

ALASKA LEGISLATURE COMMITTEE FILES 1983 - 1984 8672

2678 SLC HB 7 (FILE 2)

| | | |
|-------------|---------------|--------------|
| Colorado | Kansas | New Jersey |
| Connecticut | Kentucky | New York |
| Florida | Massachusetts | North Dakota |
| Georgia | Michigan | Pennsylvania |
| Hawaii | Minnesota | Utah |

Generally, economic losses cannot be recovered in a tort action unless no-fault benefits, including the addition of deductibles, would be insufficient to cover economic losses arising from the accident. A no-fault beneficiary cannot bring a tort action to recover noneconomic loss unless the beneficiary suffers a serious injury or death. (See Appendix B.)

Arbitration

Some insurance states provide for permissive, and sometimes mandatory, arbitration. Only 7 states have some form of mandatory arbitration:

| | | |
|----------|---------------|----------|
| Colorado | Massachusetts | New York |
| Delaware | Minnesota | Utah |
| Georgia | | |

All of these states, except Georgia, impose mandatory arbitration of disputes between insurers. In Colorado and New York, disputes between an insurer and a beneficiary must be arbitrated if the beneficiary requests arbitration. In Georgia, disputes between an insurer and a beneficiary must be arbitrated if either party requests arbitration.

Subrogation and Reimbursement Provisions

In situations where the party collecting no-fault benefits also has some other legal claim, the no-fault insurer that pays the benefits often has the right to be subrogated to the claim or reimbursed in an amount equal to benefits received. When an insurer is subrogated to a beneficiary's legal claim, the insurer is placed in the same legal position as the insured beneficiary. Thus, if the insured has a right to bring a lawsuit against a person or has a right to workers' compensation benefits, the insurer also has a right, because of subrogation, to bring the lawsuit or collect the compensation benefits in the name of the insured beneficiary for the benefit of the insurer.

In Connecticut, Delaware, Hawaii, Massachusetts, New Jersey, and South Carolina, a no-fault insurer is subrogated to all the legal rights or claims of the no-fault beneficiary. However, in Hawaii the insurer is subrogated to the beneficiary's right to collect for liability in an amount equal to 50 percent of no-fault benefits paid. In South Carolina, an insurer is subrogated only if the beneficiary agrees to the subrogation in writing after the insurer provides the beneficiary with written notice of the beneficiary's right to deny the insurer of all rights to subrogation.

Kansas and Kentucky provide that the insurer is subrogated to the right of the beneficiary to bring a tort action. In Kansas, the insurer has only a right to collect judgment benefits and no right to bring a tort action in the name of the beneficiary until 18 months after the right to bring the lawsuit accrues, at which time the insurer receives the right to bring the lawsuit. Florida, Georgia, Minnesota, New York, and North Dakota provide that an insurer is subrogated to the beneficiary's right to bring a tort action but only if one of the vehicles involved in the accident is a commercial or large vehicle.⁴

Arkansas and Michigan require reimbursement of an insurer from tort liability benefits to the extent of benefits paid; Oregon and Utah require reimbursement of no-fault insurers by liability insurers; and Pennsylvania requires reimbursement from all sources. In Maryland and Texas insurers do not have a right of subrogation.

No-Fault Insurance Bills Introduced in Illinois

Illinois passed a no-fault insurance law in 1971, effective January 1, 1972.⁵ On April 17, 1972 the Illinois Supreme Court held the law unconstitutional.⁶ It was repealed in 1975.

The 1972 Illinois no-fault law required all passenger automobile motorists owning five or fewer automobiles to maintain no-fault insurance coverage that would provide benefits to (1) the insured; (2) members of the insured's household family; (3) occupants and drivers of insured's automobile; and (4) pedestrians struck by the automobile.

The law required reimbursement of (1) medical, hospital, and funeral expenses up to \$2,000; (2) 85 percent of lost income, up to \$150 a week for 1 year;

(3) lost household services provided by the injured party to the household, up to \$12 a day for 260 weeks; and survivors' benefits to replace lost income and household services. It did not provide for no-fault insurance benefits for property damage.

Under the Illinois no-fault law, insurers were exempted from paying any no-fault insurance benefits to insured and other individuals covered by the policy when, at the time of the accident, the beneficiary (1) intentionally caused the injury; (2) was operating the automobile while under the influence of liquor or drugs; (3) was operating the automobile without a license or with a suspended license; (4) was operating the automobile in a race for a wager or bet; (5) was eluding arrest; (6) was operating or occupying a known stolen automobile; (7) was committing a felony; or (8) was committing some other act, for which the director of the Department of Insurance had promulgated an exclusion.

The 1972 law did not prevent a person from bringing a tort action but did limit the amount recoverable for noneconomic loss to 50 percent of medical treatment expenses, up to \$500, and the total amount of medical expenses over \$500. It also provided for mandatory arbitration in actions in which the amount in controversy did not exceed \$3,000.

On April 17, 1972, less than 5 months after the no-fault law went into effect, the Illinois Supreme Court held it unconstitutional.⁷ The court stated that (1) the law constituted invalid special legislation because it applied to owners of private passenger automobiles only; and (2) the mandatory arbitration provision violated the constitutional right to a trial by jury and the constitutional provision prohibiting fee officers in the judicial system.

Current Illinois Legislation

Three bills proposing no-fault motor vehicle insurance have been introduced in the 82nd General Assembly. House Bills 332 (Bradley et al.) and 2478 (Yourell) would require all motor vehicle owners, except motorcycle owners, to have no-fault motor vehicle insurance. House Bill 2573 (Van Dwyne et al.) would require owners of passenger vehicles for 10 or fewer people except motorcycles and mopeds to have no-fault motor vehicle insurance. House Bill 332 was introduced on February 24, 1981 and was assigned to the House Insurance Committee on February 26. The bill is now on the House Insurance Committee Interim Study Calendar.

House Bill 2478 was introduced on April 1, 1982 and was assigned to the House Rules Committee. House Bill 2573 was introduced on April 13, 1982 and was assigned to the House Rules Committee.

House Bills 332 and 2478 would require an insurer to pay the following benefits to motor vehicle accident victims regardless of fault:

- medical expenses not to exceed \$25,000;
- 85 percent of lost income for 3 years;
- replacement service expenses (to replace services provided by the victim to the household) not to exceed \$20 a day for 3 years; and
- death benefits to the victim's estate not to exceed \$1,500.

House Bill 2478 would also require benefits for property damage in the amount of \$5,000.

House Bill 2573 would require insurers to pay medical expenses, 75 percent of lost wages, and substituted household service expenses incurred within 2 years of the accident regardless of fault. Insurers could limit total benefits covering these expenses to a \$10,000 maximum.

Under H.B. 332 and H.B. 2478, accident victims, eligible for no-fault benefits, would be prohibited from bringing a tort action:

- to the extent that the no-fault benefits covered expenses; and
- for noneconomic loss unless death, "serious and irreparable permanent disfigurement," or "serious and permanent injury," occurred.

Motor vehicle accident victims who intentionally cause the accident would be denied benefits under all three proposals. Under H.B. 332 and H.B. 2478 benefits could be denied to a victim who voluntarily occupied a known stolen vehicle. House Bill 332 states that an insurer does not have to provide benefits to a person in a vehicle with three or fewer load bearing wheels; H.B. 2573 states that benefits are not available for accident victims who contributed to the accident by operating a vehicle under the influence of alcohol or marijuana.

Policy Questions⁸

Proponents of no-fault motor vehicle insurance attack the concept of negligence as applied to motor vehicle accidents. They discount the moral value of the negligence concept in automobile accidents; the idea that awareness on the part of a driver that he will be penalized for carelessness will improve his driving habits. They point out that the negligent driver can insure himself against these consequences now and add that it is unlikely that anyone would be induced under a no-fault system to operate a motor vehicle so carelessly as to risk serious injury or death by knowing that expenses will be compensated.

Proponents further argue that motor vehicle negligence cases clog the court system; that small "nuisance value" personal injury claims are overcompensated, while meritorious claims based on serious injuries are undercompensated; and that third party liability insurance, because of legal fees, court costs, and other expenses, delivers no more than 45 cents of compensation for every premium dollar. They contend that no-fault insurance would mitigate all these shortcomings.

The opponents of no-fault insurance argue that the elimination of the rule that liability should follow negligence would in their view be a retrogression to the early common law notion of absolute liability, which the courts abandoned for the fault system in the 19th century. Under a system of absolute liability, parties are held liable or accountable whether or not they were at fault for the occurrence.

Restrictions of the right to sue for pain and suffering have also aroused opposition. Opponents of no-fault insurance claim that the flexibility of the courts allows judges and juries to "tailor justice to each individual case" while the no-fault system awards benefits on a "rigid, structured, objective basis."

Other objections center on the treatment of collateral sources of recovery. It is argued that the deduction of collateral source benefits from recoveries under the no-fault policies will deprive accident victims of additional protection that rightfully belongs to them.

1977 U.S. Department of Transportation Study

In 1977 the U.S. Department of Transportation conducted a study of the existing no-fault systems, including a summary of studies done by individual states.⁹

Major conclusions of the report are as follows.

- All known evidence indicates that state no-fault plans, in varying degrees, provide more adequate and equitable benefits than the tort liability system.
- The goal of providing more prompt payment of economic loss appears to be achieved under the no-fault system.
- The effective coordination of benefits from various compensation systems affects the potential for savings in all such systems.
- The increase in the number of first-party, no-fault claims reflects a clear shift from inefficient third-party benefits towards more efficient first-party benefits. Although the quantitative evidence is meager, being reflected chiefly in the relative reduction in claims personnel, this would appear to indicate that cost efficiency has improved with no-fault.
- Available evidence indicates that the burden on the courts and the legal system is being reduced.
- Depending on the trade off between cost saving features and higher economic loss benefits, any particular no-fault plan can result in higher premiums, lower premiums, or no change at all. Benefit maximizing no-fault plans must be accompanied by strong cost saving features if insurance prices are to be held in check.

The report concluded:

In summary, State experience with no-fault automobile insurance would appear to confirm the basic soundness of the theory and the feasibility of the theory's implementation. No-fault plans of sharply varying objectives and character are widely seen as successes. No problem has arisen in the implementation of no-fault for which there does not appear to be a readily available and feasible solution, given the political will to make the necessary change. No-fault automobile insurance works.

Public Opinion

A majority of people apparently favors the implementation of a no-fault insurance system, according to a 1974 public opinion study, conducted by Louis Harris and Associates and the Insurance Department, Wharton School, University of Pennsylvania. According to the authors of the study:

Public opinion apparently favors the concept of no fault insurance by 50 to 60%, with about 25% opposed. While this may seem to be a clear endorsement, there is evidence that the public wants it both ways. Nearly half (49%) of those surveyed, would reserve the right for accident victims to sue those responsible for amounts in excess of financial loss in order "to compensate them for the pain and suffering they have endured."¹⁰

For a more complete breakdown of the results, see Appendix C.

Notes

1. The law was repealed, effective January 1, 1980, because of strong opposition from various interest groups.

2. The source of information for the section concerning the no-fault insurance laws of states other than Illinois is Commerce Clearing House, Inc., Automobile Law Reporter (looseleaf to date), par. 1935-1987C.

3. Insurers in Connecticut may accumulate payments of less than \$100 for up to 30 days.

4. Florida (one of the vehicles involved must be a commercial vehicle); Minnesota (one of the vehicles involved must be a commercial vehicle that weighs in excess of 5,500 pounds when empty); Georgia, New York, North Dakota (one of the vehicles must weigh in excess of 6,500 pounds when empty).

5. P.A. 77-1430.

6. *Grace v. Howlett*, 51 Ill. 2d 478, 283 N.E.2d 474 (1972).

7. Same as note 6.

8. The sources for this section are: Collins, James, "A Short Course on No-Fault's Faults," *Trial*, Mar. 1979, pp. 44-46; Gillespie, Paul and Miriam Klipper, No-Fault: What You Save, Gain, and Lose With the New Auto Insurance (1972); O'Connell, Jeffrey, "Operation of No-Fault Auto Laws: A Survey of the Surveys," *Insurance Law Journal*, p. 152, Mar. 1977;

O'Connell, Jeffrey, and Janet Beck, "An Update of the Survey on the Operation of No-Fault Auto Laws," Insurance Law Journal, p. 129, Mar. 1979.

9. U.S. Department of Transportation, "State No-Fault Automobile Insurance Experience, 1971-1977," June 1977.

10. Louis Harris and Associates and the Department of Insurance, the Wharton School, University of Pennsylvania, Sentry Insurance National Opinion Study: A Profile of Consumer Attitudes Toward Auto and Homeowner's Insurance, p. 67 (January, 1974).

Appendix A

Major Provisions of 23 State No-fault Motor Vehicle Insurance Systems and Three Illinois Bills

| States ^{1/} | Compulsory | Total benefits | Benefits for medical expenses | Lost income benefits | Replacement service benefits | Benefits for burial expenses | Survivors' benefits |
|----------------------|------------|---|---|--|--------------------------------------|------------------------------|---------------------|
| Arkansas | No | No limit | Limited to \$5,000 | 70% of income not to exceed \$125/week | up to \$70 per week | None ^{2/} | \$5,000 |
| Colorado | Yes | No limit | \$25,000 limit add. \$25,000 allowed for rehab. | \$125/week limit | \$15/week limit | None ^{2/} | \$1,000 |
| Connecticut | Yes | \$5,000 limit (includes funeral limited to \$2,000) | No limit | 85% of income up to \$200/week | 85% of value of service NTE \$200/wk | \$2,000 | up to \$200/wk |
| Delaware | Yes | \$10,000 limit/person \$20,000 limit/accident | No limit | No limit | No limit | \$2,000 | None |
| Florida | Yes | \$10,000 limit | 80% of expenses | 60% | No limit | \$1,750 | None |
| Georgia | Yes | \$5,000 limit | \$2,500 limit | 85% of income up to \$200/week | \$20/day limit | \$1,500 | " |
| Hawaii | Yes | \$15,000 limit | No limit | \$800/month limit | \$800/month limit | \$1,500 | " |
| Illinois | | No limit | \$25,000 limit | 85% of lost income for 3 years | up to \$20/day for 3 years | None ^{2/} | \$1,500 |
| 1981 H.B. 332 | Yes | | | | | None ^{2/} | \$1,500 |
| 1982 H.B. 247B | Yes | | | | | None ^{2/} | \$1,500 |
| 1982 H.B. 2573 | Yes | \$10,000 limit | No limit | 75% of income for 2 years | All expenses for 2 years | No limit | None mentioned |

Appendix A (cont'd)

| <u>States^{1/}</u> | <u>Compulsory</u> | <u>Total benefits</u> | <u>Benefits for medical expenses</u> | <u>Lost income benefits</u> | <u>Replacement service benefits</u> | <u>Benefits for burial expenses</u> | <u>Survivors' benefits</u> |
|----------------------------|-------------------|----------------------------------|---|---------------------------------|-------------------------------------|-------------------------------------|--|
| Kansas | Yes | No limit | \$2,000 limit \$2,000 limit for rehab. | 80% of income up to \$650/month | \$12/day limit | \$1,000 | * |
| Kentucky | Yes | \$10,000 limit | \$1,000 limit | \$200/week limit | \$200/week limit | \$1,000 | * |
| Maryland | Yes | \$2,500 limit (includes funeral) | No limit | No limit | No limit | Benefits provided ^{2/} | * |
| Massachusetts | Yes | \$2,000 limit (includes funeral) | No limit | 75% of income | No limit | | * |
| Michigan ^{4/} | Yes | No limit | No limit | \$2,049/month limit | \$20/day limit | | for lost income and household services up to \$1,475 for 3 years |
| Minnesota | Yes | \$30,000 limit | \$20,000 limit | \$200/week limit | \$15/day limit | \$1,250 | up to \$200/wk for lost income and up to \$200/wk for household services |
| New Jersey | Yes | No limit | No limit | \$5,200 limit for 100 weeks | \$4,380 limit \$12/day | \$1,000 | Whatever decedent could have collected |
| New York | Yes | \$50,000 limit | No limit | \$1,000/month limit | \$25/day limit | None ^{2/} | \$2,000 |
| North Dakota | Yes | \$15,000 limit | No limit | \$150/week limit | \$15/day limit | \$1,000 | * |
| Oregon | Yes | No limit | \$5,000 limit | 70% of income up to \$750/month | \$18/day limit | \$1,000 | None |

Appendix A (cont'd)

| <u>States^{1/}</u> | <u>Compulsory</u> | <u>Total benefits</u> | <u>Benefits for medical expenses</u> | <u>Lost income benefits</u> | <u>Replacement service benefits</u> | <u>Benefits for burial expenses</u> | <u>Survivors' benefits</u> |
|----------------------------|-------------------|----------------------------------|--------------------------------------|---|-------------------------------------|-------------------------------------|--|
| Pennsylvania | Yes | No limit | No limit | \$1,000/month limit total limit \$15,000 | \$25/day limit | \$1,500 | for lost income and household services up to \$5,000 |
| South Carolina | Yes | \$1,000 limit (includes funeral) | No limit | No limit | No limit | Benefits provided ^{3/} | None |
| South Dakota | No | No limit | \$2,000 limit | \$60/week limit | \$30/week limit | None ^{2/} | \$10,000 |
| Texas | Yes | \$2,500 limit (includes funeral) | \$2,500 limit | No limit | No limit | Benefits provided ^{3/} | * |
| Utah | Yes | No limit | \$2,000 limit | 85% of income up to \$150/week | \$12/day limit | \$1,000 | \$2,000 |
| Virginia | No | No limit | \$2,000 limit; includes funeral | \$100/week limit | No coverage | Benefits provided ^{3/} | \$2,000 for expenses incurred within 1 year of death |

Source: Commerce Clearing House, Inc., Automobile Law Reporter (looseleaf to date), par. 1935-1987C.

* Benefits provided for lost income and substituted household services.

^{1/} Benefits are generally limited to expenses incurred within 2 years of the accident; some states have a 3-year limit while some others have a 1-year limit.

^{2/} Lump sum survivors' benefits provided instead.

^{3/} No limits are placed on funeral expenses, but such expenses may not exceed limits on total benefits.

^{4/} Michigan law provides that the maximum rates for work loss benefits should be adjusted annually to reflect changes in the cost of living under administrative rules. The maximums listed are current maximums that were administratively set.

