



QUARTERLY REPORT TO
THE NEW JERSEY DEPARTMENT
OF BANKING & INSURANCE

*No Fault Insurance PIP Arbitration
2nd Quarter, 2006*

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Executive Summary

The calendar quarter was marked by continued refinements to rules, DRP staffing and Advisory Council formation.

In order to codify the functions of the Advisory Council and to communicate its purpose and formation to the user community at large, the Forum formulated "Rules Governing the Advisory Council for the Arbitration of No-Fault Disputes". The rules were approved by the Commissioner on May 9, 2006 and made accessible to the public via the Forum's New Jersey website. The rules provide for user-member term limits, impose confidentiality restrictions on the interview and deliberation processes for new DRPs and specifically prohibit members from exerting undue influence upon DRPs by virtue of their Advisory Council status. During the 2nd quarter, the Council met in May and June. Agenda items included continuing DRP interviews, MRO Rule change recommendations and general user input.

Recurrent assessment of DRP staffing needs resulted in a decision to expand the DRP panel from 35 to 40. Five qualified candidates were identified, contracted and provided with 12 hours of DRP orientation. Three DRPs commenced hearings in June. Two others are scheduled to commence hearings in July. With the expansion, DRP regional deployment consists of 26 in the North Region, 8 in the Central Region and 6 in the South Region.

Following an exhaustive review of the MRO process, the Forum restructured No-Fault Arbitration Rule 21 to facilitate internal conflict of interest checks by MROs and to better guide users through the request process. The Commissioner approved the revised Rule with an effective date of the first day of the 3rd quarter.

In the 2nd quarter of 2006, 9,212 cases were initiated in the PIP ADR program. Of these cases, 6,201 (67%) originated in the Northern region, 1,924 (21%) in the Central region, and 1,087 (12%) in the Southern region.

Of the pending cases filed with the Forum in the PIP ADR program, 8,057 cases were concluded during the 2nd quarter by means of an award or denial of award at hearing, dismissal of the case, settlement or withdrawal. 382 were placed in abeyance by consent of the parties or by order of the court. 8,397 cases were assigned to Dispute Resolution Professionals.

1,236 cases settled during the conciliation period distributed regionally as follows: 825 in the North region, 281 in the Central region and 130 in the South region.

System-wide, the average total amount awarded in arbitration was \$4,563 comprised of \$3,474 for personal injury protection benefits and \$1,089 for attorney's fees per case. It is common practice for users to stipulate that amounts awarded by DRPs are subject to further reduction for deductibles, co-payments, prior payments and/or medical fee schedule adjustments. In such cases, the final amount paid by the respondent is less than the awarded amount.

Nineteen appeals to panels of 3 DRPs were concluded during the reporting period resulting in 11 cases affirmed, 5 vacated, 1 vacated and remanded and 2 modified.

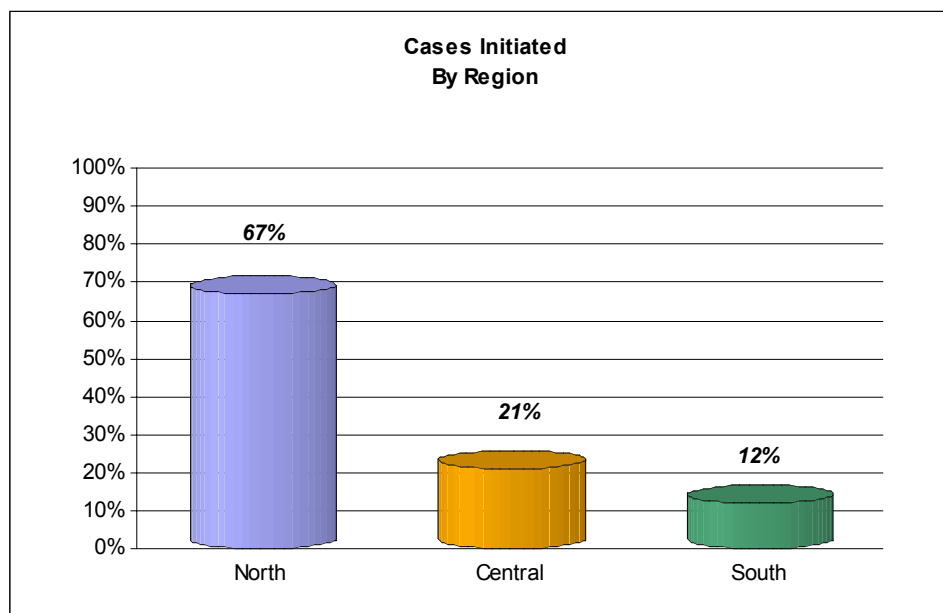
Effective April 1, 2006 the Department certified CFO Medical Services as a Medical Review Organization. The Forum modified its case management software to add CFO as an MRO and to automate MRO rotation as required by N.J.A.C. 11:3-5.6 (c) 1. The Forum was also pleased to provide CFO with orientation training and materials to facilitate its transition into the MRO process. First Managed Care Option continued to function as a Medical Review Organization during the reporting period. Parties requested 85 MRO reviews. No DRP requests were made.

