \$4,108 for personal injury protection benefits and \$1,138 for attorney's fees per case. Refinements to the NAF report validation process revealed that the average PIP Benefits' Award amounts included in the 1st and 2nd calendar quarter reports were calculated per claim rather than per case. The previous data is supplemented with per case amounts on page 10.

Eight cases were appealed to 3-member DRP panels resulting in 6 affirmances, 1 vacation and 1 modification. The vacated and modified cases were remanded for further DRP action.

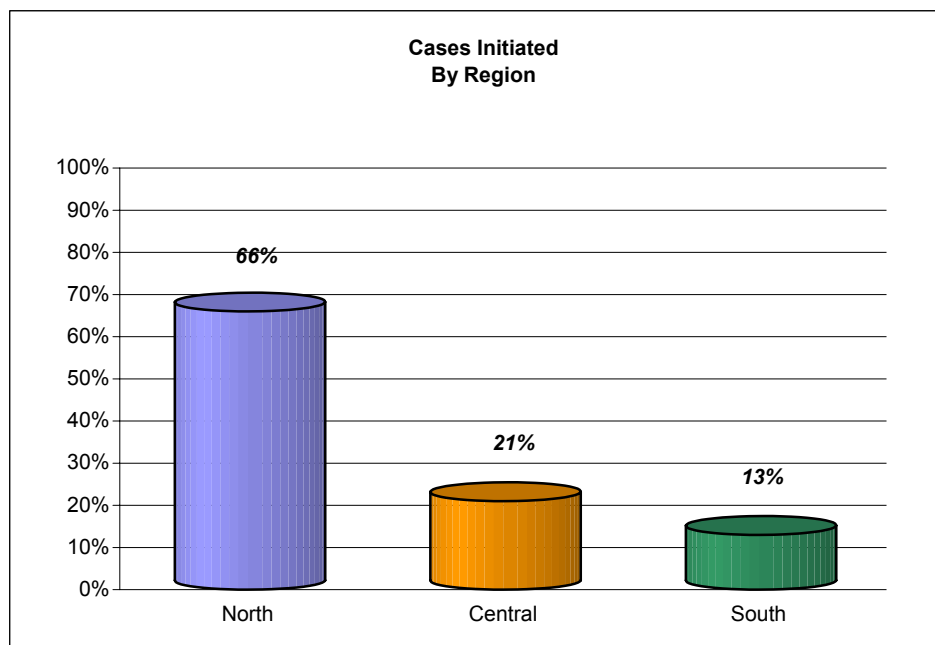
First Managed Care Option was utilized as the Medical Review Organization in accordance with the DOBI directive. Parties requested 109 MRO reviews. No DRP requests were made.

Cases Initiated

Cases are considered “filed” as of the date a Demand for Arbitration is received by NAF. Case “initiation” occurs when an initiation letter is transmitted to the parties.

In the third quarter of 2005, 8,517 cases were initiated in the PIP ADR program. Of these cases, 5,574 (66%) originated in the Northern region, 1,825 (21%) in the Central region, and 1,118 (13%) in the Southern region. See the Table below for the monthly distribution.

	North	Central	South	Total
July	1,695	542	221	2,458
August	1,952	678	520	3,150
September	1,927	605	377	2,909
Region Total	5,574	1,825	1,118	8,517
Region Percent	66%	21%	13%	100%



The Table below provides a view of initiations for 2005 YTD by quarterly and regional distribution.

	North	Central	South	Total
1 st Quarter 2005	5,092	1,616	904	7,612
2 nd Quarter 2005	6,130	1,704	1,199	9,033
3 rd Quarter 2005	5,574	1,825	1,118	8,517
Totals	16,796	5,145	3,221	25,162

Disposition of Cases in the PIP ADR Program

Of the pending cases filed with NAF in the PIP ADR program, 6,384 cases were concluded during the third quarter by means of an award or denial of award at hearing, dismissal of the case, settlement or withdrawal. The table below illustrates the manner in which cases were administered and concluded in the various geographic regions.