 Statutory Limitations on Tort Liability in 23 States

| State | Type of Limitation |
|-----------------------------------|---|
| Arkansas | None. |
| Colorado | Tort action not allowed (1) for economic loss to the extent that no-fault benefits cover the loss; and (2) for noneconomic loss unless one of the following occurs: death, dismemberment, permanent disability, permanent disfigurement. |
| Connecticut | Tort action not allowed unless one of the following occurs: death; permanent injury; fracture of a bone; permanent significant disfigurement; permanent loss of bodily function; expense in excess of \$400. |
| Delaware | None. |
| Florida | Tort action not allowed (1) to the extent benefits cover the economic loss; (2) for noneconomic loss unless one of the following occurs: significant or permanent loss of bodily function, permanent injury, significant and permanent disfigurement, or death. |
| Georgia | Tort action not allowed unless one of the following occurs: expenses exceed benefits; death; fractured bone; permanent disfigurement; dismemberment; permanent loss of bodily function; permanent or partial loss of sight or hearing; injury resulting in medical expenses exceed \$500; injury resulting in disability for 10 or more consecutive days. |
| Hawaii | Tort action not allowed unless one of the following occurs: death; permanent injury; permanent disfigurement; or medical expenses exceed the no-fault benefits. |
| Illinois H.B. 332 H.B. 2478 | Tort action for economic loss is not allowed if no-fault benefits cover the losses and not allowed for noneconomic loss unless death, serious and irreparable permanent injury, or serious and permanent injury results. |

Appendix B (cont'd)

| <u>State</u> | <u>Type of Limitation</u> |
|-----------------------|---|
| Illinois H.B. 2573 | None. |
| Kansas | Tort action for noneconomic loss not allowed unless one of the following occurs; medical costs for injury exceed \$500; permanent disfigurement; fracture to a weightbearing bone; compound, comminuted, displaced, or compressed fracture; or permanent loss of bodily function. |
| Kentucky | Tort action not allowed unless: (1) no-fault benefits do not cover the loss; (2) for noneconomic loss unless one of the following occurs: medical costs exceed \$1,000; permanent disfigurement; fracture to a weightbearing bone; compound, comminuted, displaced, or compressed fracture; permanent injury; permanent loss of bodily function; or death. |
| Maryland | None. |
| Massachusetts | Tort action not allowed unless: (1) benefits do not cover the loss; (2) for noneconomic loss unless one of the following occurs: medical and funeral expenses exceed \$500; death; loss of a body part; sight or hearing loss; or fracture. |
| Michigan | Tort action not allowed unless: (1) for all actions unless one of the following occurs: intentional harm; damages exceed benefits; motor vehicle damages to extent not insured; (2) for noneconomic loss unless one of the following occurs: death; serious impairment of bodily function; or permanent serious disfigurement. |
| Minnesota | Tort action not allowed unless: (1) benefits do not cover expenses; (2) for noneconomic loss unless one of the following occurs: medical expenses exceed \$4,000, injury results in: permanent disfigurement, permanent injury, death, or disability for 60 days or more. |

| <u>State</u> | <u>Type of Limitation</u> |
|----------------|---|
| New Jersey | Tort liability is not allowed unless one of the following occurs: (1) the injury is to soft tissue of the body and treatment is less than \$200; (2) death; (3) permanent disability; (4) permanent significant disfigurement; or (5) permanent loss of bodily function or body member. |
| New York | Tort liability is not allowed unless: (1) benefits do not cover expenses; (2) for noneconomic loss unless one of the following occurs: death, dismemberment, significant disfigurement, fracture, or permanent loss of the use of a body organ. |
| North Dakota | Tort action not allowed: (1) for noneconomic loss unless the injury is serious; (2) for economic loss to the extent no-fault benefits cover the loss. |
| Oregon | None. |
| Pennsylvania | Tort liability not allowed unless: (1) motorist is unsecured; (2) action is against a person for repairing or manufacturing a vehicle; (3) intentional injury occurs; (4) the loss is uncompensated by no-fault benefits; (5) for noneconomic loss unless one of the following occurs: death or serious injury, medical costs exceed \$750, medical impairment, cosmetic disfigurement. |
| South Carolina | None. |
| South Dakota | None. |
| Texas | None. |
| Utah | Tort liability not allowed unless one of the following occurs: (1) death; (2) dismemberment or fracture; (3) permanent disability; (4) permanent disfigurement; or (5) medical expenses exceed \$500. |
| Virginia | None. |

Source: Commerce Clearing House, Inc., Automobile Law Reporter (looseleaf to date), par. 1935-1987C.

Appendix C

1974 Public Opinion Report

Attitude Toward All Auto Owners Being Required To
Purchase Auto Insurance To Cover Their Own
Personal Injuries

| | <u>Favor</u> | <u>Oppose</u> | <u>Not Sure</u> |
|---|--------------|---------------|-----------------|
| Total | 66% | 22% | 12% |
| Have automobile insurance | 67 | 23 | 10 |
| Own automobile but no automobile insurance | 60 | 23 | 17 |
| Under \$5,000 | 61 | 20 | 19 |
| \$ 5,000 to \$9,999 | 68 | 20 | 12 |
| \$10,000 to \$14,999 | 69 | 22 | 9 |
| \$15,000 and over | 66 | 24 | 10 |

If Injured In An Automobile Accident And It Were
The Other Driver's Fault, Would You Be Willing To
Forego Your Right To Sue Him If Your Insurance
Company Agreed To Pay All Medical Expenses
And Wage Losses?

(Base: Own auto insurance = 78%)

| | <u>Would Be Willing</u> | <u>Would Not Be Willing</u> | <u>Not Sure</u> |
|-----------------|---------------------------------|-------------------------------------|---------------------|
| Total | 55% | 32% | 13% |
| 8th grade | 41 | 41 | 18 |
| High School | 56 | 32 | 12 |
| College | 60 | 29 | 11 |
| White | 56 | 32 | 12 |
| Non-white | 51 | 35 | 14 |
| Age 18 to 29 | 62 | 27 | 11 |
| Age 30 to 49 | 54 | 33 | 13 |
| Age 50 and over | 52 | 35 | 13 |

To a similar question, 57-27 percent of the public said it would favor a state law requiring each auto insurance company to pay its own policyholders "regardless of who is to blame for the accident."

Appendix C (cont'd)

Attitude Toward Law Whereby Each Auto Insurance
Company Pays Its Own Policyholder Regardless
Of Who Was To Blame For The Accident

| | <u>Favor</u> | <u>Oppose</u> | <u>Not Sure</u> |
|---|--------------|---------------|-----------------|
| Total | 57% | 27% | 16% |
| Have automobile insurance | 59 | 28 | 13 |
| Own automobile but no automobile insurance | 61 | 26 | 13 |
| East | 61 | 24 | 15 |
| South | 49 | 31 | 20 |
| Midwest | 59 | 26 | 15 |
| West | 63 | 25 | 12 |
| Cities | 62 | 24 | 14 |
| Suburbs | 61 | 25 | 14 |
| Towns | 49 | 32 | 19 |
| Rural | 52 | 30 | 18 |
| Under \$5,000 | 50 | 25 | 25 |
| \$ 5,000 to \$ 9,999 | 56 | 27 | 17 |
| \$10,000 to \$14,999 | 61 | 27 | 12 |
| \$15,000 and over | 61 | 28 | 11 |
| Male | 62 | 26 | 12 |
| Female | 49 | 28 | 23 |

Attitude Toward No-Fault Insurance Law In Your State

| | <u>Favor</u> | <u>Oppose</u> | <u>Not Sure</u> |
|---|--------------|---------------|-----------------|
| Total | 52% | 25% | 23% |
| Have automobile insurance | 55 | 25 | 20 |
| Own automobile but no automobile insurance | 47 | 35 | 28 |
| East | 59 | 23 | 18 |
| South | 41 | 29 | 30 |
| Midwest | 55 | 24 | 21 |
| West | 56 | 22 | 22 |
| Cities | 59 | 21 | 20 |
| Suburbs | 57 | 22 | 21 |
| Towns | 45 | 28 | 27 |
| Rural | 45 | 29 | 26 |
| 8th grade | 37 | 26 | 37 |
| High School | 51 | 27 | 22 |
| College | 63 | 21 | 16 |

Appendix C (cont'd)

| | <u>Favor</u> | <u>Oppose</u> | <u>Not Sure</u> |
|-----------------|--------------|---------------|-----------------|
| White | 54% | 24% | 22% |
| Non-white | 46 | 26 | 28 |
| Age 18 to 29 | 57 | 27 | 16 |
| Age 30 to 49 | 53 | 24 | 23 |
| Age 50 and over | 49 | 23 | 28 |
| Male | 57 | 24 | 19 |
| Female | 44 | 25 | 31 |

Attitude Toward Auto Accident Victims Being Able
To Sue Those Responsible For The Accident, For
Amounts In Excess Of Loss To Cover Suffering

| | <u>Favor</u> | <u>Oppose</u> | <u>Not Sure</u> |
|----------------------|--------------|---------------|-----------------|
| Total | 49% | 38% | 13% |
| Under \$5,000 | 51 | 30 | 19 |
| \$ 5,000 to \$ 9,999 | 48 | 39 | 13 |
| \$10,000 to \$14,999 | 52 | 38 | 10 |
| \$15,000 and over | 46 | 44 | 10 |
| 8th grade | 54 | 29 | 17 |
| High School | 51 | 36 | 13 |
| College | 45 | 45 | 10 |
| White | 48 | 39 | 13 |
| Non-white | 55 | 32 | 13 |
| Age 18 to 29 | 45 | 44 | 11 |
| Age 30 to 49 | 52 | 37 | 11 |
| Age 50 and over | 51 | 33 | 16 |

Source: Louis Harris and Associates and the Department of Insurance, the Wharton School, University of Pennsylvania, Sentry Insurance National Opinion Study; A Profile of Consumer Attitudes Towards Auto and Homeowner's Insurance pp. 65-68 (January, 1974).

ASSEMBLY, No. 3981

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 22, 1983

By Assemblymen ADUBATO, KARCHER and DEVERIN

AN ACT concerning automobile insurance, to be known as "The New Jersey Automobile Insurance Freedom of Choice and Cost Containment Act of 1984," and revising parts of the statutory law.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 2 of P. L. 1968, c. 385 (C. 17:28-1.1) is amended to
2 read as follows:

3 2. a. No [automobile] *motor vehicle* liability policy, or renewal
4 of such policy, of insurance, *including a liability policy for an*
5 *automobile as defined in section 2 of P. L. 1972, c. 70 (C. 39:6A-2),*
6 insuring against loss resulting from liability imposed by law for
7 bodily injury or death, sustained by any person arising out of
8 the ownership, maintenance or use of a motor vehicle, shall be
9 issued in this State with respect to any motor vehicle registered or
10 principally garaged in this State unless it includes coverage[,] in
11 limits for bodily injury or death as follows:

12 (1) an amount or limit of \$15,000.00, exclusive of interest
13 and costs, on account of injury to, or death of, one person, in
14 any one accident, and

15 (2) an amount or limit, subject to such limit for any one
16 person so injured or killed, of \$30,000.00, exclusive of interest
17 and costs, on account of injury to or death of more than one
18 person, in any one accident,

19 under provisions approved by the Commissioner of Insurance, for
20 payment of all or part of the sums which the insured or his legal

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill
is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

21 representative shall be legally entitled to recover as damages
 22 from the operator or owner of an uninsured [automobile] motor
 23 vehicle, or hit and run [automobile] motor vehicle, as defined in
 24 section 18 of [chapter 174 of the laws of 1952] P. L. 1952, c. 174
 25 (C. 39:6-7S), because of bodily injury, sickness or disease, including
 26 death resulting therefrom, sustained by the insured, caused by
 27 accident and arising out of the ownership, maintenance or use of
 28 such uninsured or hit and run [automobile] motor vehicle any-
 29 where within the United States or Canada; *except that uninsured*
 30 *motorist coverage shall provide that in order to recover for non-*
 31 *economic loss, as defined in section 2 of P. L. 1972, c. 70 (C.*
 32 *39:6A-2), for accidents to which the benefits of section 4 of that act*
 33 *apply (C. 39:6A-4) the injured person shall have sustained an*
 34 *injury or incurred the medical expenses described under the tort*
 35 *option elected pursuant to section 8 of that act (C. 39:6A-8).*

36 All [such automobile] motor vehicle liability policies shall also
 37 include coverage for the payment of all or part of the sums which
 38 persons insured thereunder shall be legally entitled to recover as
 39 damages from owners or operators of uninsured [automobiles]
 40 motor vehicles, other than hit and run [automobiles] motor
 41 vehicles, because of injury to or destruction to the personal prop-
 42 erty of such insured with a limit in the aggregate for all insureds
 43 involved in any one accident of \$5,000.00, and subject, for each
 44 insured, to an exclusion of the first [\$100.00] \$250.00 of such
 45 damages.

45A b. Uninsured and underinsured motorist coverage [in excess of
 45B that provided for in subsection a. of this section] shall be provided
 45C as an option by an insurer to the named insured up to at least
 45D the following limits: \$250,000.00 each person and \$500,000.00 each
 46 accident for bodily injury[]; \$100,000.00 each accident for prop-
 47 erty damage or \$500,000.00 single limit, subject to an exclusion of
 48 the first [\$100.00] \$250.00, of such damage to property for each
 49 accident, except that the limits for uninsured and underinsured
 50 motorist coverage shall not exceed the insured's [automobile]
 51 motor vehicle liability policy limits for bodily injury and property
 52 damage, respectively.

53 Rates for uninsured and underinsured motorist coverage for
 54 the same limits shall, for each filer, be uniform on a Statewide basis
 55 without regard to classification or territory.

56 [For the purpose of this section, "underinsured motorist cov-
 57 erage" means insurance for damages because of bodily injury and
 58 property damage resulting from an accident arising out of the
 59 ownership, maintenance or use of an underinsured automobile. An

60 automobile is underinsured when the sum of the limits of liability
61 under all bodily injury and property damage liability bonds and
62 insurance policies available to a person against whom recovery is
63 sought for bodily injury or property damage is, at the time of the
64 accident, less than the applicable limits of liability afforded under
65 the automobile insurance policy held by the person seeking such
66 recovery.]

67 *c. Uninsured and underinsured motorist coverage provided for*
68 *in this section shall not be increased by stacking the limits of*
69 *coverage of multiple motor vehicles covered under the same policy*
70 *of insurance nor shall these coverages be increased by stacking the*
71 *limits of coverage of multiple policies available to the insured.*
72 *If the insured had uninsured motorist coverage available under*
73 *more than one policy, any recovery shall not exceed the higher of*
74 *the applicable limits of the respective coverages and the recovery*
75 *shall be prorated between the applicable coverages as the limits*
76 *of each coverage bear to the total of the limits.*

77 *d. Uninsured motorist coverage shall be subject to the policy*
78 *terms, conditions and exclusions approved by the Commissioner of*
79 *Insurance, including but not limited to unauthorized settlements,*
80 *nonduplication of coverage, subrogation and arbitration.*

81 *e. For the purpose of this section, (1) "underinsured motorist*
82 *coverage" means insurance for damages because of bodily injury*
83 *and property damage resulting from an accident arising out of the*
84 *ownership, maintenance or use of an underinsured motor vehicle.*
84A *Underinsured motorist coverage shall not apply to an uninsured*
85 *motor vehicle. A motor vehicle is underinsured when the sum of the*
86 *limits of liability under all bodily injury and property damage liabil-*
87 *ity bonds and insurance policies available to a person against whom*
88 *recovery is sought for bodily injury or property damage is, at the*
89 *time of the accident, less than the applicable limits for underinsured*
90 *motorist coverage afforded under the motor vehicle insurance policy*
91 *held by the person seeking that recovery. A motor vehicle shall not*
92 *be considered an underinsured motor vehicle under this section*
93 *unless the limits of all bodily injury liability insurance or bonds*
94 *applicable at the time of the accident have been exhausted by pay-*
95 *ment of settlements or judgments. The limits of underinsured*
96 *motorist coverage available to an injured person shall be reduced*
97 *by the amount he has recovered under all bodily injury liability*
98 *insurance or bonds;*

99 *(2) "uninsured motor vehicle" means; (a) a motor vehicle with*
100 *respect to the ownership, operation, maintenance, or use of which*
101 *there is no bodily injury liability insurance or bond applicable at*
102 *the time of the accident;*

103 (b) a motor vehicle with respect to the ownership, operation,
 104 maintenance, or use of which there is bodily injury liability insur-
 105 ance in existence but the liability insurer denies coverage or is
 106 unable to make payment with respect to the legal liability of its
 107 insured because the insurer has become insolvent or bankrupt, or
 108 the Commissioner of Insurance has undertaken control of the
 109 insurer for the purpose of liquidation, or

110 (c) a hit and run motor vehicle as described in section 18 of P. L.
 111 1952, c. 174 (C. 39:6-78).

112 "Uninsured motor vehicle" shall not include an underinsured
 113 motor vehicle; a motor vehicle owned by or furnished for the
 114 regular use of the named insured or any resident of the same
 115 household; a self-insurer within the meaning of any financial
 116 responsibility or simliar law of the state in which the motor vehicle
 117 is registered or principally garaged; a motor vehicle which is owned
 118 by the United States or Canada, or a state, political subdivision or
 119 agency of those governments or any of the foregoing; a land motor
 120 vehicle or trailer operated on rails or crawler treads; a motor
 121 vehicle used as a residence or stationary structure and not as
 122 a vehicle; or equipment or vehicles designed for use principally
 123 off public roads, except while actually upon public roads.