Cases Initiated

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

In the 2nd quarter of 2006, 9,212 cases were initiated in the PIP ADR program. Of these cases, 6,201 (67%) originated in the Northern region, 1,924 (21%) in the Central region, and 1,087 (12%) in the Southern region. See the Table below for the monthly distribution.

	North	Central	South	Total
April	2,098	676	374	3,148
May	2,000	604	387	2,991
June	2,103	644	326	3,073
Region Total	6,201	1,924	1,087	9,212
Region Percent	67%	21%	12%	100%



The Table below provides a view of initiations for the first half of 2006 by quarterly and regional distribution.

	North	Central	South	Total
1st Quarter 2006	6,564	1,781	1,351	9,696
2 nd Quarter 2006	6,201	1,924	1,087	9,212
Totals	12,765	3,705	2,438	18,908

Disposition of Cases in the PIP ADR Program

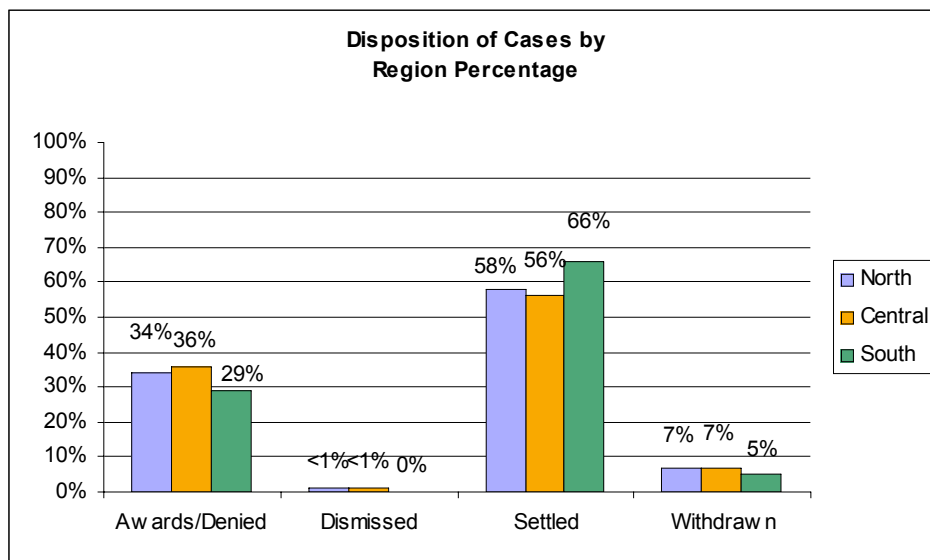
Of the pending cases filed with the Forum in the PIP ADR program, 8,057 cases were concluded during the 2nd quarter by means of an award or denial of award at hearing, dismissal of the case, settlement or withdrawal. The table below illustrates the manner in which cases were administered and concluded in the various geographic regions.

Disposition Type	North	Central	South	Total
Awarded/Denied	1,815	652	310	2,777
Dismissed	12	1	0	13
Settled	2,988	1,027	679	4,694
Withdrawn	397	124	52	573
Total	5,212	1,804	1,041	8,057

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	34%	36%	29%
Dismissed	< 1%	< 1%	0%
Settled	58%	56%	66%
Withdrawn	7%	7%	5%
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	332	42	8	382
Region Percent	87%	11%	2%	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 2nd quarter, 1,236 cases settled during the conciliation period distributed regionally as follows: 825 in the North region, 281 in the Central region and 130 in the South region.

The following table illustrates that 6% to 8% of cases settle during the reconciliation period.

Geographic Regions	North	Central	South	System-wide
Region Settlements	825	281	130	1,236
Region Percent	6%	7%	5%	6%

Dispute Resolution Professional Caseload

Continuing assessment of DRP staffing needs resulted in a decision to increase the DRP panel from 35 to 40. Three new DRPs commenced hearings in June, with two others scheduled to begin hearings in the third quarter. During the reporting period, 8,397 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 6,638 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 2nd quarter of 2006 after the cases were assigned to the DRP for hearing:

Disposition	North	Central	South	Total	System-Wide Percentage
Awarded/Denied	1,815	652	310	2,777	41%
Consent Award	2	3	0	5	< 1%
Dismissed by DRP	12	1	0	13	< 1%
Settled	2,142	736	550	3,428	51%
Withdrawn	285	94	36	415	6%
Total	4,256	1,486	896	6,638	100%

Regional Awards' Percentage

As shown above, a total of 2,777 awards were issued by DRPs concerning requests for expedited relief, standard relief, fee disputes and appeals. 65% of the awards issued in the North region, 24% in the Central region and 11% in the South.