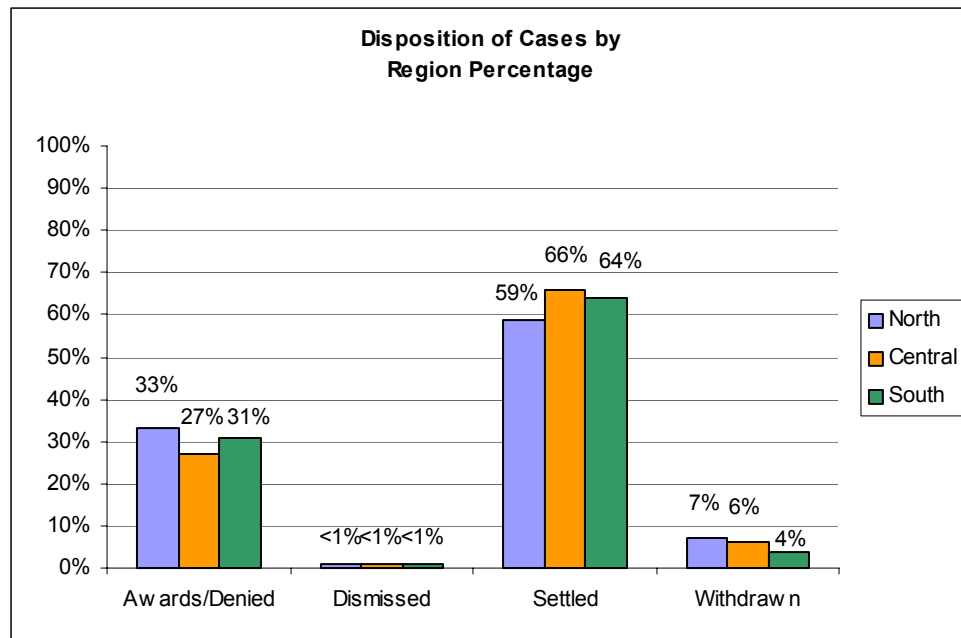
Disposition Type	North	Central	South	Total
Awarded/Denied	1,466	322	277	2,065
Dismissed	9	5	1	15
Settled	2,543	772	582	3,900
Withdrawn	293	72	39	404
Total	4,311	1,171	899	6,384

Disposition of Cases By Region Percentage

The table and chart below present the regional disposition of cases as percentages of all case dispositions during the reporting period.

Disposition Type	North	Central	South
Awarded/Denied	33%	27%	31%

Dismissed	< 1%	< 1%	< 1%
Settled	59%	66%	64%
Withdrawn	7%	6%	4%
Total	100%	100%	100%



Cases in Abeyance

Administration of certain cases is suspended by way of Court Order or consent of the parties. These cases are designated as in abeyance. Abeyances for the reporting period are shown in the table below by regional distribution and percentage.

Geographic Regions	North	Central	South	Total
Region Total	77	26	10	113
Region Percent	68%	23%	9%	100%

Cases Settled within 45 Days of Initiation

Respondents are granted a conciliation period of 45 days from case initiation in which to settle claims without incurring a respondent administration fee. During the third quarter, 1,205 cases settled during the conciliation period distributed regionally as follows: 806 in the North region, 233 in the Central region and 166 in the South region.

The following table illustrates that 7% to 8% of cases settle during the reconciliation period.

Geographic Regions	North	Central	South	System-wide
Region Settlements	806	233	166	1,205
Region Percent	8%	8%	9%	8%

Dispute Resolution Professional Caseload

In the third quarter of 2005, the panel of Dispute Resolution Professionals (“DRPs”) was expanded from 30 to 32. DRPs were added to the North and Central regions. DRP recruitment continued in anticipation of supplementing the panel in the following quarter. During the reporting period, 7,954 cases were assigned to DRPs.

Caseload activity of DRPs is represented in Appendix A.

Disposition of Cases After DRP Assignment

Following expiration of the 45-day conciliation period, cases are assigned to DRPs for disposition. After DRP appointment, a total of 5,016 cases were resolved during the quarter, resulting from a combination of DRP issued awards (which includes denials), dismissals, settlements and withdrawals.

The following table represents the distribution and outcomes of cases across the entire DRP panel during the third quarter of 2005 after the cases were assigned to the DRP for hearing:

Disposition	North	Central	South	Total	System-Wide Percentage
Awarded/Denied	1,466	322	277	2,065	41%
Consent Award	1	0	0	1	< 1%

Dismissed by DRP	9	5	1	17	< 1%
Settled	1,713	529	412	2,656	52%
Withdrawn	206	45	28	279	5%
Total	3,395	901	718	5,016	100%

Regional Awards' Percentage

As shown above, a total of 2,065 awards were issued by DRPs concerning requests for expedited relief, standard relief, fee disputes and appeals. 71% of the awards issued in the North region, 16% in the Central region and 13% in the South.