1 2. Section 10 of P. L. 1952, c. 174 (C. 39:6-70) is amended to
 2 read as follows:

3 10. Hearing on application for payment of judgment. The court
 4 shall proceed upon such application, in a summary manner, and,
 5 upon the hearing thereof, the applicant shall be required to show

6 (a) He is not a person covered with respect to such injury or
 7 death by any **[workmen's]** workers' compensation law, or the
 8 personal representative of such a person,

9 (b) He is not a spouse, parent or child of the judgment debtor,
 10 or the personal representative of such spouse, parent or child,

11 (c) He was not at the time of the accident a person (1) operating
 12 or riding in a motor vehicle which he had stolen or participated in
 13 stealing or (2) operating or riding in a motor vehicle without the
 14 permission of the owner, and is not the personal representative of
 15 such a person,

16 (d) He was not at the time of the accident, **[operating or riding**
 17 **in an uninsured motor vehicle owned by him or his spouse, parent**
 18 **or child, and]** the owner or registrant of an uninsured motor vehicle,
 19 or was not operating a motor vehicle in violation of an order of
 20 suspension or revocation,

21 (e) He has complied with all of the requirements of section 5,

22 (f) The judgment debtor at the time of the accident was not

23 insured under a policy of automobile liability insurance under the
24 terms of which the insurer is liable to pay in whole or in part the
25 amount of the judgment,

26 (g) He has obtained a judgment as set out in section 9 of this act,
27 stating the amount thereof and the amount owing thereon at the
28 date of the application,

29 (h) He has caused to be issued a writ of execution upon said
30 judgment and the sheriff or officer executing the same has made a
31 return showing that no personal or real property of the judgment
32 debtor, liable to be levied upon in satisfaction of the judgment,
33 could be found or that the amount realized on the sale of them or
34 of such of them as were found, under said execution, was insuffi-
35 cient to satisfy the judgment, stating the amount so realized and
36 the balance remaining due on the judgment after application
37 thereon of the amount realized,

38 (i) He has caused the judgment debtor to make discovery under
39 oath, pursuant to law, concerning his personal property and as to
40 whether such judgment debtor was at the time of the accident
41 insured under any policy or policies of insurance described in sub-
42 paragraph (f) of this section,

43 (j) He has made all reasonable searches and inquiries to ascer-
44 tain whether the judgment debtor is possessed of personal or real
45 property or other assets, liable to be sold or applied in satisfaction
46 of the judgment,

47 (k) By such search he has discovered no personal or real prop-
48 erty or other assets, liable to be sold or applied or that he has
49 discovered certain of them, describing them, owned by the judgment
50 debtor and liable to be so sold and applied and that he has taken
51 all necessary action and proceedings for the realization thereof
52 and that the amount thereby realized was insufficient to satisfy the
53 judgment, stating the amount so realized and the balance remaining
54 due on the judgment after application of the amount realized,

55 (l) The application is not made by or on behalf of, any insurer
56 by reason of the existence of a policy of insurance, whereby the
57 insurer is liable to pay, in whole or in part, the amount of the
58 judgment and that no part of the amount to be paid out of the
59 fund is sought in lieu of making a claim or receiving a payment
60 which is payable by reason of the existence of such a policy of
61 insurance and that no part of the amount so sought will be paid
62 to an insurer to reimburse or otherwise indemnify the insurer in
63 respect of any amount paid or payable by the insurer by reason of
64 the existence of such a policy of insurance,

65 (m) Whether or not he has recovered a judgment in an action

66 against any other person against whom he has a cause of action in
 67 respect of his damages for bodily injury or death or damage to
 68 property arising out of the accident and what amounts, if any, he
 69 has received by way of payments upon the judgment, or by way of
 70 settlement of such cause of action, in whole or in part, from or on
 71 behalf of such other person,

72 *(n) In order to recover for noneconomic loss, as defined in sec-*
 73 *tion 2 of P. L. 1972, c. 70 (C. 39:6A-2) for accidents to which the*
 74 *benefits of sections 7 and 10 of P. L. 1972, c. 198 (C. 39:6-86.1 and*
 75 *C. 39:6-86.4) apply, the injured person shall have sustained an*
 76 *injury or incurred the medical expenses described in subsection a.*
 77 *of section 8 of P. L. 1972, c. 70 (C. 39:6A-8).*

78 Whenever the applicant satisfies the court that it is not possible
 79 to comply with one or more of the requirements enumerated in sub-
 80 paragraphs (h) and (i) of this section and that the applicant has
 81 taken all reasonable steps to collect the amount of the judgment
 82 or the unsatisfied part thereof and has been unable to collect the
 83 same, the court may dispense with the necessity for complying with
 84 such requirements.

85 The heard or any insurer to which the action has been assigned
 86 may appear and be heard on application and show cause why the
 87 order should not be made.

1 2.1 Section 18 of P. L. 1952, c. 174 (C. 39:6-78) is amended to
 2 read as follows:

3 18. When the death of, or personal injury to, any person arises
 4 out of the ownership, maintenance or use of a motor vehicle in this
 5 State on or after April 1, 1955, but the identity of the motor vehicle
 6 and of the operator and owner thereof cannot be ascertained or it
 7 is established that the motor vehicle was at the time said accident
 8 occurred, in the possession of some person other than the owner
 9 without the owner's consent and that the identity of such person
 10 cannot be ascertained, any qualified person who would have a
 11 cause of action against the operator or owner or both in respect to
 12 such death or personal injury may bring an action therefor against
 13 the director in any court of competent jurisdiction, but no judgment
 14 against the director shall be entered in such an action unless the
 15 court is satisfied, upon the hearing of the action, that—

16 (a) The claimant has complied with the requirements of section 5,

17 (b) The claimant is not a person covered with respect to such
 18 injury or death by any **[workmen's]** *workers'* compensation law,
 19 or the personal representative of such a person,

20 (c) The claimant was not at the time of the accident **[operating**
 21 or riding in an uninsured motor vehicle owned by him or his spouse,

22 parent or child, and] *the owner or registrant of an uninsured motor*
 23 *vehicle, or was not operating a motor vehicle in violation or an*
 24 *order of suspension or revocation,*

25 (d) The claimant has a cause of action against the operator or
 26 owner of such motor vehicle or against the operator who was
 27 operating the motor vehicle without the consent of the owner of
 28 the motor vehicle,

29 (e) All reasonable efforts have been made to ascertain the
 30 identity of the motor vehicle and of the owner and operator thereof
 31 and either that the identity of the motor vehicle and the owner and
 32 operator thereof cannot be established, or that the identity of the
 33 operator, who was operating the motor vehicle without the owner's
 34 consent, cannot be established,

35 (f) The action is not brought by or on behalf of an insurer under
 36 circumstances set forth in paragraph (1) of section 10.

1 3. Section 7 of P. L. 1972, c. 198 (C. 39:6-86.1) is amended to
 2 read as follows:

3 7. When any person qualified to receive payments under the
 4 provisions of the "Unsatisfied Claim and Judgment Fund Law,"
 5 suffers bodily injury or death *through being struck, as a pedestrian,*
 6 *as defined in section 2 of P. L. 1972, c. 70 (C. 39:6A-2), by a motor*
 7 *vehicle, including an automobile as defined in section 2 of P. L.*
 8 *1972, c. 70 (C. 39:6A-2), and a motorcycle, or by an object propelled*
 9 *therefrom, or arising out of [the ownership, maintenance, operation*
 10 *or use of] an accident while occupying, entering into, alighting*
 11 *from, or using an automobile, [as defined in P. L. 1972, c. 70,]*
 12 *registered or principally garaged in this State for which personal*
 13 *injury protection benefits under the "New Jersey Automobile*
 14 *Reparation Reform Act", P. L. 1972, c. 70 (C. 39:6A-1 et seq.), or*
 15 *section 19 of this 1983 amendatory and supplementary act, would*
 16 *be payable to such person if personal injury protection coverage*
 17 *were in force and the damages resulting from such [automobile]*
 18 *accident or deaths are not satisfied due to the personal injury*
 19 *protection coverage not being in effect with respect to such*
 20 *[automobile] accident, then in such event the Unsatisfied Claim*
 21 *and Judgment Fund shall provide, under the following conditions,*
 21A *the following benefits:*

22 a. Medical expense benefits. Payment of all reasonable medical
 23 expenses incurred as a result of personal injury sustained in [an
 24 automobile] *a motor vehicle* accident. In the event of death,
 25 payment shall be made to the estate of the decedent.

26 b. Income continuation benefits. The payment of the loss of
 27 income of an income producer as a result of bodily injury disability,

28 subject to a maximum weekly payment of \$100.00, per week. Such
29 sums shall be payable during the life of the injured person and
30 shall be subject to an amount or limit of \$5,200.00, on account of
31 injury to any one person, in any one accident, *except that in no case*
32 *shall income continuation benefits exceed the net income normally*
33 *earned during the period in which the benefits are payable.*

34 c. Essential services benefits. Payment of essential services
35 benefits to an injured person shall be made in reimbursement of
36 necessary and reasonable expenses incurred for such substitute
37 essential services ordinarily performed by the injured person for
38 himself, his family and members of the family residing in the
39 household, subject to an amount or limit of \$12.00 per day. Such
40 benefits shall be payable during the life of the injured person and
41 shall be subject to an amount or limit of \$4,380.00, on account of
42 injury to any one person in any one accident.

43 d. **[Survivor]** *Death* benefits. In the event of the death of an
44 income producer as a result of injuries sustained in an accident
45 entitling such person to benefits under section 7 of this act, the
46 maximum amount of benefits which could have been paid to the
47 income producer, but for his death, under section 7 b. shall be paid
48 to the surviving spouse, or in the event there is no surviving spouse,
49 then to the surviving children, and in the event there are no
50 surviving spouse or surviving children, then to the estate of the
51 income producer.

52 In the event of the death of one performing essential services as
53 a result of injuries sustained in an accident entitling such person to
54 benefits under section 7 e. of this act, the maximum amount of
55 benefits which could have been paid such person, under section 7 e.,
56 shall be paid to the person incurring the expense of providing such
57 essential services.

58 e. Funeral expenses benefits. All reasonable funeral, burial and
59 cremation expenses, subject to a maximum benefit of \$1,000.00,
60 on account of the death to any one person in any one accident shall
61 be payable to decedent's estate.

62 Provided, however, that no benefits shall be paid under this sec-
63 tion unless the person applying for benefits has demonstrated:

64 1. He is not a person covered with respect to such injury or
65 death by any workmen's compensation law, or the personal
66 representative of such a person;

67 2. He is not a spouse, parent or child of the uninsured motorist
68 referred to in 4. of this section, or the personal representative of
69 such spouse, parent or child;

70 3. He was not, at the time of the accident, a person:

71 (a) Operating or riding in a motor vehicle which he had
72 stolen or participated in stealing; or

73 (b) Operating a motor vehicle without the permission of the
74 owner, and is not the personal representative of such a person,

75 4. He was not, at the time of the accident, operating or riding in
76 an uninsured motor vehicle owned by him or his spouse, parent or
77 child, and was not operating a motor vehicle in violation of an
78 order of suspension or revocation; and

79 5. He is not an insurer, and is not bringing this action on behalf
80 of any insurer] *that he is not disqualified by reason of the*
81 *provisions of subsections (a), (c), (d) or (1) of section 10 of*
82 *P. L. 1952, c. 174 (C. 39:6-70), or any other provision of law.*

1 4. Section 8 of P. L. 1972, c. 198 (C. 39:6-86.2) is amended to
2 read as follows:

3 8. The benefits provided in sections 7 and 10, shall be payable as
4 loss accrues, upon written notice of such loss including reasonable
5 proof of such loss [and without regard to collateral sources], except
6 that benefits collectible under:

7 a. Employees temporary disability benefit statutes and medicare
8 provided under Federal law[,] shall be deducted from the benefits
9 collectible under sections 7 and 10; and

10 b. *Any hospital, medical or dental benefit plan or policy coverage*
11 *with benefits similar to those provided under section 7, in an amount*
12 *not to exceed \$2,500.00 for any one claim for any one person, shall*
13 *be deducted from the benefits collectible under sections 7 and 10.*

14 *Evidence of benefit payments collectible under subsections a. and*
15 *b. of this section shall not be admissible in a civil action by the*
16 *claimant for recovery of damages for bodily injury from the fund.*

1 5. Section 10 of P. L. 1972, c. 198 (C. 39:6-86.4) is amended to
2 read as follows:

3 10. When the death or personal injury to any person arises out
4 of the ownership, maintenance or use of an automobile in this State
5 on or after the effective date of this act, but the identity of the
6 automobile and of the operator and owner thereof cannot be
7 ascertained or it is established that the automobile was at the time
8 said accident occurred, in the possession of some person other
9 than the owner without the owner's consent and that the identity
10 of such person cannot be ascertained, any person qualified to
11 receive payments under the provisions of the "Unsatisfied Claim
12 and Judgment Fund Law" shall be entitled to receive payment
13 under sections 7 and 10 of this act, provided that:

14 a. The claimant is not a person covered with respect to such
15 injury or death by any [workmen's] workers' compensation law, or
16 the personal representative of such a person,

17 b. The claimant was not at the time of the accident [operating or
18 riding in an uninsured motor vehicle owned by him or his spouse,
19 parent or child, and] *the owner or registrant of an uninsured motor*
20 *vehicle, or was not operating a motor vehicle in violation of an order*
21 *of suspension or revocation,*

22 c. The claimant was not at the time of the accident:

23 (1) A person operating or riding in a motor vehicle which he
24 had stolen or participated in stealing, or

25 (2) Operating a motor vehicle without the permission of the
26 owner, and is not the personal representative of such a person,

27 d. All reasonable efforts have been made to ascertain the identity
28 of the motor vehicle and of the owner and operator thereof and
29 either that the identity of the motor vehicle and the owner and
30 operator thereof cannot be established, or that the identity of the
31 operator, who was operating the motor vehicle without the owner's
32 consent, cannot be established, *or*

33 e. [The claimant is not a spouse, parent or child of the uninsured
34 motorist referred to in subsection b. of this section, or the personal
35 representative of such spouse, parent or child, or] (*Deleted by*
36 *amendment, P. L. , c. .*)

37 f. The action or claim is not brought by or on behalf of an insurer.

1 6. Section 2 of P. L. 1972, c. 70 (C. 39:6A-2) is amended to read
2 as follows:

3 2. Definitions. As used in this act:

4 a. "Automobile" means a private passenger automobile of a
5 private passenger or station wagon type that is owned or hired
6 and is neither used as a public or livery conveyance for passengers
7 nor rented to others with a driver; and a motor vehicle with a pick-
8 up body, a delivery sedan, a *van*, or a panel truck or a camper type
9 vehicle used for recreational purposes owned by an individual or
10 by husband and wife who are residents of the same household, not
11 customarily used in the occupation, profession or business of the
12 insured other than farming or ranching. An automobile owned by a
13 farm family copartnership or corporation which is principally
14 garaged on a farm or ranch and otherwise meets the definitions
15 contained in this section, shall be considered a private passenger
16 automobile owned by two or more relatives resident in the same
17 household.

18 b. "Essential services" means those services performed not for
19 income which are ordinarily performed by an individual for the
20 care and maintenance of such individual's family or family house-
21 hold.

22 c. "Income" means salary, wages, tips, commissions, fees and
23 other earnings derived from work or employment.

24 d. "Income producer" means a person, who at the time of the
25 accident causing personal injury or death, was in an occupational
26 status, earning or producing income.

27 e. "Medical expenses" means expenses for medical treatment,
28 surgical treatment, dental treatment, professional nursing services,
29 hospital [services] expenses, rehabilitation services, X-ray and
30 other diagnostic services, prosthetic devices, ambulance services,
31 medication and other reasonable and necessary expenses resulting
32 from the treatment prescribed by persons licensed to practice
33 medicine and surgery pursuant to R. S. 45:9-1 et seq., dentistry
34 pursuant to R. S. 45:6-1 et seq., psychology pursuant to P. L. 1966,
35 c. 282 (C. 45:14B-1 et seq.) or chiropractic pursuant to P. L. 1953,
36 c. 233 (C. 45:9-41.1 et seq.) or by persons similarly licensed in other
37 states and nations or any nonmedical remedial treatment rendered
38 in accordance with a recognized religious method of healing.

39 f. "Hospital expenses" means:

40 (1) The cost of a semiprivate room, based on rates customarily
41 charged by the institution in which the recipient of benefits is
42 confined:

43 (2) The cost of board, meals and dietary services;

44 (3) The cost of other hospital services, such as operating room;
45 medicines, drugs, anesthetics, treatments with X-ray, radium and
46 other radioactive substances; laboratory tests, surgeries, dressings
47 and supplies; and other medical care and treatment rendered by
48 the hospital;

49 (4) The cost of treatment by a physiotherapist;

50 (5) The cost of medical supplies such as prescribed drugs and
51 medicines; blood and blood plasma; artificial limbs and eyes;
52 surgical dressings, casts, splints, trusses, braces, crutches, rental
53 of wheelchair, hospital bed or iron lung; oxygen and rental of equip-
54 ment for its administration.

55 g. "Named insured" means the person or persons identified as
56 the insured in the policy and, if an individual, his or her spouse, *if*
57 *the spouse is named as a resident of the same household, except that*
58 *if the spouse ceases to be a resident of the household of the named*
59 *insured, coverage shall be extended to the spouse for the full term*
60 *of any policy period in effect at the time of the cessation of*
61 *residency.*

62 h. "Pedestrian" means any person who is not occupying, *enter-*
63 *ing into, or alighting from* a vehicle propelled by other than mus-
64 cular power and designed primarily for use on highways, rails and
65 tracks [and includes any person who is entering into or alighting
66 from such a vehicle].

67 i. "Noneconomic loss" means pain, suffering and inconvenience.
 68 j. "Motor vehicle" means a motor vehicle as defined in R. S.
 69 39:1-1, exclusive of an automobile as defined in subsection a. of this
 70 section.

1 7. Section 4 of P. L. 1972, c. 70 (C. 39:6A-4) is amended to
 2 read as follows:

3 4. Personal injury protection coverage, regardless of fault.

4 Every automobile liability insurance policy insuring an auto-
 5 mobile as defined in this act against loss resulting from liability
 6 imposed by law for bodily injury, death and property damage
 7 sustained by any person arising out of ownership, operation, main-
 8 tenance or use of an automobile shall provide **[additional]** *personal*
 9 *injury protection* coverage, as defined herein below, under provi-
 10 sions approved by the Commissioner of Insurance, for the payment
 11 of benefits without regard to negligence, liability or fault of any
 12 kind, to the named insured and members of his family residing in
 13 his household who sustained bodily injury as a result of an acci-
 14 dent **[involving]** *while occupying, entering into, alighting from or*
 15 *using an automobile, or, as a pedestrian, being struck by an auto-*
 16 *mobile, to other persons sustaining bodily injury while occupying,*
 17 *entering into, alighting from or using the automobile of the named*
 18 *insured [or while using such automobile], with the permission of*
 19 *the named insured, and to pedestrians, sustaining bodily injury*
 20 *caused by the named insured's automobile or struck by an object*
 21 *propelled by or from such automobile.*

22 " **[Additional]** *Personal injury protection coverage*" means and
 23 includes:

24 a. Medical expense benefits: Payment of all reasonable medical
 25 expenses incurred as a result of personal injury sustained in an
 26 automobile accident. In the event of death, payment shall be made
 27 to the estate of the decedent. In the event benefits paid by an
 28 insurer, pursuant to this subsection are in excess of \$75,000.00 on
 29 account of personal injury to any one person in any one accident,
 30 such excess shall be paid by the insurer in consultation with the
 31 Unsatisfied Claim and Judgment Fund Board and shall be reim-
 32 bursable to the insurer from the Unsatisfied Claim and Judgment
 33 Fund pursuant to section 2 of **[this act]** *P. L. 1977, c. 310 (C.*
 34 *39:6-73.1).*

35 b. Income continuation benefits. The payment of the loss of
 36 income of an income producer as a result of bodily injury disability,
 37 subject to a maximum weekly payment of \$100.00, per week. Such
 38 sum shall be payable during the life of the injured person and
 39 shall be subject to an amount or limit of \$5,200.00, on account of

40 injury to any one person, in any one accident, *except that in no*
 41 *case shall income continuation benefits exceed the net income*
 42 *normally earned during the period in which the benefits are payable.*

43 c. Essential services benefits. Payment of essential services
 44 benefits to an injured person shall be made in reimbursement of
 45 necessary and reasonable expenses incurred for such substitute
 46 essential services ordinarily performed by the injured person for
 47 himself, his family and members of the family residing in the house-
 48 hold, subject to an amount or limit of \$12.00 per day. Such benefits
 49 shall be payable during the life of the injured person and shall
 50 be subject to an amount or limit of \$4,380.00, on account of injury
 51 to any one person in any one accident.