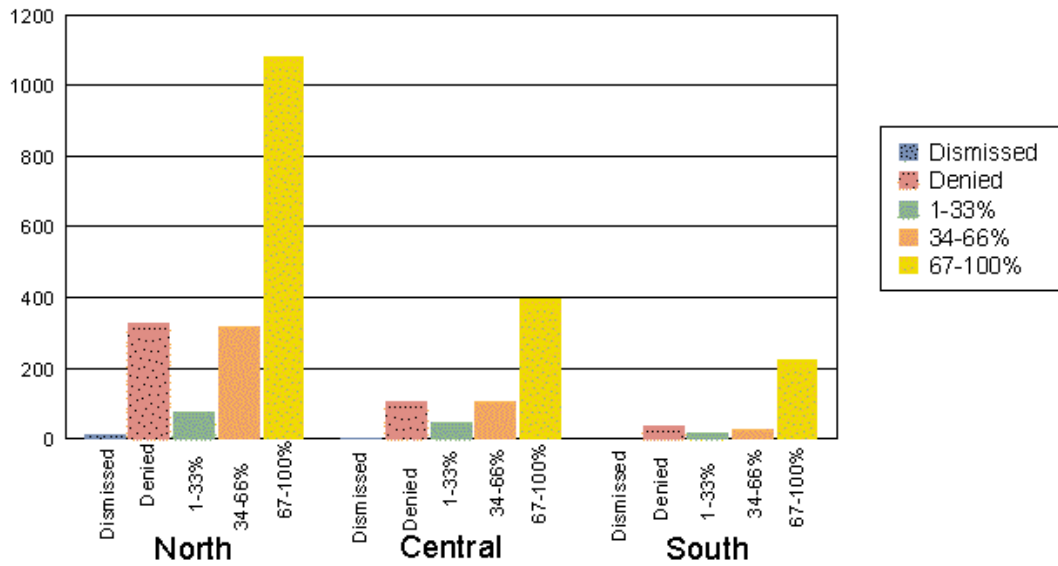
An online database of these awards is located at www.nj-no-fault.com.

Awards as a Percentage of Claim Amount

Dispute Resolution Professionals 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 2nd quarter of 2006, the graph below indicates the distribution of DRP awarded amounts, from 0% (denied/dismissed) to 100% of claim amounts.

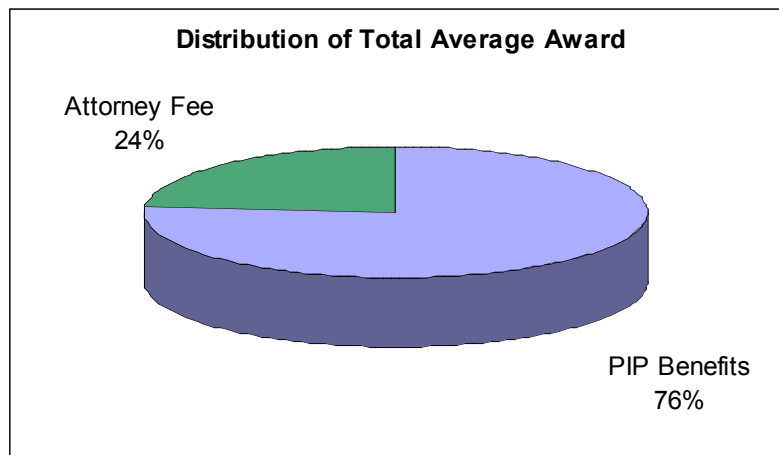
The data presentation for 2006 is revised from previous years in that it no longer contains award data described as "more than 100%", representing claims amended upward at the time of hearing. This nomenclature was retained from reports provided to the Department by the prior administrator. However, the nomenclature is imprecise. DRPs may not award amounts greater than those claimed. For purposes of the data table and chart below, amended amounts are captured within a total amount claimed and then compared to the total amount awarded.

Region	Dismissed	Denied	1-33%	34-66%	67-100%	Total
North	12	329	78	319	1,085	1,823
Central	1	106	45	104	395	651
South	0	36	19	26	227	308
Total	13	471	142	449	1,707	2,782



PIP Benefits and Attorneys' Fees Comparison

System-wide, the average total amount awarded in arbitration was \$4,563 comprised of \$3,474 for personal injury protection benefits and \$1,089 for attorney's fees per case. The graphical representation compares the data as percentages.