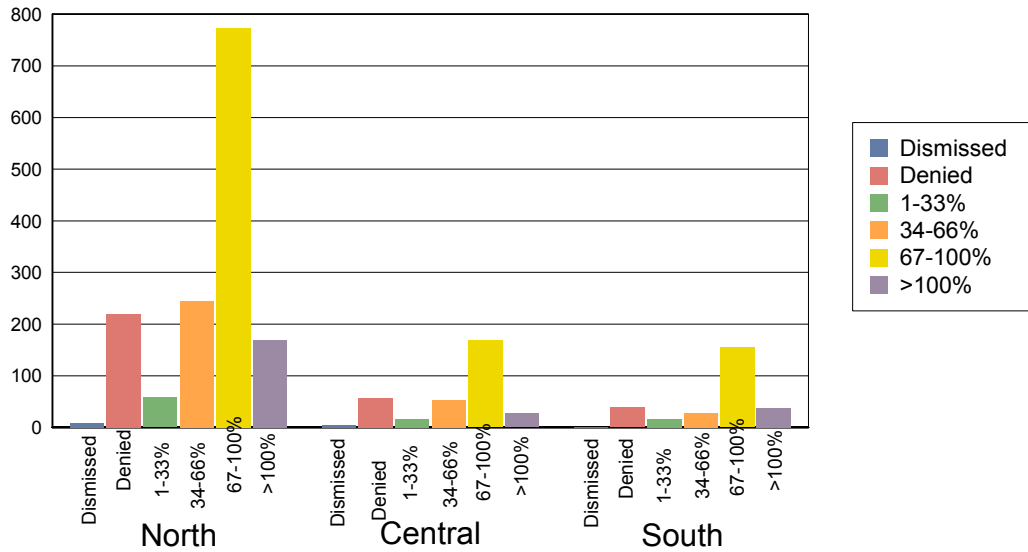
An online database of these awards is located at www.nj-no-fault.com.

Awards as a Percentage of Claim Amount

Dispute Resolution Professions can deny a claim in its entirety or can award all or part of an amount requested by a Claimant. For cases decided in the third quarter of 2005, the graph below indicates the distribution of DRP awarded amounts, from 0% (denied) to more than 100%, of claim amounts. [Claims of more than 100% represent cases in which the initial claim was amended upward prior to or at the hearing in accordance with No-Fault Rule 7].

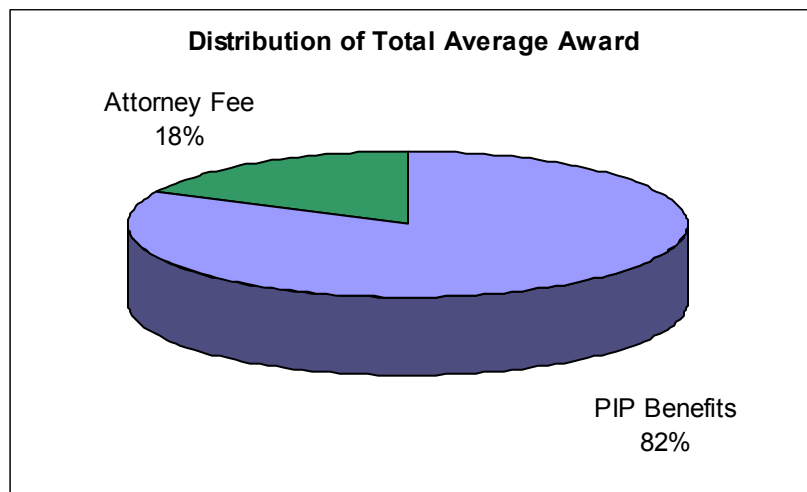
The data is presented in table and chart formats.

Region	Dismissed	Denied	1-33%	43-66%	67-100%	>100%	Total
North	9	220	58	245	774	169	1,475
Central	5	57	17	53	168	27	327
South	1	39	17	28	155	38	278
Total	15	316	92	326	1,097	234	2,080



PIP Benefits and Attorneys' Fees Comparison

System-wide, the average total amount awarded in arbitration was \$5,246 comprised of \$4,108 for personal injury protection benefits and \$1,138 for attorney's fees per case. The graphical representation compares the data as percentages.