52 d. **[Survivor]** *Death* benefits. In the event of the death of an
 53 income producer as a result of injuries sustained in an accident
 54 entitling such person to benefits under section 4 of this act, the
 55 maximum amount of benefits which could have been paid to the
 56 income producer, but for his death, under section 4 b. shall be paid
 57 to the surviving spouse, or in the event there is no surviving spouse,
 58 then to the surviving children, and in the event there are no sur-
 59 viving spouse or surviving children, then to the estate of the
 60 income producer.

61 In the event of the death of one performing essential services as
 62 a result of injuries sustained in an accident entitling such person
 63 to benefits under section 4 e. of this act, the maximum amount of
 64 benefits which could have been paid such person, under section 4 e.,
 65 shall be paid to the person incurring the expense of providing such
 66 essential services.

67 e. Funeral expenses benefits. All reasonable funeral, burial and
 68 cremation expenses, subject to a maximum benefit of \$1,000.00, on
 69 account of the death to any one person in any one **[account]** *acci-*
 70 *dent* shall be payable to decedent's estate.

71 Benefits payable under this section shall:

72 (1) *Be subject to any deductibles or exclusions elected by the*
 73 *policyholder pursuant to section 13 of this 1983 amendatory and*
 74 *supplementary act;*

75 (2) *Not be assignable **[or]**, except to a provider of service bene-*
 76 *fits under this section, nor subject to levy, execution, attachment*
 77 *or other process for satisfaction of debts.*

1 8. Section 5 of P. L. 1972, c. 70 (C. 39:6A-5) is amended to read
 2 as follows:

3 5. Payment of personal injury protection coverage benefits.

4 a. An insurer may require written notice to be given as soon as
 5 practicable after an accident involving an automobile with respect

6 to which the policy affords personal injury protection coverage
7 benefits required by this act.

8 b. Personal injury protection coverage benefits shall be overdue
9 if not paid within 30 days after the insurer is furnished written
10 notice of the fact of a covered loss and of the amount of same. If
11 such written notice is not furnished to the insurer as to the entire
12 claim, any partial amount supported by written notice is overdue if
13 not paid within 30 days after such written notice is furnished to the
14 insurer. Any part or all of the remainder of the claim that is
15 subsequently supported by written notice is overdue if not paid
16 within 30 days after such written notice is furnished to the insurer;
17 provided, however, that any payment shall not be deemed overdue
18 where [the insurer has reasonable proof to establish that the in-
19 surer is not responsible for the payment, notwithstanding that
20 written notice has been furnished to the insurer], *within 30 days*
21 *of receipt of notice of the claim, the insurer notifies the claimant or*
22 *his representative in writing of the denial of the claim or the need*
23 *for additional time, not to exceed 45 days, to investigate the claim,*
24 *and states the reasons therefor. The written notice stating the need*
25 *for additional time to investigate the claim shall set forth the*
26 *number of the insurance policy against which the claim is made,*
27 *the claim number, the address of the office handling the claim and a*
28 *telephone number, which is toll free or can be called collect, or is*
29 *within the claimant's area code. For the purpose of determining*
30 *interest charges in the event the injured party prevails in a sub-*
31 *sequent proceeding where an insurer has elected a 45 day extension*
32 *pursuant to this subsection, payment shall be considered overdue*
33 *at the expiration of the 45 day period or, if the injured person was*
34 *required to provide additional information to the insurer, within*
35 *10 business days following receipt by the insurer of all the infor-*
36 *mation requested by it, whichever is later.*

37 For the purpose of calculating the extent to which any benefits
38 are overdue, payment shall be treated as being made on the date
39 a draft or other valid instrument which is equivalent to payment
40 was placed in the United States mail in a properly addressed,
41 postpaid envelope, or, if not so posted, on the date of delivery.

42 c. All overdue payments shall bear [simple] interest at the
43 percentage [rate] of [10% per annum] *interest prescribed in the*
44 *Rules Governing the Courts of the State of New Jersey for judg-*
45 *ments, awards and orders for the payment of money. All automobile*
46 *insurers shall provide any claimant with the option of submitting*
47 *a dispute under this section to binding arbitration. Arbitration pro-*
48 *ceedings shall be administered and subject to procedures established*
49 *by the American Arbitration Association. If the claimant prevails*

50 *in the arbitration proceedings, the insurer shall pay all the costs*
 51 *of the proceedings, including reasonable attorney's fees to be*
 52 *determined in accordance with a schedule of hourly rates for*
 53 *services performed to be prescribed by the Supreme Court of*
 54 *New Jersey.*

1 9. Section 6 of P. L. 1972, c. 70 (C. 39:6A-6) is amended to read
 2 as follows:

3 6. Collateral source. The benefits provided in section 4 [a., b., c.,
 4 d., and e.] and section 10, shall be payable as loss accrues, upon
 5 written notice of such loss and without regard to collateral sources,
 6 except that benefits, collectible under [workmen's] workers' com-
 7 pensation insurance, employees' temporary disability benefit sta-
 8 tutes medicare provided under Federal law, and benefits, in fact
 9 collected, that are provided under Federal law to active and retired
 10 military personnel shall be deducted from the benefits collectible
 11 under section 4 [a., b., c., d., and e.] and section 10.

12 *If an insurer has paid those benefits and the insured is entitled*
 13 *to, but has failed to apply for, workers' compensation benefits or*
 14 *employees' temporary disability benefits, the insurer may immedi-*
 15 *ately apply to the provider of workers' compensation benefits or of*
 16 *employees' temporary disability benefits, for a reimbursement of*
 17 *any section 4 and section 10 benefits it has paid.*

1 10. Section 7 of P. L. 1972, c. 70 (C. 39:6A-7) is amended to
 2 read as follows:

3 7. Exclusions. a. Insurers may exclude a person from benefits
 4 under section 4 [a., b., c., d., and e.] and section 10 where such per-
 5 son's conduct contributed to his personal injuries or death occurred
 6 in any of the following ways:

7 [a.] (1) while committing a high misdemeanor or felony or
 8 seeking to avoid lawful apprehension or arrest by a police officer; or

9 [b.] (2) while acting with specific intent of causing injury or
 10 damage to himself or others.

11 b. An insurer may also exclude from section 4 and section 10
 12 benefits any person having incurred injuries or death, who, at the
 13 time of the accident:

14 (1) was the owner or registrant of an automobile registered or
 15 principally garaged in this State that was being operated without
 16 personal injury protection coverage;

17 (2) was occupying or operating an automobile without the per-
 18 mission of the owner or other named insured.

1 11. Section 12 of P. L. 1972, c. 70 (C. 39:6A-12) is amended to
 2 read as follows:

3 12. Inadmissibility of evidence of losses collectible under per-
 4 sonal injury protection coverage. [Evidence] *Except as may be*

5 *required in an action brought pursuant to section 20 of this 1983*
6 *amendatory and supplementary act, evidence of the amounts col-*
7 *lectible or paid pursuant to sections 4 and 10 of this act to an in-*
8 *jured person, including the amounts of any deductibles or exclu-*
9 *sions elected by the named insured pursuant to section 13 of this*
10 *1983 amendatory and supplementary act otherwise compensated,*
11 *is inadmissible in a civil action for recovery of damages for bodily*
12 *injury by such injured person.*

13 *The court shall instruct the jury that, in arriving at a verdict*
14 *as to the amount of the damages for noneconomic loss to be recov-*
15 *ered by the injured person, the jury shall not speculate as to the*
16 *amount of the medical expense benefits paid or payable under sec-*
17 *tion 4 to the injured person.*

18 *Nothing in this section shall be construed to limit the right of*
19 *recovery, against the tortfeasor, of uncompensated economic loss*
20 *sustained by the injured party.*

1 12. (New section) P. L. 1972, c. 70 (C. 39:6A-1 et seq.) is sup-
2 plemented as follows:

3 *Primacy of coverages.* The personal injury protection coverage
4 of the named insured shall be the primary coverage for the named
5 insured and any resident relative in the named insured's house-
6 hold who is not a named insured under an automobile insurance
7 policy of his own. No person shall recover personal injury pro-
8 tection benefits under more than one automobile insurance policy
9 for injuries sustained in any one accident.

1 13. (New section) P. L. 1972, c. 70 (C. 39:6A-1 et seq.) is sup-
2 plemented as follows:

3 *Personal injury protection coverage deductibles, exclusions and*
4 *setoffs.* With respect to personal injury protection coverage pro-
5 vided on an automobile in accordance with section 4 of P. L. 1972,
6 c. 70 (C. 39:6A-4), the automobile insurer shall, at appropriately
7 reduced premiums, provide the following coverage options:

8 a. medical expense benefit deductibles in amounts of \$500.00,
9 \$1,000.00 and \$2,500.00 for any one accident for any one person;

10 b. the option to exclude all benefits offered under subsections b.,
11 c., d., and e. of section 4;

12 c. a setoff option entitling an automobile insurer paying medical
13 expense benefits under section 4 to reimbursement from, and a lien
14 on, any recovery for noneconomic loss by an injured party pursuant
15 to an arbitration award, judicial judgment or voluntary settlement
16 for the amount of the medical expense benefits paid, not to exceed
17 20% of the amount of the award, judgment or settlement, including
18 recoveries under uninsured and underinsured motorist coverage,

19 except that if, at the time of the award, judgment or settlement,
20 the amount of medical expense benefits does not exceed 20% but
21 additional expense benefits of an indeterminate amount are antici-
22 pated, the amount of the setoff shall be 20% of the award, judg-
23 ment or settlement, with the difference between the value of the
24 20% and the amount of medical expense benefits previously paid
25 to be placed in an interest bearing trust account for use to indemnify
26 the insurer paying the medical expense benefits, as the benefits are
27 paid. Attorney's contingent fees shall be computed on the amount
28 of the award, judgment or settlement, less the amount of the setoff,
29 which setoff shall be, if the medical expense benefit claim of the
30 injured person, as of the date of the award, judgment or settle-
31 ment is made, is: (1) closed, the amount of medical expense bene-
32 fits paid, not to exceed 20% of the award, judgment or settlement,
33 or (2) open, 20% of the award, judgment or settlement. Under a
34 contingent fee arrangement, the attorney shall also be entitled to
35 reimbursement out of the amount of the setoff for costs actually
36 incurred in the institution and prosecution of the claim or action,
37 which amount shall in no instance exceed 10% of the amount of
38 the setoff, in a manner to be prescribed by the Supreme Court.
39 Nothing in this subsection shall be construed to prohibit an attorney
40 representing the injured party from recovering from the insurer
41 providing personal injury protection benefits the reasonable cost
42 of any legal services rendered to that insurer primarily in con-
43 junction with the setoff reimbursement.

44 a deductible, exclusion or setoff elected by the named insured in
45 accordance with this section shall apply only to the named insured
46 and any resident relative in the named insured's household, and
47 not to any other person eligible for personal injury protection
48 benefits required to be provided in accordance with section 4.

49 No insurer or health provider providing benefits to an insured
50 who has elected a deductible pursuant to subsection a. of this sec-
51 tion shall have a right of subrogation for the amount of benefits
52 paid pursuant to a deductible elected thereunder.

53 Where a trust account has been established in accordance with
54 subsection c. of this section, any remaining principal and all accrued
55 interest in the trust account at the time the final payment of medi-
56 cal expense benefits is made shall be paid to the party to whom the
57 award, judgment or settlement was made, or to his estate.

58 The Commissioner of Insurance shall adopt rules and regulations
59 to effectuate the purposes of this section.

1 14. Section 8 of P. L. 1972, c. 70 (C. 39:6A-8) is amended to
2 read as follows:

3 8. Tort exemption; limitation on the right to **[damages]** non-
4 economic loss.

5 One of the following two tort options shall be elected, in accor-
6 dance with section 14.1 of this 1983 amendatory and supplementary
7 act, by any named insured required to maintain personal injury
8 protection coverage pursuant to section 4 of P. L. 1972, c. 70 (C.
9 39:6A-4):

10 a. Every owner, registrant, operator or occupant of an auto-
11 mobile to which section 4, personal injury protection coverage,
12 regardless of fault, applies, and every person or organization
13 legally responsible for his acts or omissions, is hereby exempted
14 from tort liability for **[damages]** noneconomic loss to **[any]** a
15 person who is subject to this subsection and who is either a person
16 who is required to maintain the coverage mandated by this act,
17 or **[to any]** is a person who has a right to receive benefits under
18 section 4 of this act as a result of bodily injury, arising out of the
19 ownership, operation, maintenance or use of such automobile in
20 this State, if the bodily injury, is confined solely to the soft tissue
21 of the body and the medical expenses incurred or to be incurred
22 by such injured person or the equivalent value thereof for the
23 reasonable and necessary treatment of such bodily injury, is less
24 than \$200.00, exclusive of hospital expenses, X-rays and other
25 diagnostic medical expenses. There shall be no exemption from
26 tort liability if the injured party has sustained death, permanent
27 disability, permanent significant disfigurement, permanent loss of
28 any bodily function or loss of a body member in whole or in part,
29 regardless of the right of any person to receive benefits under
30 section 4 of this act. Bodily injury confined solely to the soft tissue,
31 for the purpose of this section means, injury in the form of sprains,
32 strains, contusions, lacerations, bruises, hematomas, cuts, abrasions,
33 scrapes, scratches, and tears confined to the muscles, tendons,
34 ligaments, cartilages, nerves, fibers, veins, arteries and skin of the
35 human body; or

36 b. As an alternative to the basic tort option specified in sub-
37 section a. of this section, every owner, registrant, operator, or occu-
38 pant of an automobile to which section 4 of P. L. 1972, c. 70 (C.
39 39:6A-4) applies, and every person or organization legally respon-
40 sible for his acts or omissions, is hereby exempted from tort lia-
41 bility for noneconomic loss to a person who is subject to this sub-
42 section and who is either a person who is required to maintain the
43 coverage mandated by P. L. 1972, c. 70 (C. 39:6A-1 et seq.) or is
44 a person who has a right to receive benefits under section 4 of that
45 act (C. 39:6A-4), as a result of bodily injury, arising out of the

46 ownership, operation, maintenance or use of such automobile in
 47 this State, if the medical expenses incurred or to be incurred by
 48 that injured person, or the equivalent value thereof, for the reason-
 49 able and necessary treatment of the bodily injury, is less than
 50 \$1,500.00, which amount shall be adjusted annually on January 1
 51 of each year following the operative date of this act by the Com-
 52 missioner of Insurance to reflect increases or decreases in the na-
 53 tional Consumer Price Index for the professional services com-
 54 ponent of medical care services, all urban consumers, U. S. city
 55 average, and which amount shall be exclusive of hospital expenses,
 56 X-rays and other diagnostic medical expenses. The adjusted rate
 57 shall apply to any claim for noneconomic loss arising from any
 58 automobile accident occurring on or after the adjustment date.
 59 There shall be no exemption from tort liability if the injured party
 60 has sustained death, permanent disability, permanent significant
 61 disfigurement, permanent loss of any bodily function or loss of a
 62 body member in whole or in part, regardless of the right of any
 63 person to receive benefits under section 4 of P. L. 1972, c. 70 (C.
 64 39:6A-4).

65 The tort option provisions of subsection a. of this section shall
 66 also apply to the right to recover for noneconomic loss of any
 67 person eligible for benefits pursuant to section 4 of P. L. 1972, c. 70
 68 (C. 39:6A-4) but who is not required to maintain personal injury
 69 protection coverage and is not an immediate family member, as
 70 defined in section 14.1 of this 1983 amendatory and supplementary
 71 act, under an automobile insurance policy.

72 The tort option provisions of subsection b. of this section shall
 73 also apply to the right to recover for noneconomic loss of any
 74 person who is required but fails to maintain personal injury pro-
 75 tection coverage mandated by P. L. 1972, c. 70 (C. 39:6A-1 et seq.)
 76 at the time of accident.

77 The tort option provisions of subsection b. of this section shall
 78 remain inoperative until July 1, 1984, and shall apply to accidents
 79 occurring on or after that date.

80 If any provision of subsection b. of this section shall be deemed
 81 to be unconstitutional, the provisions of the entire subsection shall
 82 be deemed null and void, and without further effect, but the deci-
 83 sion of the court shall not affect the validity of any other provision
 84 of this act.

1 14.1. (New section) P. L. 1972, c. 70 (C. 39:6A-1 et seq.) is
 2 amended to read as follows:

3 Election of tort option. a. Election of a tort option pursuant to
 4 section 8 of P. L. 1972, c. 70 (C. 39:6A-8) shall be in writing by

5 the named insured on a form approved by the Commissioner of
6 Insurance. The tort option elected shall apply to the named insured
7 and any immediate family member residing in the named insured's
8 household. "Immediate family member" means the spouse of the
9 named insured and any child of the named insured or spouse
10 residing in the named insured's household who is not a named
11 insured under another automobile insurance policy.

12 b. If the named insured fails to elect, in writing, any of the tort
13 options offered pursuant to section 8 of P. L. 1972, c. 70 (C.
14 39:6A-8), the named insured shall be deemed to elect the tort
15 option of subsection a. of that section 8. No new automobile policy
16 issued on or after July 1, 1984 in this State shall be issued by an
17 insurer unless the named insured has elected one of the tort options
18 provided in section 8.

19 c. The tort option elected by a named insured shall continue in
20 force as to subsequent renewal or replacement policies until the
21 insurer or its authorized representative receives a properly ex-
22 ecuted form electing the other tort option.

23 d. The tort option elected by the named insured shall apply to
24 all automobiles owned by the named insured and to any immediate
25 family member who is not a named insured under another auto-
26 mobile insurance policy, except that in the case where more than
27 one policy is applicable to the named insured or immediate family
28 member, and the policies have different tort options, the tort option
29 elected by the injured named insured shall apply or, in the case
30 of an immediate family member who is not a named insured and
31 is injured in an accident involving an automobile to which a policy
32 issued to a named insured in the household of the injured immediate
33 family member applies, the tort option elected by that named in-
34 sured shall apply.