Award Average, Median and Dollar Range

The average amount awarded for claims other than attorneys' fees was \$3,474* per case. Awarded amounts ranged from \$0 to \$160,397. The median award during the reporting period was \$1,330.

The average amount awarded for attorneys' fees was \$1,089 per case. Awarded attorneys' fees ranged from \$0 to \$6,225. The median attorney's fee award during the reporting period was \$1,100

	Average	Dollar Range	Median
PIP Benefits' Award	\$3,474*	\$0 to \$160,397	\$1,330
Attorneys' Fee Award	\$1,089	\$0 to \$6,225	\$1,100

*NOTE: It is common practice for users to stipulate that amounts awarded by DRPs are subject to further reduction for policy deductibles, co-payments, prior payments and/or medical fee schedule adjustments. In such cases, the final amount paid by the respondent is less than the awarded amount.

Appeals

Nineteen 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	8	3	0	11
Vacated	5	0	0	5
Vacated & Remanded	1	0	0	1
Modified	1	0	1	2

Medical Review Organization Report

Effective April 1, 2006 the Department certified CFO Medical Services as a Medical Review Organization. The Forum modified its case management software to add CFO as an MRO and to automate MRO rotation as required by N.J.A.C. 11:3-5.6 (c) 1. The Forum was also pleased to provide CFO with orientation training and materials to facilitate its transition into the MRO process. First Managed Care Option continued to function as a Medical Review Organization during the reporting period. Information relevant to MRO usage is outlined in the table.

MRO	Request By Party	Request By DRP	Total Requests	Request for Information	Report in 20 Business Days	Report After 20 Business Days
CFO	34	0	34	1	23	1
FMCO	51	0	51	0	9	14
TOTALS	85	0	85	1	32	15

Appendix A

Dispute Resolution Caseload

DRP	Region	Assigned	Closed	Awarded/ Denied	Hearings
Aloi, Anthony M.	CENTRAL	328	209	75	83
Alterman, Herbert S.	NORTH	163	183	88	115
Amendola, Esq., Francesca	NORTH	154	184	85	130
Annunziata, Maria	CENTRAL	172	207	81	104
Brodow, Nora J.	NORTH	135	188	84	129
Carnevale (PR), Michael F.	CENTRAL	215	219	150	203
Carr, Michael W.	NORTH	170	179	82	99
Carro, Sergio G.	NORTH	159	166	97	163
Celentano, Cynthia J.	NORTH	246	210	89	102
Daniskas, Maria I.	NORTH	174	177	84	96
de Cordova, Donald W.	NORTH	180	192	73	102
DeMichele, Richard A.	SOUTH	198	229	101	134
Eisele-Grabowski, Karen	SOUTH	135	5	0	0
Fabiano, Edward	NORTH	240	196	76	82
Fannan, John J.	CENTRAL	95	144	88	135
Foley, Patrick W.	CENTRAL	147	174	77	107
Ganzhorn, Lisa A.	NORTH	179	172	74	106
Garrabrandt, James H.	NORTH	176	195	90	143
Grabowski (ML), David A.	SOUTH	295	200	51	67
Granato, S. Caroline	SOUTH	292	33	0	2
Johnston, Maureen M.	NORTH	180	184	94	136
Kaczka, Thomas M.	NORTH	158	205	76	97
Kincade, Kathleen D.	CENTRAL	114	186	99	121
Knuetter, Margaret	NORTH	193	175	76	86
La Salle (North), Robert C.	NORTH	333	96	2	7
La Salle, Robert C.	CENTRAL	1	74	55	63
LaPorta, David M.	NORTH	513	65	0	1
Lardiere, Andrea L.	CENTRAL	362	154	5	28
Lesser, Gary T.	NORTH	175	213	98	142
Lynch, Charles H.	NORTH	212	198	97	145
McFadden (CH), Michael K.	SOUTH	116	172	50	83
McFadden (NO), Michael K.	SOUTH	22	35	17	22
Noonan, Scott M.	NORTH	417	32	0	0
Odell, Barry K.	CENTRAL	199	142	29	122
Parker, Ronald I.	NORTH	165	176	67	88
Patriaco, Andrew A.	NORTH	199	183	93	112
Remington-Knodel, Jennifer	NORTH	304	10	0	0
Sproviero, Scott G.	NORTH	167	176	82	119
Stokes, Nanci G.	NORTH	134	189	82	91
Tamburino, Joseph A.	NORTH	204	195	83	110
Wallen (AC), Kate R.	SOUTH	23	34	21	23
Wallen (CH), Kate R.	SOUTH	152	196	71	78
Zimmerman, Richard T.	NORTH	201	162	34	88
TOTALS		8397	6714	2776	3864



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