

In New Jersey, auto insurance is mandatory, and drivers have various options that affect their coverage and costs. The New Jersey Department of Banking and Insurance offers guidance on understanding auto insurance, including available policy types, coverage options, and consumer rights. Drivers can modify their coverages and policy limits at any time, even outside renewal periods, and are entitled to refunds for unused premiums when selecting cost-saving options. Auto insurance policies generally include Personal Injury Protection (PIP), which covers medical expenses from accidents regardless of fault, and liability coverage, which compensates others for damages caused by the policyholder. Liability coverage is divided into Bodily Injury and Property Damage, with limits often expressed as separate amounts for individual claims and total claims per accident. The Standard Policy provides a range of coverage options, including higher limits for Uninsured/Underinsured Motorist coverage, while the Basic Policy meets minimum legal requirements with limited benefits.

Additional coverage options under the Standard Policy include Collision and Comprehensive coverages, which are not legally required but may be necessary for leased or financed vehicles. The Special Automobile Insurance Policy (SAIP) is available for eligible Medicaid recipients, offering limited medical coverage at a low annual cost. Deductibles, typically set at \$750, are amounts policyholders must pay out-of-pocket before insurance coverage applies; higher deductibles can lower premiums but increase out-of-pocket costs in the event of a claim. The policyholder's choice regarding the right to sue after an accident influences both insurance costs and the claims process, with the Basic Policy offering a Limited Right to Sue, which restricts lawsuits for pain and suffering unless specific permanent injuries occur.

The policy covers the policyholder's spouse, children, and other relatives living with them, provided they are not covered under another automobile insurance policy. Medical expenses and some economic losses from auto accidents are covered up to the limits of the PIP coverage, regardless of the lawsuit option chosen. The policy clarifies that insurance companies are not liable for the

policyholder's choice of lawsuit option or coverage amounts, and if the Limited Right to Sue is selected by default, the policyholder cannot sue the insurer. Coverage types include Bodily Injury Liability, Property Damage Liability, Personal Injury Protection, Uninsured/Underinsured Motorist Coverage, Collision, and Comprehensive coverage, with specified minimum and maximum limits for each.

Drivers with seven or more insurance eligibility points may be directed to the Personal Automobile Insurance Plan (PAIP), an assigned risk market with standardized rates that may be higher than voluntary market rates. To exit this market, a driver must reduce their points below seven. The policy explains how insurance eligibility points are assigned based on driving record, vehicle type, and geographic area, which can affect premium rates. Factors such as driving history, vehicle characteristics, and location influence auto insurance costs, and insurers may use a tier rating system to categorize drivers based on risk characteristics.

To lower premiums, policyholders can consider higher deductibles, adjust PIP limits, or choose the Limited Right to Sue option. Discounts may be available for insuring multiple vehicles, having safety features, maintaining good academic performance, and completing defensive driving courses. The document emphasizes the importance of understanding coverage options and the insurer's reputation for service and claims handling when shopping for insurance. It encourages consumers to use the Department of Banking and Insurance's online Auto Insurance Purchasing Planner for selecting appropriate coverage.

The document also discusses insurance scoring, which some insurers use to assess risk based on credit history. In New Jersey, insurers cannot use insurance scores to deny or cancel coverage and must provide written notice regarding the use of such scores. Factors influencing insurance scores include payment history, credit inquiries, and outstanding debt. Consumers are advised to manage their credit wisely and review their credit reports annually for accuracy. For new drivers, the

implications of inexperience points and the importance of notifying insurers when a teenager obtains a driving permit are highlighted, as young drivers typically face higher insurance rates due to their lack of experience.

The document provides practical advice for drivers before, during, and after an accident, including maintaining insurance information, knowing how to report an accident, and understanding coverage for students away at college. It emphasizes the need for informed decision-making when selecting auto insurance and managing related responsibilities. The policy outlines that a driver who mails a renewal payment before the due date will not lose coverage if the payment is received within three business days of the due date or if postmarked prior. However, insurers may impose a late fee for payments arriving after the due date, and there is no grace period for lapsed or terminated policies. Insurers must notify policyholders of payment due dates and send renewal offers 30 days prior to the due date, with a cancellation notice for nonpayment required at least 15 days before policy expiration.

Insurance rates may differ based on gender due to statistical data showing that accidents involving young male drivers tend to result in higher claim costs. Families with multiple drivers can use a Named Driver Exclusion endorsement to exclude certain licensed drivers from the rating of comprehensive and collision costs for a specific vehicle, potentially reducing premiums. However, if an excluded driver operates the vehicle, coverage for repairs in the event of an accident will not be provided. If a premium payment is not made, the policy will be canceled, and obtaining a new policy may be challenging if there is a lapse in coverage exceeding 30 days, which could place the driver in the assigned risk market. Timely payments are crucial to avoid policy cancellation and potential difficulties in securing new insurance. For further inquiries, the New Jersey Department of Banking and Insurance provides contact information for assistance and complaint resolution.