35 In the case of automobile insurance policies in force on July 1,
36 1984, notice of the tort options available pursuant to the aforesaid
37 section 8 shall be given in accordance with section 17 of this 1983
38 amendatory and supplementary act.

1 15. (New section) P. L. 1972, c. 70 (C. 39:6A-1) is supplemented
2 as follows:

3 The New Jersey Automobile Insurance Risk Exchange: member-
4 ship, board of directors.

5 There shall be created, within 45 days of the operative date of
6 this act, an unincorporated association, to operate on a nonprofit-
7 nonloss basis, to be known as the New Jersey Automobile Insur-
8 ance Risk Exchange, with its headquarters to be located within
9 the State of New Jersey. Every insurer licensed to transact

10 private-passenger automobile insurance in this State shall be a
 11 member of the exchange and shall be bound by the rules of the
 12 exchange as a condition of the authority to transact insurance
 13 business in this State. The New Jersey Automobile Full Insurance
 14 Underwriting Association created pursuant to section 16 of P. L.
 15 1983, c. 65 (C. 17:30E-4) shall also be a member of the exchange
 16 and shall be bound by the rules of the exchange. Any insurer which
 17 ceases to transact automobile insurance business in this State
 18 shall remain liable for any amounts due to the exchange for busi-
 19 ness transacted prior to the effective date of its cessation of busi-
 20 ness in the State.

21 The rules of the exchange shall be determined and its business
 22 affairs governed by a board of directors to be comprised of nine
 23 members who shall be appointed by the Governor, with the advice
 24 and consent of the Senate, and who shall serve at the pleasure
 25 of the Governor, of whom two shall represent the Alliance of
 26 American Insurers, or its successor organization; two shall repre-
 27 sent the National Association of Independent Insurers, or its suc-
 28 cessor organization; two shall represent the American Insurance
 29 Association, or its successor organization: two shall represent the
 30 independent companies; and one shall be an insurer representative
 31 on the board of directors of the New Jersey Automobile Full Insur-
 32 ance Underwriting Association. No insurer shall represent more
 33 than one organization on the board of directors of the exchange.
 34 Appointments shall be made from a list of names submitted by the
 35 Commissioner of Insurance. Vacancies in the board of directors of
 36 the exchange shall be filled in the same manner as the original
 37 appointments.

1 16. (New section) P. L. 1972, c. 70 (C. 39:6A-1 et seq.) is sup-
 2 plemented as follows:

3 Powers of exchange. A. The exchange shall be empowered to raise
 4 sufficient monies to (1) pay its operating expenses, and (2) to
 5 compensate members of the exchange for claims for noneconomic
 6 loss, and associated claim adjustment expenses, which would not
 7 have been incurred had the tort limitation option provided in
 8 section 14 of this 1983 amendatory and supplementary act been
 9 elected by the injured party filing the claim for noneconomic loss.

10 b. In order to meet its obligations under subsection a. of this
 11 section, the exchange shall collect:

12 (1) from every insurer transacting automobile insurance in this
 13 State, a percentage designated by the board of directors of the
 14 exchange of all bodily injury premiums paid by insureds not elect-
 15 ing the tort limitation option;

16 (2) from the New Jersey Full Insurance Underwriting Asso-
17 ciation, the percentage designated by the board of directors of
18 the exchange of the bodily injury portion of association's total
19 income, as defined in section 20 of P. L. 1983, c. 65 (C. 17:30E-8),
20 for every insured not electing the tort limitation option.

21 c. All exchange members shall furnish the exchange with, and
22 periodically update, lists of all persons electing the tort limitation
23 option for claim verification by members.

24 d. The exchange shall have such powers as may be necessary
25 or appropriate to effectuate the purposes of the exchange.

1 17. (New section) P. L. 1972, c. 70 (C. 39:6A-1 et seq.) is
2 supplemented as follows:

3 Notice of available coverages and rate credits for deductible,
4 exclusion, setoff and tort limitation options.

5 a. No new automobile insurance policy, shall be issued on or
6 after July 1, 1984, unless the application for the policy is accom-
7 panied by a written notice identifying and containing a brief
8 description of all available policy coverages and benefit limits,
9 and identifying which coverages are mandatory and which are
10 optional under State law, as well as all deductible, exclusion, setoff
11 and tort limitation options offered by the insurer. The insurer
12 shall identify the percentage of premium rate credit for each option
13 or combination of options, as the case may be.

14 The written notice shall also contain a statement on the possible
15 coordination of other health benefit coverages with the personal
16 injury protection coverage options, the form and contents of which
17 shall be prescribed by the Commissioner of Insurance.

18 The applicant shall indicate the options elected on the written
19 notice which shall be signed and returned to the insurer. Each
20 applicant shall also be provided with a buyer's guide containing a
21 description of the policy coverages, benefit limits and coverage
22 options offered by the insurer, and a statement on the possible
23 coordination of personal injury protection coverage benefits with
24 other health benefit coverages.

25 b. In the case of any automobile insurance policy in force on
26 July 1, 1984, the named insured shall be provided not later than
27 May 15, 1984 with a written notice and buyer's guide, as required
28 under subsection a. of this section. Every policy subject to this
29 subsection shall be endorsed and, if necessary, rereated in accord-
30 ance with the instructions provided by the named insured, as
31 indicated on the written notice, which instructions shall be executed
32 and shall take effect on July 1, 1984.

33 c. Any notice of renewal of an automobile insurance policy with

34 an effective date subsequent to July 1, 1984, shall be accompanied
 35 by a written notice of all policy coverage information required to
 36 be provided under subsection a. of this section.

37 The Commissioner of Insurance shall, within 45 days following
 38 the effective date of this act, promulgate standards for the written
 39 notice and buyer's guide required to be provided under this section.

1 18. (New section) P. L. 1944, c. 27 (C. 17:29A-1 et seq.) is
 2 supplemented as follows:

3 Premium credits shall be provided for each deductible, exclusion
 4 and setoff on personal injury protection coverage offered in
 5 accordance with section 13, and for the tort limitation option on
 6 bodily injury liability coverage offered in accordance with section
 7 14 of this 1983 amendatory and supplementary act. All premium
 8 credits to which this section applies shall be calculated and repre-
 9 sented to the insured as a percentage of the applicable premium,
 10 and the percentage shall be uniform by filer on a Statewide basis.

11 The premium charged for each coverage shall be clearly set forth
 12 in any policy or endorsement provided the insured.

13 The percentage rate of commission or rate of other compensation
 14 payable by an automobile insurer to an agent or broker shall not
 15 vary by reason of the selection or nonselection of any option pro-
 16 vided in sections 13 and 14 of this 1983 amendatory and supple-
 17 mentary act.

1 19. (New section) P. L. 1968, c. 385 (C. 17:28-1.1 et seq.) is
 2 supplemented as follows:

3 Every liability insurance policy issued in this State on a motor
 4 vehicle, exclusive of an automobile as defined in section 2 of P. L.
 5 1972, c. 70 (C. 39:6A-2), but including a motorcycle, insuring
 6 against loss resulting from liability imposed by law for bodily
 7 injury, death, and property damage sustained by any person aris-
 8 ing out of the ownership, operation, maintenance, or use of a motor
 9 vehicle shall provide personal injury protection coverage benefits,
 10 in accordance with section 4 of P. L. 1972, c. 70 (C. 39:6A-4), to
 11 pedestrians who sustain bodily injury in the State caused by the
 12 named insured's motor vehicle or by being struck by an object
 13 propelled by or from the motor vehicle.

1 20. (New section) P. L. 1972, c. 70 (C. 39:6A-1 et seq.) is supple-
 2 mented as follows:

3 An insurer paying personal injury protection benefits in accor-
 4 dance with section 4 or section 10 of P. L. 1972, c. 70, (C. 39:6A-4
 5 or C. 39:6A-10) as a result of an accident occurring within this
 6 State shall, within two years of the filing of the claim, have the
 7 right to recover the amount of payments from any tortfeasor who

8 was not, at the time of the accident, required to maintain personal
 9 injury protection coverage, other than for pedestrians. In the case
 10 of an accident occurring in this State involving an insured tort-
 11 feator, the determination as to whether an insurer is legally en-
 12 titled to recover the amount of payments and the amount of
 13 recovery, including the costs of processing benefit claims and en-
 14 forcing rights granted under this section, shall be made against
 15 the insurer of the tortfeasor, and shall be by agreement of the
 16 involved insurers or, upon failing to agree, by arbitration.

1 21. Section 9 of P. L. 1952, c. 174 (C. 39:6-69) is amended to
 2 read as follows:

3 9. When any qualified person recovers a valid judgment in any
 4 court of competent jurisdiction in this State, against any other
 5 person, who was the operator or owner of a motor vehicle, for
 6 injury to, death of, any person or persons, or a similar valid
 7 judgment in such court against such a defendant for an amount
 8 in excess of ~~[\$100.00]~~ \$250.00 exclusive of interest and costs, for
 9 damages to property, except property of others in charge of such
 10 operator or owner or such operator's or owner's employees, arising
 11 out of the ownership, maintenance or use of the motor vehicle in
 12 this State on or after April 1, 1955, and any amount remains unpaid
 13 thereon in the case of a judgment for bodily injury or death, or
 14 any amount in excess of ~~[\$100.00]~~ \$250.00 remains unpaid thereon
 15 in case of a judgment for damage to property, such judgment
 16 creditor may, upon the termination of all proceedings, including
 17 reviews and appeals in connection with such judgment, file a veri-
 18 fied claim in the court in which the judgment was entered and,
 19 upon 10 days' written notice to the board may apply to the court
 20 for an order directing payment out of the fund, of the amount
 21 unpaid upon such judgment for bodily injury or death, which does
 22 not exceed, or upon such judgment for damage to property which
 23 exceeds the sum of ~~[\$100.00]~~ \$250.00 and does not exceed—

24 (a) The maximum amount or limit of \$15,000.00, exclusive of in-
 25 terest and costs, on account of injury to, or death of, one person,
 26 in any one accident, and

27 (b) The maximum amount or limit, subject to such limit for
 28 any one person so injured or killed, of \$30,000.00, exclusive of
 29 interest and costs, on account of injury to, or death of, more than
 30 one person, in any one accident, and

31 (c) The maximum amount or limit of \$5,000.00 exclusive of
 32 interest and costs, for damage to property in any one accident.

1 22. Section 13 of P. L. 1952, c. 174 (C. 39:6-73) is amended to
 2 read as follows:

3 13. Except with respect to medical expense benefits paid pursuant
4 to section 2 of [this act] P. L. 1977, c. 310 (C. 39:6-73.1) no order
5 shall be made for the payment and the treasurer shall make no
6 payment, out of the fund, of

7 (a) Any claim for damage to property for less than [\\$100.00]
8 \$250.00.

9 (b) The first [\\$100.00] \$250.00 of any judgment for damage to
10 property or of the unsatisfied portion thereof, or

11 (c) The unsatisfied portion of any judgment which, after deduct-
12 ing [\\$100.00] \$250.00 therefrom if the judgment is for damage to
13 property, exceeds

14 (1) the maximum or limit of, \$15,000.00 exclusive of interest
15 and costs, on account of injury to, or death of, one person in
16 any one accident, and

17 (2) the maximum amount or limit, subject to such limit for
18 any one person so injured or killed, of, \$30,000.00 exclusive of
19 interest and costs, on account of injury to, or death of, more
20 than one person, in any one accident, and

21 (3) the maximum amount or limit of \$5,000.00, exclusive of
22 interest and costs, for damages to property in any one accident
23 provided, that such maximum amounts shall be reduced by any
24 amount received or recovered as specified in subparagraph (m)
25 of section 10.

26 (d) Any claim for damage to property which includes any sum
27 greater than the difference between said maximum amounts and the
28 sum of [\\$100.00] \$250.00 and any amount paid out of the fund in
29 excess of the amount so authorized may be recovered by the trea-
30 surer in an action brought to him against the person receiving the
31 same.

1 23. Section 27 of P. L. 1983, c. 65 (C. 17:30E-15) is amended to
2 read as follows:

3 27. A qualified applicant who is eligible for coverage through the
4 association shall be offered and entitled to coverage up to at least
5 the following limits: a. bodily injury liability: \$250,000.00 each
6 person, \$500,000.00 each accident; b. property damage liability:
7 \$100,000.00; c. bodily injury and property damage: \$500,000.00
8 single limit each accident; d. comprehensive and collision coverage;
9 e. uninsured motorist and underinsured motorist coverage:
10 \$250,000.00 each person and \$500,000.00 each accident for bodily
11 injury; \$100,000.00 each accident for property damage or
12 \$500,000.00 single limit, subject to an exclusion of the first [\\$100.00]
13 \$250.00 of the damage to property for each accident, except that the
14 limits for uninsured and underinsured motorist coverages on

15 association coverage shall not exceed the insured's policy limits
 16 for bodily injury and property damage, respectively; f. personal
 17 injury protection coverage as required by law; g. additional
 18 personal injury protection coverage required to be offered by law;
 19 and h. any other automobile insurance required to be offered by
 20 law and subject to the limits stated in the law. Motorcycles shall
 21 not be written for the coverages required or required to be offered
 22 pursuant to P. L. 1972, c. 70 (C. 39:6A-1 et seq.).

1 24. This act shall take effect immediately, but subsection a. of
 2 section 13 shall remain inoperative for 60 days following enact-
 3 ment; sections 1, 2, 2.1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14.1, 15, 16, 17, 18,
 4 19, 20, 21, 22 and 23, shall remain inoperative until January 1, 1984;
 5 and subsections b. and c. of section 13 and section 14 shall remain
 6 inoperative until July 1, 1984.

STATEMENT

This bill, known as "The New Jersey Automobile Insurance Freedom of Choice and Cost Containment Act of 1984", offers motorists for the first time the option to choose the type of insurance coverage that suits their needs and finances. The main provisions of the bill are as follows:

1. *No-Fault Medical Benefits*

There would continue to be unlimited medical expense benefits but insureds would have the option to choose, at reduced premiums stated as a percentage of the coverage premium, medical expense deductibles in amounts of \$500, \$1,000 and \$2,500. This option would permit an insured to coordinate his automobile insurance coverage with other forms of health coverage.

2. *No-Fault Non-Medical Benefits*

The no fault law now mandates the payment of the loss of income, essential services and funeral expenses as a result of an injury or death sustained in an automobile accident. This provision would offer an insured, at reduced premiums stated as a percentage of the coverage premium, the option to purchase or not to purchase these coverages. There are insureds, including senior citizens, who are not working and would never be eligible to collect for income losses, or who may not have a need for or want essential service benefits, and have adequate funeral expense benefits under other insurance coverage.

3. *Set-Off*

This provision would permit an insured the *option* to choose to

entitle his insurer, when it has paid medical expense benefits on his behalf, to reimbursement for the amount of such benefits paid from any recovery for general damages sustained in an auto accident and received by the insured. The reimbursement shall not exceed 20% of the amount of the recovery. Attorneys' contingent fees would be computed on the amount of the recovery, less the amount of the set-off. An attorney would also be entitled to reimbursement out of the set-off for out-of-pocket legal expenses, not to exceed 10% of the total amount of the set-off. This set-off provision would offer an insured the option to reduce his no fault medical coverage premium, which must be stated as a percentage of the coverage premium, by reimbursing his insurer from a general damage recovery for all or a portion of the medical benefits paid on his behalf.

4. *Tort Limitation Option*

This provision would require insurers to offer all insureds the right to choose to limit their right to sue for general damages (pain and suffering) resulting from bodily injuries incurred in an auto accident. The choice of monetary tort options is \$200.00 or \$1,500.00, exclusive of hospital, X-ray and diagnostic medical expenses. The \$1,500.00 option covers both soft tissue injuries and fractures, and would be adjusted annually in accordance with a specified index. The tort limitation would not apply to injuries subject to the exclusionary provisions of the current law. In return for electing the tort limitation option, an insured would receive a reduction in his bodily injury liability premium stated as a percentage of the coverage premium.

5. *No-Fault And Related Clean-Up Provisions*

These provisions mainly are designed to tighten statutory eligibility requirements for personal injury protection coverage so as to comport with the original intent of the no-fault law.



State of New Jersey

UNSATISFIED CLAIM AND JUDGMENT FUND BOARD

137 EAST STATE STREET
TRENTON, NEW JERSEY 08666

PHONE 609-292-4527

October 17, 1983

The Honorable Richard Eliason
Pouch V
Juneau, Alaska 99811

Attn: Ms. Shelia Peterson

Re: New Jersey Unsatisfied Claim
and Judgment Fund

Dear Ms. Peterson:

As per our conversation of Friday, October 14, 1983, I am enclosing copies of:

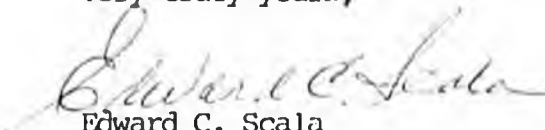
1. Manager's Annual Report to the Unsatisfied Claim and Judgment Fund Board.
2. Typed copy of Unsatisfied Claim and Judgment Fund Law.
3. Claims Handling Procedures Booklet.

Page eight (8) of the Manager's Report will show assessments made against the insurance companies since the Fund's inception.

During the early life of the Fund's existence assessments were made against those motorists registering an uninsured motor vehicle. The assessment was abolished when New Jersey became a Compulsory Insurance State as of January 1, 1973.

I trust the enclosed literature will be of some assistance to Senator Eliason. Should there be any further questions, do not hesitate contacting our office.

Very truly yours,


Edward C. Scala
Senior Adjuster

ECS:map

Enclosures

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PROCEDURES FOR HANDLING CLAIMS UNDER
THE NEW JERSEY UNSATISFIED CLAIM AND
JUDGMENT FUND LAW

Introduction

The Unsatisfied Claim and Judgment Fund is presently responsible for two types of claims - claims involving hit-run or uninsured motorists, and claims by insurers for reimbursement of excess medical expense benefits in excess of \$75,000. These two types of claims will be treated separately in this document.

The object here is to set forth various procedures as they affect the handling of claims under the Unsatisfied Claim and Judgment Fund Law.