Refinements to the NAF report validation process revealed that the average PIP Benefits' Award amounts included in the 1st and 2nd calendar quarter reports were calculated per claim rather than per case. Because many cases contain multiple claims, the Distribution of Total Average Award chart contained in the prior reports was inaccurate. The average PIP benefit award comprises approximately 80% of the total award rather than the 66% as previously reported. The table below summarizes the per claim and per case award amounts for the previous two calendar quarters.

PIP Benefits' Award	1Q05	2Q05
Previously Reported Amount per Claim	\$2,192	\$2,400
Amount per Case	\$4,156	\$3,591

The average Attorneys' Fee Award per case remains as previously reported.

Award Average and Dollar Range

As displayed in the following table, the average amount awarded for claims other than attorneys' fees was \$4,108 per case. Awarded amounts ranged from \$0 to \$161,583. The average amount awarded for attorneys' fees was \$1,138 per case. Awarded attorneys' fees ranged from \$0 to \$5,500.

	Average	Dollar Range
PIP Benefits' Award	\$4,108	\$0 to \$161,583
Attorneys' Fee Award	\$1,138	\$0 to \$5,500

Appeals

Eight appeals to panels of 3 DRPs were concluded during the reporting period. The results are shown in the following table.

	North	Central	South	Total
Affirmed	2	1	3	6
Vacated	1	0	0	1
Modified	0	0	1	1

Medical Review Organization Report

First Managed Care Option was utilized as the Medical Review Organization during the reporting period. Information relevant to MRO usage is outlined in the table.

Request By Party	Request By DRP	Total Requests	Request for Information	Report in 20 Business Days	Report After 20 Business Days
109	0	109	0	15	52

Appendix A

Dispute Resolution Caseload

DRP	Region	Assigned	Closed	Awarded/	
				Denied	Hearings
Alterman, Herbert S.	NORTH	234	143	51	62
Amendola, Esq., Francesca	NORTH	200	178	84	93
Brodow, Nora J.	NORTH	283	152	55	60
Carnevale (PR), Michael F.	CENTRAL	257	156	40	76
Carr, Michael W.	NORTH	253	191	86	94
Carro, Sergio G.	NORTH	304	132	44	81
Celentano, Cynthia J.	NORTH	196	17	0	0
Daniskas, Maria I.	NORTH	193	135	44	52
de Cordova, Donald W.	NORTH	335	167	57	63
DeMichele, Richard A	SOUTH	254	176	77	85
Fannan, John J.	CENTRAL	353	163	53	63
Foley, Patrick W.	CENTRAL	319	222	96	115
Ganzhorn, Lisa A.	NORTH	360	211	99	102
Garrabrandt, James H.	NORTH	251	149	67	88
Grabowski (ML), David A.	SOUTH	175	169	37	50
Johnston, Maureen M.	NORTH	191	186	97	108
Kaczka, Thomas M.	NORTH	136	163	81	98
Kincade, Kathleen D.	CENTRAL	278	185	78	86
Knuetter, Margaret	NORTH	128	146	83	92
La Salle, Robert C.	CENTRAL	194	23	0	0
Lesser, Gary T.	NORTH	269	204	87	116
Lynch, Charles H.	NORTH	219	183	78	86
McFadden (CH), Michael K.	SOUTH	272	140	60	66
McFadden (NO), Michael K.	SOUTH	43	50	20	22
Moscowitz, Barry E.	NORTH	295	172	80	91
Odell, Barry K.	CENTRAL	277	175	56	85
Parker, Ronald I.	NORTH	321	125	35	46
Patriaco, Andrew A.	NORTH	296	198	85	91
Sproviero, Scott G.	NORTH	188	140	74	85
Stokes, Nanci G.	NORTH	252	169	63	70
Tamburino, Joseph A.	NORTH	249	156	63	71
Wallen (AC), Kate R.	SOUTH	25	35	13	14
Wallen (CH), Kate R.	SOUTH	262	167	71	82
Zimmerman, Richard T.	NORTH	92	116	25	50
TOTALS		7954	5094	2039	2443