Claims Involving Uninsured or Hit-Run Motorists

Initiating a Claim

To collect from the Fund, an eligible person must file a Notice of Intention to Make Claim with the board within ninety (90) days of the accident. This is to be filed on a form prescribed by the board. Form UCJ 201, "Notice of Intention to Make Claim" is available at the board's office. The board's office will mail a supply to any person upon request. The form may also be available at police stations and local motor vehicle agencies in New Jersey. Any other writing received by the board that purports to be a Notice of Intention, and contains the elements of a notice, will be processed as a notice even though it is not on the prescribed form (UCJ Regulation #1).

The board's office will process each Notice of Intention as it is received. The claimant, or claimant's attorney, will receive from the fund either an acknowledgment card, a letter as to ineligibility, or a letter as to the further processing of the claim.

The question of insurance coverage as to the vehicles in the accident is a key item in determining eligibility. The letter of ineligibility most often sent out

by the fund is that the vehicles involved in the accident are insured. The second principal reason for ineligibility is that an uninsured motorist endorsement is available to the claimant. New Jersey statutes mandate that all motor vehicle liability insurance policies must include protection to the insured for damages caused by an uninsured or hit-run automobile. The courts have held that the uninsured motorist protection provided by the uninsured motorist endorsement must be as broad as the Fund Law protection. This protection, in addition to being available to the named insured, is also available to the spouse and relatives of either while residents of the same household. It is also available when the named insured, or an eligible member of the household, is a pedestrian or a passenger in another vehicle.

The claimant, or claimant's attorney, who files a Notice of Intention to Make Claim with the fund should also complete and file an Accident Report form with the Security Responsibility Section of the Division of Motor Vehicles.

The fund will open a claim file and assign a claim number with a "UCJ" prefix to the file if the information furnished on the Notice of Intention indicates a claimant may be eligible. No claim file will be set up and an IN (ineligible) number will be assigned if it appears from the Notice that the claimant will not be eligible.

Investigation of Claims

The law provides that the board must assign for investigation hit-run cases, and cases wherein a notice of intention to enter default judgment is received. The board may also assign other cases for investigation.

The assignments are sent to insurance companies, or their designated agencies. The cost of investigation and defense is borne by the company to whom the case is assigned. The insurance companies are to investigate the cases as they would their own.

Company investigations, in addition to the normal motor vehicle accident investigation, should also, by investigation, determine whether claimant will be eligible to recover from the fund if successful in obtaining a judgment against the uninsured or the director in a hit-run case.

Bulletin #24, issued by the board to all companies, investigating agencies and counsel assigned handling of Unsatisfied Claim and Judgment Fund cases, details both the procedures and format to be used concerning investigations and reports.

Settlement of Claims

Statutory Settlements

N.J.S.A. 39:6-72 sets forth requirements for settlement of an action against an uninsured motorist. The uninsured must agree to the settlement in all of these cases. In cases that are in suit, the proposed settlement must be entered into with and by the consent of the court and approved by the manager.

In cases not in suit, the carrier may settle any claim paying less than \$5,000 with the approval of the manager, or any claim paying \$5,000 or more with the approval of the board. The uninsured must agree to the settlement.

N.J.S.A. 39:6-82 provides for settlement of hit-run actions against the Director by the board and court approval.

In cases requiring court approval under N.J.S.A. 39:6-72 and 82, when advised a claim can be settled within the authority approved by the manager or the board, the board's office will send a letter to the assigned company reciting approval of the settlement. The plaintiff's attorney should then have the case set for court approval. Sufficient evidence should be given the court to permit it to make its own determination. If the court approves of the settlement, an order for judgment should be entered. The plaintiff may then apply for the amount to be paid by the treasurer from the fund.

Settlement of Cases that are on Trial:

The fund is a trust fund which must be protected by the board and the courts.

Both are interested in disposing of cases by way of settlements where agreements can be reached. The following procedure is suggested in cases where the uninsured is present, the cases are on trial and can be settled within the evaluation fixed by the manager.

Facts as to liability and damages are to be presented to the judge hearing the case. If the judge is satisfied the settlement is fair, he may order a judgment entered. An order for judgment must be drawn by plaintiff's counsel for the court's signature and filed with the clerk. At this time, plaintiff's counsel may wish to call the defendant to the stand for discovery to permit the court to determine if the uninsured has assets to satisfy part or all the judgment.

Where it is ascertained the uninsured has no assets, the plaintiff may apply under N.J.S.A. 39:6-69, 70 and 71 for payment from the fund. The court, on hearing the application for payment and having been apprised of the agreed settlement and entrance of the judgment, is then in a position to determine whether or not the statutory requirements as to eligibility have been satisfied, and if they have, to direct a payment from the fund.

If the court decides on installment payments, the order directing payment from the fund should contain an additional paragraph permitting the uninsured to make the payments. The fund generally expects 10% of salary. If there is no specific court determination as to the reasonableness of the proposed installment, then no order should be entered as to the payments.

Settlement authorizations given to the carrier upon the manager or board's review of the investigation file will not be further reviewed or increased at the time of trial unless the status of the claim has changed. In cases involving board approval (hit-run proposals), the change in status must be submitted in writing to the board at the next meeting with the recommendation of the trial judge, carrier and assigned counsel.

Disposal of Cases where the Uninsured Defendant was Properly Served but cannot now be located:

These cases can be disposed of if the plaintiff, the assigned insurer and the

manager have all agreed to an amount.

Where an attorney has been assigned to defend an uninsured or where the insured has personal counsel who has entered an appearance of record, and the uninsured cannot be located or is not present for trial, the following procedure is suggested for placing a judgment on record:

- (a) Plaintiff's and defendant's counsel advise the assignment judge a judgment has been agreed upon and approved by the manager and outlined for the record steps taken by the carrier and or counsel to procure the cooperation of or locate the defendant.
- (b) Trial date established.
- (c) The defendant's counsel should advise the defendant by mail addressed to the last known residence of the trial date. If the uninsured fails to appear, the plaintiff should present his prima facie proofs to the court. If the court is satisfied as to the defendant's liability and the fairness and reasonableness of the agreed amount, a judgment may be entered. The plaintiff's attorney must draw the order for judgment for the court's signature.

The plaintiff may then move for payment under N.J.S.A. 39:6-69, 70 and 71. The statutory requirement giving the board ten days notice and three additional days if the notice is mailed should be followed.

Default Judgments:

Default judgments in which payment is anticipated from the fund should only be entered in cases where the amount of the judgment has been specifically agreed to by the manager.

Prior to presentation to the court, the default proposal must be submitted to the board's office by the carrier or designated agency together with the investigation file and the carrier's recommendation. If the proposal is found reasonable upon review, the board's office will address a letter to the carrier agreeing to the proposal. These will be cases in which counsel has not been assigned to appear for the uninsured. The plaintiff should submit his prima facie proofs to the court. If the court approves the proposal, a judgment must be entered. The plaintiff may then move for payment from the fund under N.J.S.A. 39:6-69, 70 and 71. The statutory 10 - 13 days notice to the board should be followed as indicated above.

Restoration of Driving Privileges Where Fund Has Made a Payment:

Driving privileges may be restored in settlement cases, if there is nothing else against a person's driving record. The fund will not recommend restoration until the first installment payment is received. There is a statutory interest charge on the debt. The privileges are subject to being suspended if the uninsured fails to make the payments to the fund as agreed.

In judgment cases, the judgment debtor can apply to the court for an installment order. The amount of repayment sought by the fund is based on 10% of gross salary, unless there are unusual circumstances. Restoration will not be recommended until the first installment payment is received by the fund and there is a statutory interest charge on the debt.

Repayments under a settlement agreement or installment court order should be made payable to the State Treasurer and mailed to the Unsatisfied Claim and Judgment Fund Board.

Release or Subordination of Judgment Lien

The board has statutory authority, upon assignment of a judgment to the director that has been paid by the fund, to release or subordinate the judgment lien, where it determines it is advantageous to the fund. There must, therefore, be a consideration recited to obtain a release. The board will consider the request if the following documents are submitted:

- (1) Current affidavit or certification as to the debtor's financial status, including assets, liabilities, employment, marital status, etc.
- (2) Complete details covering the real estate transaction, including value of property, equity, if any, held by the debtor, disposition of proceeds from the sale, type of mortgage on the premises, etc.
- (3) Release documents in triplicate that the director is to execute in the event the request is granted. Included must be the consideration being offered in return for the release by the debtor.

Waiver of Interest

The board has statutory authority to waive interest where it determines it

is advantageous to the fund. The board will consider requests for waiver of interest only if the balance due is promptly paid off in full after board approval. The board requires a completed affidavit or certification as to the debtor's financial status and a letter reciting the reasons and justification for the request for waiver of interest on the debt.

FORMS USED BY FUND BOARD
IN U.C.J. CLAIMS -
CLAIMS INVOLVING UNINSURED OR HIT-RUN MOTORISTS

UCJ 201 - Notice of Intention to Make Claim.

To be used by a person who desires to make claim against the fund. This form, or a letter containing the information required by Regulation #1, must be filed with the Board within 90 days of the accident (N.J.S.A. 39:6-65).

UCJ 202A - Assignment Form.

This is a cover sheet used in cases assigned a claim number and sent to an insurance company for investigation under N.J.S.A. 39:6-66.

SR4 or SR4A - Physician's and Dentist's Certificate.

Provided so that a claimant may report injuries under the law. Form is interchangeable with Security-Responsibility so that a party reporting need submit it once under either law.

UCJ 208 - Settlement Agreement.

When an agreement to settle is reached, and there is no suit pending, this form is to be executed by uninsured and claimant or his personal representative. The full settlement should be entered, not merely the amount to be paid by the fund.

UCJ 209 - Assignment of Judgment.

This form is provided by the fund to assign the judgment to the Director of Motor Vehicles as required by N.J.S.A. 39:6-77 when payment on an unsatisfied judgment is made by the fund. It must be executed by the judgment creditor in the full amount of the unsatisfied judgment. If the judgment creditor is acting in a representative capacity, then a surrogate's certificate showing appointment must accompany the certificate.

UCJ 210 - Bond.

To be used in all settlement cases not in suit (N.J.S.A. 39:6-72) and submitted along with UCJ 211 to the board with the file. The full settlement, not merely the amount to be paid from the fund, should be entered. The present percentage of interest is 8%.

UCJ 211 - Warrant for Confession of Judgment.

This form must be executed by the uninsured at the time form UCJ 210 is executed.

UCJ 213 - Claimant's Statement of Eligibility.

This form is provided to determine the eligibility of the claimant.

UCJ 223 - Trial Report.

This form should be completed by the assigned insurance company and submitted to the board at the conclusion of the trial of the case.

UCJ 239 - 60 Day Report.

This is to be submitted to the board's office 60 days after assignment of the case. The board's office will include the form in each assignment.

UCJ 309 - Certification of Financial Status.

This form is used in settlement cases and cases where there is a judgment against an uninsured and no installment order has been entered. It is also used in cases where the board does not have sufficient information to determine whether or not the uninsured's installment payment is reasonable.

UCJ 335 - Order for Installment Payments.

This form is used in cases when there is a judgment against an uninsured motorist and no installment order or in cases where the fund and the uninsured reach agreement on an increase in the amount of the installment payment.

UC-236 - Acknowledgement Card.

Bulletin #24 - Issued by the board to insurance companies, investigating agencies and counsel to detail procedures and format used concerning investigations and reports.

Treasurer's Voucher Form #AR 50/54.

This is the form upon which the Treasurer of the State of New Jersey makes his payments from the fund. It is drawn by the board's office upon receipt of a court order, or approval of a settlement. It will be drawn to the order of claimant and claimant's attorney. It should be signed in all settlement cases by the claimant and claimant's attorney.

TO: UNSATISFIED CLAIM AND
JUDGMENT FUND BOARD
137 E. STATE STREET
TRENTON, NEW JERSEY 08666
TEL: 609-292-4527

NOTICE OF INTENTION
TO MAKE CLAIM
(R.S. 39:6-65)
AND REQUEST TO PROCESS CLAIM

PLEASE PRINT OR TYPE
ALL QUESTIONS ON BOTH
SIDES MUST BE ANSWERED
(INCOMPLETE FORMS MAY
BE RETURNED)

IF YOU WISH TO MAKE CLAIM AGAINST THE UNSATISFIED CLAIM AND JUDGMENT FUND,
THIS FORM MUST BE FILED WITHIN 90 DAYS AFTER DATE OF ACCIDENT.

I, _____ of _____
(FIRST NAME) (MIDDLE INITIAL) (LAST NAME) (AGE) (STREET)

_____ hereby give notice of my intention to make claim against the Unsatisfied Claim and Judgment Fund
(CITY) (STATE)
for damages, if otherwise uncollectible.

Date of Accident _____ (a.m. p.m.)
(MONTH) (DAY) (YEAR) (TIME)

Place of Accident: _____
(STREET OR HIGHWAY) (CITY OR MILES FROM CITY) (COUNTY)

Vehicle No. 1 --Registration No. _____
Owned by: _____
Address: _____
Driven by: _____
Address: _____
Driver License No. _____
Insured by: _____
Policy No. _____ Agent _____
(IF AVAILABLE)

Vehicle No. 2 --Registration No. _____
Owned by: _____
Address: _____
Driven by: _____
Address: _____
Driver License No. _____
Insured by: _____
Policy No. _____ Agent _____
(IF AVAILABLE)

I was a passenger I was a pedestrian
of Vehicle No. _____

How many cars involved in this accident _____
(Attach additional sheet if more than two)

Were you injured? Yes No If yes, describe injuries _____

Do you claim personal injury protection benefits? Yes No
If you were injured, a physician's certificate must accompany this notice, or must be filed as soon as possible. Use Form SR-4A (or SR-4) for this purpose.

Did you sustain property damage? Yes No

If yes, estimated cost of repairs. \$ _____
Describe property and damage to it (if to automobile, state year and model)

Submit with this notice estimates of repairmen, or an itemized repair bill.

Have you been paid or will you be paid for your property damage by an insurance company? Yes No

Do you or the injured party receive N.J. Medicaid benefits? Yes No

WITNESSES TO THE ACCIDENT (Important)

1. _____ Address _____
(FIRST NAME) (LAST NAME) (STREET) (CITY) (STATE)

2. _____ Address _____
(FIRST NAME) (LAST NAME) (STREET) (CITY) (STATE)

3. _____ Address _____
(FIRST NAME) (LAST NAME) (STREET) (CITY) (STATE)

Describe Accident _____

If you have started a lawsuit attach a copy of the complaint. Check if complaint is attached

IMPORTANT-QUESTIONS ON REVERSE SIDE MUST BE ANSWERED AND FORM SIGNED

- | | | | | |
|---|-----|--------------------------|----|--------------------------|
| Is the claim payable under an uninsured motorists endorsement? (see check list #4 below before answering) | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| Were you covered by any Workmen's Compensation Law for injuries received? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| Were you the spouse, parent or child of the uninsured motorist against whom claim was made? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| Were you operating or riding in an uninsured motor vehicle owned by yourself, spouse, parent or child? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| Were you operating a motor vehicle without the permission of the owner? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| Were you operating a motor vehicle in violation of an order of suspension or revocation of your license? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| Are your medical bills payable under a medical payment provision under which you must repay your insurance company if you collect from the responsible party? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| Were you the owner or operator of the vehicle involved in the accident? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| Did you file an accident report (SR-1) with the Bureau of Security Responsibility? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |

I CERTIFY THAT ALL STATEMENTS MADE BY ME ARE TRUE. N.J.S.A. 39:6-90 PROVIDES PENALTIES FOR FALSE INFORMATION.

Date _____ 19 ____ Signature _____

INCOMPLETE FORMS MAY BE RETURNED

NOTICE OF INTENTION TO MAKE CLAIM FOR PAYMENT FROM THE FUND MUST BE MADE TO THE BOARD WITHIN NINETY DAYS AFTER THE DATE OF THE ACCIDENT; OTHERWISE, RIGHT TO COLLECT FROM THE FUND WILL BE LOST.

CHECK LIST

Have you attached the following (where applicable) to this Notice of Intention?

1. A certification by a physician of the injuries sustained so far as they can now be anticipated and of the treatment afforded by him? (Use Form SR-4 when available. This can be obtained where you got this Notice of Intention form or from a motor vehicle agency or your local police.)
2. Estimates of a repairman or an itemized repair bill?
3. Such information as is known to you as to liability insurance in effect with respect to the motor vehicles involved in the accident?
4. Have you checked as to the availability of uninsured motorist coverage? The liability insurance policy of the named insured should be checked as to whether or not a premium has been paid. If the premium has been paid, the coverage is available to all persons in an insured vehicle. It is also available to the named insured and members of his household when he is a pedestrian or passenger in another vehicle.
5. A copy of the complaint, if you have started a lawsuit.

YOU CANNOT COLLECT FROM THE FUND IF:

1. You fail to notify the Board of your intention to make claim ninety days after the date of the accident.
2. Your injuries or death are covered by Workmen's Compensation.
3. You are the spouse, parent or child of the judgment debtor (person against whom claim is made).
4. You were at the time of the accident operating or riding in a motor vehicle which you had stolen or helped to steal or were operating a motor vehicle without the owner's permission.
5. You were operating or riding in an uninsured vehicle owned by yourself, your spouse, parent or child.
6. The judgment debtor was insured at the time of the accident and the insurance company is liable to pay part or all of the judgment.
7. The claim is covered by uninsured motorist coverage, collision insurance, extended fire or other insurance.
8. The damage to your vehicle or property is covered by an insurance policy.
9. Your claim is for property damage of \$100.00 or less.

IMPORTANT

IF YOU START A SUIT, AFTER FILING THIS NOTICE, YOU MUST NOTIFY THE UNSATISFIED CLAIM AND JUDGMENT FUND BOARD WITHIN 15 DAYS BY GIVING IT A COPY OF YOUR COMPLAINT.

Report of accident must be made to the Security-Responsibility Section, Division of Motor Vehicles, if you are a driver involved in an accident resulting in damage to property of any one person in excess of two hundred dollars or injury to or death of any person.

State of New Jersey
Unsatisfied Claim and Judgment Fund Board

ASSIGNMENT SHEET

NEW ASSIGNMENT

ADDITIONAL CLAIMANT

Kindly conduct an investigation and/or defense of the below claim. If you determine it is one for settlement, please attempt to arrange for a settlement at an early date subject to the approved procedures under the statute.

The attached 60 day report is due in this office 60 days after assignment.

The following are enclosed:

- Notice of Intention
- Physician's Certificate
- SR - 1
- 60 Day Report

- Complaint
- Correspondence
- Estimate

Very truly yours,

Sal E. Capozzi
Manager

By _____

TO: _____

ADDRESS: _____

CLAIM ASSIGNMENT?

TO: UNSATISFIED CLAIM AND
JUDGMENT FUND BOARD
137 E. STATE STREET
TRENTON, NEW JERSEY 08666
TELEPHONE: 609-292-4527

**INJURED
PERSON**

Name _____ Age _____ Address _____
Occupation _____ Employed by _____
Employer's Address _____

**HISTORY
OF
CONDITION**

Date of injury _____ 19 ____ How did patient say injury occurred? _____
Are you the family physician _____ If not, give name of family physician _____

**DIAGNOSIS
AND
TREATMENT**

Complete description of nature and extent of injury _____
Describe treatment given _____

X-RAY

Was patient confined to hospital _____ Name of hospital _____
Probable period of hospitalization _____
Date taken _____ 19 ____ Where taken _____
By whom _____ Findings _____

**CONTRIBUT-
ING
FACTORS**

Are symptoms from which patient is suffering due entirely to this injury _____
Has previous sickness, injury or disease contributed to disability? _____ If so, give your opinion as to extent _____

Is patient able to attend to any part of regular or any other occupation _____

If so, state nature of work he can do now _____

Is patient working now? _____ Where, if known _____

Has patient received any permanent injuries? _____ If so, nature and degree of permanency _____

Give your estimate of disability from work FROM DATE OF ACCIDENT:

Total disability _____ weeks _____ days _____
Partial disability _____ weeks _____ days _____
Number of treatments to date: Office _____ Home _____
Hospital _____

(Date of your first treatment _____)
(Date of your latest treatment _____)

Amount of your bill to date _____ Estimated total fee \$ _____

Estimate of your further treatments, if any _____

Was patient treated by others _____ If yes, by whom _____

Remarks _____

Date of this report _____ Signed _____ M.D.
Address _____
City _____ State _____

(Injured to Complete Reverse Side)

NOTICE TO PHYSICIAN OR DENTIST

The law provides that a Notice of Intention to Make Claim be filed within 90 days after an accident and that such Notice shall be accompanied by a Physician's Certificate. If the Notice of Intention is not filed in that time the injured individual will lose his right to collect from the Unsatisfied Claim and Judgment Fund.

Therefore, please do not delay completing this form.

NOTICE TO INJURED PERSON

If you have already filed a Physician's and Dentist's Certificate with the Security Responsibility Section, you need not file it with your Notice of Intention to Make Claim (UCJ-201).

TO BE COMPLETED BY INJURED PERSON

Date of Accident _____ Location of Accident _____

Your full name _____ Age _____ Male Married
Female Single

Address _____

Occupation _____ Name of employer _____

Employer's Address _____

Weekly salary at time of accident \$ _____ Number of dependents _____

Your estimate of total loss of earnings due to injury \$ _____

I was driver
passenger - in vehicle driven by _____
pedestrian

I certify that the information in this report is true to the best of my knowledge and the injuries are the result of the described accident.

Date _____ 19 _____ Signature of injured person _____

PHYSICIAN TO COMPLETE REVERSE SIDE - - OVER

SETTLEMENT AGREEMENT

February, 1982
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_____ of _____, New
(Claimant)
Jersey and _____ of _____,
(Uninsured)

New Jersey were involved in an accident at or near _____
_____ on the _____ day of _____ 19____,
and it is desired on the part of both parties that a settlement be had.

It is agreed by and between the above named parties as follows:

_____ agrees to pay and _____
(Uninsured) (Claimant)

_____ agrees to accept the sum of \$_____ in full
settlement of any and all claims he has or may have. The sum of \$_____
is to be paid by the Unsatisfied Claim and Judgment Fund. _____

_____ has agreed by way of separate instrument to repay the
(Uninsured)

Treasurer of New Jersey the sum expended in his behalf by the Unsatisfied
Claim and Judgment Fund. PURSUANT TO R.S. 39:6-72 THIS AGREEMENT IS SUBJECT
TO APPROVAL OF THE DIRECTOR OF THE DIVISION OF MOTOR VEHICLES AND ONE MEMBER
OF THE UNSATISFIED CLAIM AND JUDGMENT FUND BOARD, THE BOARD, OR THE BOARD
AND COURT APPROVAL.

NAME

NAME

Address

Address

On this _____ day of _____ 19____

On this _____ day of _____ 19____

_____ personally
known to me appeared before me and I
having first made known to him the
contents thereof he did acknowledge
that the foregoing was executed by
him for the purposes set forth there-
in.

_____ personally
known to me appeared before me and I
having first made known to him the
contents thereof he did acknowledge
that the foregoing was executed by
him for the purposes set forth there-
in.

Notary Public in and for the County
of _____
State of New Jersey
My commission expires _____

Notary Public in and for the County
of _____
State of New Jersey
My commission expires _____

ASSIGNMENT

For value received, I hereby assign, transfer and set over unto _____
 Director of the Division of Motor Vehicles, State of New Jersey, his successors or assigns,
 a certain judgment recovered by me on the _____ day of _____, 19____, in an
 action in the _____ Court, before the Honorable _____,
 Judge of said Court between me, as the plaintiff and _____ as
 the defendant, which judgment is for the amount of \$ _____ damages with costs, if any,
 as the record may appear, of which \$ _____ has not been paid, together with the interest
 due or to become due thereon and the benefit of all the proceedings by virtue of execution
 or otherwise, levied or instituted or to be levied or instituted on the said judgment. I do
 name, appoint and constitute the said _____, his successors
 or assigns, my attorney in my name, for his or their own use and benefit, but at his or their
 own cost and expense, to do and perform any and every act and thing necessary in his or their
 judgment to the recovering and settling of the aforesaid judgment, costs and interest.

Dated:

Attest:

ACKNOWLEDGMENT

State of New Jersey }
 County of _____ } ss.

Be it remembered that, on this _____ day of _____, 19____, before me, the
 subscriber _____, personally appeared _____
 who I am satisfied is the person named in and who executed the within assignment, and I
 having first made known to _____ the contents thereof, _____ did thereupon severally
 acknowledge that _____ signed, sealed and delivered the same as _____ voluntary act and
 deed, for the uses and purposes therein expressed.

KNOW all men by these presents that I, _____ of the city
of _____ County of _____ and State of New Jersey am held and
firmly bound unto the Treasurer of the State of New Jersey, his successors or assigns in the sum
of \$ _____ for which payment well and truly to be made, I do hereby bind myself, my heirs,
executors, and administrators, and assigns firmly by these presents.

The condition of this obligation is such that if the above-bounded _____
his heirs, executors, or administrators, of any of them shall and does well and truly pay to the
said Treasurer of the State of New Jersey, his successors or assigns, the full and just sum of
\$ _____ in installments as stated belcw until the indebtedness is fully paid, with interest
on the said sum at the rate of 6% per annum, then this obligation shall be void; otherwise, this
obligation shall remain in full force and virtue.

The above obligation shall be paid by the above-bounded _____, his
heirs, executors, administrators, or assigns in equal installments of \$ _____ per month
commencing on the _____ day of _____, 19____, and on the _____ day of each succeeding
month thereafter until the entire amount due hereunder shall be paid. In the event that any de-
fault occurs in any monthly payment hereunder, the entire remaining amount of principal and in-
terest due on this obligation shall immediately be due notwithstanding anything herein con-
tained, and the entire amount of principal and interest remaining on this obligation shall be in
default of any monthly payment due hereunder.

IN WITNESS WHEREOF, I have hereunto placed my hand and seal this _____ day of _____
_____, 19_____.

L.S.

Signed, sealed and delivered
on this _____ day of
_____, 19____
in the presence of

Notary

WARRANT FOR CONFESSION OF JUDGEMENT

To any Attorney at Law of any Court of Record of the State of New Jersey or
Elsewhere or to any Other Person:

These presents are to authorize you to appear for me in any court of
competent jurisdiction in the State of New Jersey or elsewhere, in an action at law
brought or to be brought against me at the suit of the Treasurer of the State of
New Jersey, the obligee in a certain bond executed and delivered to him by me
on the _____ day of _____, 19_____,
or at the suit of his successors, or assigns, and thereupon to confess judgment
against me as of the last term or any subsequent date, for the sum mentioned in
the condition of the said bond with the costs of the suit, agreeably to law, hereby
releasing all errors, and this instrument shall be your warrant.

IN WITNESS WHEREOF, I have hereunto affixed my hand and seal on
this _____ day of _____, 19_____.

Signed, sealed, and delivered

on this _____ day of _____,

19_____, in the presence of

_____ L.S.

Notary

CLAIMANT'S STATEMENT OF ELIGIBILITY
AND OF OTHER INSURANCE CARRIED WHICH IS
APPLICABLE TO THE ACCIDENT

- ANSWER
YES OR NO
1. Were you covered by Workmen's Compensation Law for injuries received? _____
 2. Were you the spouse , parent , or child of the uninsured motorist against who claim is made? _____
 3. Were you operating a motor vehicle without the permission of the owner? _____
 4. Were you operating or riding in an uninsured motor vehicle owned by yourself , spouse , parent or child ? _____
 5. Were you operating a motor vehicle in violation of an order of suspension or revocation of your license? _____
 6. Do you, or does any member of the household where you reside, own an automobile?

- If Yes: Plate No. _____
Name of Automobile _____
Liability Insurance Co. _____ Policy No. - _____

Name of Collision _____
Insurance Company _____ Policy No. - _____
7. Do you claim Personal Injury Protection Benefits? _____
If the answer is yes, you must answer the following additional questions:
 - (a) If you were a pedestrian, was the vehicle involved a private passenger auto (as distinguished from a bus, truck, taxi, etc.) _____
 - (b) If you were a passenger, were you a passenger in a private passenger auto (as distinguished from a bus, truck, taxi, etc.) _____
 - (c) Did this accident occur while you were committing a high misdemeanor, felony or seeking to avoid lawful apprehension? _____
 - (d) Did this accident occur while you were acting with specific intent of causing injury? _____
 - (e) Are you eligible to collect benefits under employee temporary disability statutes? _____
 - (f) Are you eligible to collect benefits under medicare? _____

Signature of Claimant

Claimant's Social Security
Number _____

STATE OF NEW JERSEY
Unsatisfied Claim and Judgment Fund Board
209 East State Street
Trenton, New Jersey 08625

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TRIAL REPORT

This trial report must be submitted at the time verdict is entered either for the plaintiff or the defendant.

Claim No. _____ UCJ _____ Date Of Accident _____

Co. report must be submitted for each plaintiff:

Plaintiff _____

This case was tried on (date) _____ Length of trial in days _____

By Judge _____ Court _____

Verdict of _____

In favor of _____

Rendered by _____
Judge or Jury Consent or Default

ASSIGNED COUNSEL'S TRIAL REPORT MUST BE ATTACHED

Was there a co-def. _____ Was co-def. held in _____

Was the co-def. insured _____

Did assigned counsel or uninsured's personal attorney try case?

Did uninsured appear in Court _____ Uninsured's latest address

Does it appear that Plaintiff will be eligible to collect from the Fund if the defendant cannot satisfy the judgment _____

Do you or your counsel recommend an appeal Yes No

If yes, please attach the recommendations to the file and submit entire file with this report.

(Signature of person making report)

Title

60 DAY REPORT

This report form must be completed for each claimant and forwarded to the Unsatisfied Claim and Judgment Fund Board sixty (60) days after Assignment of the File.

Board _____ Company _____
File No. _____ File No. _____

For Use of U.C.J.

Claimant _____ Age _____

Recorded by:

-Uninsured _____

Bookkeeper

Date of Accident _____ Date of Receipt _____

Adjuster

Place of Accident (County) _____

Reserve: B.I. _____ P.D. _____

Ped. Hit & Run Other

| Investigation: | Rep. By | | Atty. | Rep. By | |
|--|--------------------------|--------------------------|--------------------------|----------------------------|--------------------------|
| | Yes | No | | Yes | No |
| Uninsured Interviewed | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Photos | <input type="checkbox"/> |
| Statement Obtained | <input type="checkbox"/> | <input type="checkbox"/> | | Diagram of Scene | <input type="checkbox"/> |
| Claimant Interviewed | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Hospital Report | <input type="checkbox"/> |
| Statement Obtained | <input type="checkbox"/> | <input type="checkbox"/> | | Medical Examination | <input type="checkbox"/> |
| Witnesses Interviewed | <input type="checkbox"/> | <input type="checkbox"/> | | Report Directed To | <input type="checkbox"/> |
| Statements Obtained | <input type="checkbox"/> | <input type="checkbox"/> | | Central Index Bureau | <input type="checkbox"/> |
| Eligibility Form 213 Filed by Claimant | <input type="checkbox"/> | <input type="checkbox"/> | | Claimant's Driving | <input type="checkbox"/> |
| Police Report | <input type="checkbox"/> | <input type="checkbox"/> | | Record Obtained | <input type="checkbox"/> |
| Copy Obtained | <input type="checkbox"/> | <input type="checkbox"/> | | Claimant's Application For | <input type="checkbox"/> |
| | | | | Driver's License Obtained | <input type="checkbox"/> |

Liability: _____

Specials: Property Damage \$ _____ Verified? _____

Doctors \$ _____ Verified? _____; Hospital \$ _____ Verified? _____

Loss of Wages \$ _____ Verified? _____

Dependants - Number & Ages _____

Suit: County _____ Court _____ Was Uninsured Served? _____

Claimant's Attorney _____

Uninsured's Attorney _____

Personal? _____ or Assigned by Company _____

Expected Trial Date _____

Settlement: Is Case one for settlement? _____

Demand _____ Value _____

Will Uninsured agree to settlement _____ For how much _____

REMARKS AND ADDITIONAL INVESTIGATION TO BE COMPLETED (LIST):

Date: _____ Company Assigned _____

Claim Supervisor _____

Superior Court of New Jersey
Law Division
Docket No.

Plaintiff,

vs.

CERTIFICATION
OF FINANCIAL
STATUS

Defendant.

, of full age, certifies that the following

statements are true:

1. I am the defendant in the above captioned matter in which judgment was entered against me on the _____ day of _____, 19 _____ in the amount of \$ _____ plus interest with costs, and remains unpaid. I desire to be permitted to pay this judgment, plus statutory interest, in installments.

2. I am employed by:

Name of employer -

Address -

City -

Occupation -

and earn a gross salary of \$ _____ per week.

My Social Security No. is _____

Date of Birth: _____

3. I own, or partially own, the following:

(a) Home or other real estate located at -

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION,
DOCKET NO.

| | | |
|------------|---|--------------------------------|
| | : | |
| | : | |
| | : | |
| Plaintiff, | : | |
| vs. | : | Civil Action |
| | : | ORDER FOR INSTALLMENT PAYMENTS |
| | : | |
| Defendant. | : | |
| | : | |

This matter being opened to the Court by
the defendant, the Court having examined the affidavit of the defendant attached
hereto and the Unsatisfied Claim and Judgment Fund Board having consented to the
entry of this order, it is on this day of , 19

ORDERED that, commencing immediately, the defendant,
pay the judgment and costs with statutory interest in installments of \$
per month.

(J.S.C.)

We consent to the form of the
above order.

Checklist for the Court:

NAMES OF PARTIES

PAPERS RECEIVED

UNSATISFIED CLAIM AND JUDGMENT FUND BOARD

BY _____

**UNSATISFIED CLAIM AND JUDGMENT FUND BOARD
137 EAST STATE STREET
TRENTON, NEW JERSEY 08666**

We acknowledge receipt of your Notice of Intention to Make Claim against the Unsatisfied Claim and Judgment Fund, if it is otherwise uncollectible.

The claim will be given early attention and you will be advised further.

**Sal E. Capozzi
Manager**

UC-226 (PB/78)





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State of New Jersey

UNSATISFIED CLAIM AND JUDGMENT FUND BOARD

209 E. STATE STREET
TRENTON, NEW JERSEY 08625
TELEPHONE: AREA CODE 609-292-4527

June 21, 1971

PULLETT, RC. #24

**TO: ALL COMPANIES, INVESTIGATING AGENCIES AND COUNSEL ASSIGNED HANDLING
UNSATISFIED CLAIM AND JUDGMENT FUND CASES**

**Re: Recent Amendments, Settlements, and Evaluation of Claims
under the Unsatisfied Claim and Judgment Fund Law**

Recent amendments to the Unsatisfied Claim and Judgment Fund Law (N.J.S.A. 39:6-72) give settlement authority to the court and manager in all cases involving uninsured motorists that are in suit to the full limits of \$10,000 to any one person, and \$20,000 for any one accident. For cases not in suit where the uninsured agrees to repay the fund, settlement authority is in the manager under \$5,000, in the board if over \$5,000. There has been no change in settlement authority of hit-run cases. They must still be approved by the board, and the court.

The board requires the assigned carrier to submit files on all claims to the board's office as soon as investigations are completed, and no later than nine months after assignment of the claim. The file is to be submitted with the carrier's recommendation on disposition together with a summary of file contents. An outline and detailed format for the summary is attached.

This will be reviewed and an evaluation fixed. The file will be returned to the carrier for conclusion. The summary will be retained by the Unsatisfied Claim and Judgment Fund.

If the claim can be settled within the fixed evaluation, the matter may proceed by way of the statutory settlement procedures set forth in N.J.S.A. 39:6-72 and 82.

If the carrier believes the status of the claim has changed and wants to recommend a re-evaluation, it may resubmit the complete file with a covering memorandum setting forth additional available information and its recommendation.

To avoid excessive court time and attorney appearances in claims under \$500, the suit may be dismissed after the manager has approved the proposed settlement with the agreement of the uninsured. In these cases the file must contain a completed and executed settlement agreement, bond, and warrant for confession of judgment signed by the uninsured.

Telephone call approval to settle claims where the investigation file has not been submitted to the board's office must be avoided. The carrier must have its

assigned counsel advise it of the first time a case is listed for trial. When the carrier is first notified of trial, the file must be reviewed. If the file has not been submitted to the board, it must then be submitted immediately.

No final settlement is to be entered into which exceeds the evaluation or settlement authority granted by the manager or the board. No settlement will be consummated until prior approval is obtained. Unless prior approval is obtained, the case will have to proceed to a fully contested trial. There will be no telephone call approval of settlements in hit-run cases.

Statutory Settlements:

N.J.S.A. 39:6-72 sets forth requirements for settlement of an action against an uninsured motorist. The uninsured must agree to the settlement in all of these cases. In cases that are in suit, the proposed settlement must be entered into with and by the consent of the court and approved by the manager.

In cases not in suit, the carrier may settle any claim paying less than \$5,000 with the approval of the manager, or any claim paying \$5,000 or more with the approval of the board. The uninsured must agree to the settlement.

N.J.S.A. 39:6-82 provides for settlement of hit-run actions against the Director by the board and court approval.

In cases requiring court approval under N.J.S.A. 39:6-72 and 82, when advised a claim can be settled within the authority approved by the manager or the board, the board's office will send a letter to the assigned company with a copy to counsel and to the county clerk (the county in which venue is laid with the docket number) reciting approval of the settlement. The plaintiff's attorney should then have the case set for court approval. Sufficient evidence should be given the court to permit it to make its own determination. If the court approves of the settlement, an order should be entered reciting the court's approval and directing the amount be paid by the treasurer from the fund.

Settlement of Cases that are on Trial:

The fund is a trust fund which must be protected by the board and the courts. Both are interested in disposing of cases by way of settlements where agreements can be reached. The following procedure is suggested in cases where the uninsured is present, the cases are on trial and can be settled within the evaluation fixed by the manager.

Facts as to liability and damages are to be presented to the judge hearing the case. If the judge is satisfied the settlement is fair, he may order a judgment entered. An order for judgment must be drawn by plaintiff's counsel for the court's signature and filed with the clerk. At this time, plaintiff's counsel may wish to call the defendant to the stand for discovery to permit the court to determine if the uninsured has assets to satisfy part or all of the judgment.

Where it is ascertained the uninsured has no assets, the plaintiff may apply under N.J.S.A. 39:6-69, 70 and 71 for payment from the fund. The court, on hearing the application for payment and having been apprised of the agreed settlement and entrance of the judgment, is then in a position to determine whether or not the

statutory requirements as to eligibility have been satisfied, and if they have, to direct a payment from the fund.

If the court decides on installment payments, the order directing payment from the fund should contain an additional paragraph permitting the uninsured to make the payments. The fund generally expects 10% of salary. If there is no specific court determination as to the reasonableness of the proposed installment then no order should be entered as to the payments.

Settlement authorizations given to the carrier upon the manager or board's review of the investigation file will not be further reviewed or increased at the time of trial unless the status of the claim has changed. In cases involving board approval (hit-run proposals), the change in status must be submitted in writing to the board at the next meeting with the recommendation of the trial judge, carrier and assigned counsel.

Disposal of Cases where the Uninsured Defendant was Properly Served but cannot now be located:

These cases can be disposed of if the plaintiff, the assigned insurer and the manager have all agreed to an amount.

Where an attorney has been assigned to defend an uninsured or where the insured has personal counsel who has entered an appearance of record, and the uninsured cannot be located or is not present for trial, the following procedure is suggested for placing a judgment on record:

- (a) Plaintiff's and defendant's counsel advise the assignment judge a judgment has been agreed upon and approved by the manager and outline for the record steps taken by the carrier and or counsel to procure the cooperation of or locate the defendant.
- (b) Trial date established.
- (c) The defendant's counsel should advise the defendant by mail addressed to the last known residence of the trial date. If the uninsured fails to appear, the plaintiff should present his prima facie proofs to the court. If the court is satisfied as to the defendant's liability and the fairness and reasonableness of the agreed amount a judgment may be entered. The plaintiff's attorney must draw the order for judgment for the court's signature.

The plaintiff may then move for payment under N.J.S.A. 39:6-69, 70 and 71. The statutory requirement giving the board ten days notice and three additional days if the notice is mailed should be followed.

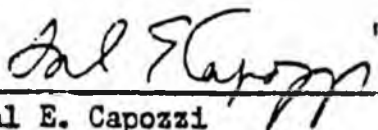
Default Judgments:

Default Judgments in which payment is anticipated from the fund, should only be entered in cases where the amount of the judgment has been specifically agreed to by the manager.

Prior to presentation to the court, the default proposal must be submitted to the board's office by the carrier or designated agency together with the investi-

gation file and the carrier's recommendation. If the proposal is found reasonable upon review, the board's office will address a letter to the carrier agreeing to the proposal. A copy will be sent to plaintiff's attorney and to the county clerk (the county in which venue is laid with the docket number). These will be cases in which counsel has not been assigned to appear for the uninsured. The plaintiff should submit his prima facie proofs to the court. If the court approves the proposal, a judgment must be entered. The plaintiff may then move for payment from the fund under N.J.S.A. 39:6-69, 70 and 71. The statutory 10 - 13 days notice to the board should be followed as indicated above.

In addressing correspondence to the fund, please use the UCJ File No. Five digit numbers have been completely used. A letter and four digits is now in effect so that files after 99,999 are A0000, A0001, A0002, etc. Please be sure to include the letter in these new file numbers.



Sal E. Capozzi
Manager

TO

Day Month Year

UNSATISFIED CLAIM AND JUDGMENT FUND BOARD

UCJ FILE NO. _____

CLAIMANT: _____ AGE: _____

Claimant's Attorney _____

UNINSURED: _____ AGE: _____

Uninsured's Attorney _____ Personal- _____ Assigned- _____

COMPANY ASSIGNED: _____ INVESTIGATING AGENCY: _____

ACCIDENT DATE: _____ TIME: _____ PLACE: _____

SUIT: _____ COURT: _____ COUNTY: _____

PRESENT RESERVE: B.I. \$ _____ P.D. \$ _____

AMOUNT OF SETTLEMENT AUTHORITY REQUESTED: B.I. \$ _____

P.D. \$ _____

ELIGIBILITY OF CLAIMANT:

DESCRIPTION OF ACCIDENT:

NAMES AND ADDRESSES OF WITNESSES AND THEIR DESCRIPTION OF ACCIDENT:

POLICE DESCRIPTION OF ACCIDENT:

DESCRIPTION OF INJURIES:

SPECIALS:

UNINSURED: Financial Status
Cooperation
Accord to Settlement

SETTLEMENT NEGOTIATIONS:

CARRIER'S RECOMMENDATION AS TO DISPOSITION OF CLAIM:

NAME & TITLE OF PERSON
SUBMITTING REPORT:

from the Fund, assuming he successfully obtains a judgment against the uninsured or the Director in a hit-and-run case.

The following points should be considered by the company in determining eligibility. If the claimant is deemed eligible, the board must be advised of such based on the following reasons:

1. The question of coverage under an uninsured motorist endorsement has been carefully checked.
2. Claimant's liability coverage where applicable has been verified independently by contacting in writing the claimant's liability insurance company.
3. Claimant has filed Form 213 Statement of Eligibility and insurance applicable to the accident. If the questions raised by this form are answered in any other manner deemed satisfactory by the assigned investigator this should be stated.
4. Has the claimant filed his Notice of Intention within the time requirement of N.J.S.A. 39:6-65.
5. Has the claimant met and complied with all the requirements of section 70 (a) through (f) inclusive and subsection (l) and (m).

The assigned company should particularly make sure the eligibility requirements called for by these subsections have been met. These requirements establish:

- A. That claimant or his personal representative are not covered by Workmen's Compensation.
- B. That the claimant is not related to the judgment debtor as specified in subsection (b) of Section 70 of the statute.
- C. That the claimant was not operating or riding in a stolen vehicle or one which he participated in stealing or that he was operating a vehicle without the owner's permission.
- D. That he has complied with subsection (d) of Section 70.
- E. That the uninsured was not covered by automobile liability insurance.
- F. That the requirements of subsection (l) of Section 70 have been met.
- G. That he tried to recover from all persons against whom he reasonably has a cause of action, meeting all the requirements of subsection (m) of Section 70 and Section 71.

In suits against the Director under the Hit-and-Run Statute, the assigned company or investigator shall state whether all requirements of Section 78 have been met.

Typical problems often encountered under Section 78 are as follows:

Claimant fails to clearly establish he has made all reasonable efforts to ascertain the identity of the vehicle, the negligent operator or owner.

Claimant fails to clearly establish the vehicle was stolen or the driver identity unknown.

Where Section 79 is involved, claimant fails to clearly establish the type of "Qualifying" judgment envisioned by Section 79.

These examples are not meant to exclude those problems of eligibility not included in this suggested outline. In other words, claimant must establish he has met all requirements as written and amended by the Legislature and as interpreted by the courts.

As stated previously, cases assigned to insurance companies should be handled by them in the same manner as they would handle their own casualty claims.

Please include the following in all summaries so the board may fully evaluate the claim:

ACCIDENT DESCRIPTION:

- . Describe as fully as possible. If verbal description is difficult, submit a diagram to include any additional information the investigator thinks necessary.
- . Summarize the uninsured's version of the accident. If no statement taken, specify why.
- . State claimant's version. Point out any contradictions or inconsistencies in the two versions. Include any information on the Notice of Intention or on any contradictory written or oral statements. Include inconsistencies or information resulting from interrogatories, depositions, CIB reports or other means.
- . State if photos were taken disclosing information affecting liability or injuries and damages.

WITNESSES:

Submit summarized relevant portions of witnesses' statements. If statements not taken, explain why.

POLICE REPORT:

Is there a police report and does the board have it? Indicate if portions of the police report could assist the board in determining negligence, contributory negligence, other defenses, or extent of injuries.

INJURIES:

- . State sufficient information to inform the board of the claimant's injuries. List

proof which supports or rebuts, minimizes or denies the extent of injury.

- . If physical examination not given, state why. Include any facts in the hospital's or doctor's #SR-4 report describing injury which should be brought to the board's attention.
- . Information necessary to determining a fair settlement must be submitted. This includes any information obtained through documents, methods or descriptions listed in the sections above.

PROPERTY DAMAGE:

- . Clearly spell out the nature of any claim for property damage. Include year and make of car and market value if relevant.
- . State in what manner claim has been verified.

SPECIALS:

- . For out of pocket specials and claims for lost wages, clearly state names of persons to whom payments were made or owing and period of time claimed for lost wages or profit.
- . State exact method for computing losses so that board may determine whether claim is exaggerate
- . Indicate whether the investigator has verified all specials claimed or why he feels they should be accepted without verification.

UNINSURED:

- . State financial status of the uninsured.
- . Indicate whether Form #214 has been obtained which is the uninsured's statement of his financial status and consent to settlement or judgment.
- . Advise of uninsured's attitude on cooperation, settlement, amount of repayments and as to the type of witness he would make if the case were tried.

SETTLEMENT NEGOTIATIONS:

Inform the board if there have been any tentative settlement negotiations, or demand.

REMARKS AND CARRIER'S DISPOSITION RECOMMENDATION:

- . List any other information not specifically asked for but which the investigator feels could be pertinent to the board's determination on the case.
- . Indicate how the investigator recommends the board handle the case.
- . State potential judgment value if case is in suit.
- . Indicate whether investigator feels he should have authority to settle case.
- . Indicate what authority, if any, investigator recommends he should have to settle the case.

| | | |
|--------------------------|------------------|---------------|
| (1) TRANSACTION CODE S/C | (2) BATCH NUMBER | (3) NEW/MATCH |
| 0 | | |

TRANS CODE
30 = PA
34 = UA

STATE OF NEW JERSEY

| | | | | |
|-----------------|----------------------|-------------|---------------------|----------------------|
| (4) FISCAL YEAR | (5) TRANSACTION DATE | (6) DOC TYP | (7) DOCUMENT NUMBER | (8) REJECT INDICATOR |
| | | | | |

INVOICE

(9) VENDOR STATUS

BLANK = NO CHANGE
1 = NEW VENDOR
2 = ADDRESS CHANGE
3 = LOCATION CODE
4 = NEW VENDOR AND LOCATION
5 = VENDOR NO. CORRECTION

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| | | | | | | | | | | | |
|---------------------|------|---------|--------|-------------|------------------|-----------------|------|------|-------------------|----------------------|------------------------|
| (10) ACCOUNT NUMBER | | | | | | (11) | (12) | (13) | (14) TOTAL AMOUNT | (15) AGENCY P.O. NO. | (16) OBLIGATION NUMBER |
| ORGANIZATION | FUND | PROGRAM | OBJECT | COST CENTER | PROJECT ACTIVITY | EXTENDED NUMBER | | | | | |

(B) PAYEE NAME AND ADDRESS

(18) NAME (19) STREET (20) CITY (21) STATE (22) ZIP CODE

(D) PAYEE DECLARATION:

I certify that the within invoice is correct in all its particulars, that the described goods or services have been furnished or rendered, and that no bonus has been given or received on account of said invoice.

PAYEE SIGNATURE

TITLE

DATE

(C) DEPARTMENT/AGENCY

| | | | | |
|---------------------|---------------------|--|----------------------------------|----------------------|
| (24) COMMODITY CODE | (25) 1000 INDICATOR | (26) PAYEE REFERENCE - (LIMIT 34 CHARACTERS) | (27) PAYEE IDENTIFICATION NUMBER | (28) CONTRACT NUMBER |
| | | | | |

| | | | | | | | |
|-------------------|-------------------|--------------------------|----------------------|---------------|------------|-------------------|-----------------------|
| (31) LAST INVOICE | (32) CHECK NUMBER | (33) ACCOUNTING USE ONLY | (34) SUSPENSE NUMBER | (35) DEF-REPC | (36) TERMS | (37) BILLING DATE | (38) PAYMENT DUE DATE |
| | | | | | | MONTH DAY YEAR | MONTH DAY YEAR |

● PAYEE - SEE INSTRUCTIONS ON REVERSE SIDE ●

| ITEM NO. | QUANTITY | UNIT | DESCRIPTION | UNIT PRICE | AMOUNT |
|--|----------|------|-------------|------------|--------|
| DELIVERY IS <input type="checkbox"/> F.O.B. DESTINATION <input type="checkbox"/> F.O.B. SHIPPING POINT | | | | | |
| | | | | | |
| TOTAL | | | | | |

CERTIFICATION BY RECEIVING AGENCY
I CERTIFY THAT THE ABOVE ARTICLES HAVE BEEN RECEIVED OR SERVICES RENDERED AS STATED HEREIN.

SIGNATURE

TITLE

DATE

CERTIFICATION BY APPROVAL OFFICER
I CERTIFY THAT THIS INVOICE IS CORRECT AND JUST, AND PAYMENT IS APPROVED.

AUTHORIZED SIGNATURE

TITLE

DATE

PAYEE INSTRUCTIONS

ITEMS (A) THROUGH (H) ARE TO BE COMPLETED BY PAYEE

(A) TOTAL AMOUNT

Enter the total amount of this invoice.

(B) PAYEE NAME AND ADDRESS

The name of the individual or company to whose name the check shall be drawn and the complete address where the check shall be mailed.

(C) DEPARTMENT/AGENCY

The Department, Division, Bureau or Institution to whom the materials or services were furnished.

(D) PAYEE DECLARATION

Payee must sign the declaration.

(E) PAYEE REFERENCE NUMBER

Payee must show his own invoice or billing number or any other identification for reference purposes. This information is recorded on the check stub and aids the payee to identify the invoices which have been paid. Do not use more than 34 characters.

(F) PAYEE IDENTIFICATION NUMBER

Complete the payee identification field with the federal employer identification number assigned to the business or the social security number if the payee is an individual.

(G) TERMS

The terms of sale, such as "NET", "2% fifteen days," etc.

(H) BILLING DATE

Enter the date the invoice is prepared.

PAYEE IS TO COMPLETE THE SCHEDULE OF ITEMS OR SERVICES SHOWING QUANTITY, UNIT, DESCRIPTION, UNIT PRICE AND AMOUNT. IF THE NUMBER OF ITEMS EXCEEDS THE SPACE, ATTACH A SCHEDULE SHOWING THE REQUIRED INFORMATION.

TO INSURE PROMPT PAYMENT, SEND COMPLETED INVOICE ONLY
TO THE DEPARTMENT/AGENCY SHOWN IN ITEM C

REGULATIONS CONCERNING U.C.J. CLAIMS -
CLAIMS INVOLVING UNINSURED OR HIT-RUN MOTORISTS

N.J.A.C. - New Jersey Annotated Code

N.J.A.C. 13:19-3.1 Claim information

(a) A Notice of Intention to Make Claim under N.J.S.A. 39:6-65 as amended by Chapter 99, Public Laws of 1958 approved July 1, 1958, shall contain the following information.

1. The claimant's name and address;
2. The time and place of accident;
3. The identity of the operators and vehicles involved in the accident;
4. Such witnesses to said accident as are then known;
5. A short description of the accident;
6. A description of the injuries then known, and attached thereto a medical certificate if then available. In any event the medical certificate shall be filed as soon as available;
7. A description of the damage sustained to property, and attached thereto an estimate of the cost of repairs if then available.

N.J.A.C. 13:19-3.2 Claim filing; form

(a) A Notice of Intention to Make Claim under N.J.S.A. 39:6-65 may be filed on a form of the Unsatisfied Claim and Judgment Fund Board designated as a "Notice of Intention to Make Claim."

(b) A written notice to the Board in any other form that contains the information required by this section shall be acceptable.

N.J.A.C. 13:18-2.1 Uninsured's current financial status

(a) Upon review of a case by the Unsatisfied Claim and Judgment Fund Board, if the Board does not have sufficient current information to determine whether or not the uninsured's installment payment is reasonable, a request will be addressed to the uninsured asking for a statement of current financial status.

(b) If the uninsured fails to furnish a completed statement of current financial status within a time period to be established by the manager, the Unsatisfied Claim and Judgment Fund Board will request the Director of Motor Vehicles to suspend the license and all registrations of the uninsured pursuant to N.J.S.A. 39:5-30 and 39:5-87, for failure to furnish this information.

CLAIMS BY INSURERS FOR REIMBURSEMENT OF
EXCESS MEDICAL EXPENSE BENEFITS

History of E.M.B. (Excess Medical Benefit) Claims

The Public Laws of 1977, Chapter 310 (N.J.S.A. 39:6A-4; 39:6-63, 73 & 88), applicable to accidents occurring on or after February 19, 1978, provided for the reimbursement of insurers from the Unsatisfied Claim and Judgment Fund in the event benefits paid under the N. J. Automobile Reparations Reform Act (N.J.S.A. 39:6A-4a) exceeded \$75,000.

On May 9, 1978 Rules were adopted concerning the processing of the EMB claims.

Initiating a Claim

The insurer is required to file with the board a Notice Form as soon as it posts a reserve of \$75,000 or more for a claim for medical expense benefits payable under N.J.S.A. 39:6A-4a.

Claim Processing

The insurer must complete a Report Form (with the required attachments) and file it with the board when the carrier makes payment of \$50,000 for medical expense benefits.

The board will create a claim file and assign an EMB file number. The board will post a reserve on the claim. It is, therefore, important the board be advised by the insurer when the reserve is changed or the file closed.

The board's office will, on opening of the EMB file, furnish the insurer with the board's EMB file number and will also advise the insurer as to further handling of the claim.

An incomplete claim form will not receive attention nor will a Report Form without the proper attachments.

Reimbursement of Insurers

The Reimbursement and Reserve Form is to be filed by the insurer when the insurer's medical expense benefit payments have exceeded \$75,000. Again it is