

NEW JERSEY AUTOMOBILE INSURANCE PLAN

Effective January 1, 1973

Page 5 Revised
Effective February 1, 1983
Pages 6 and 10 Revised
Effective January 1, 1983
Pages 12 and 13 Revised
Effective February 15, 1983
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Effective January 24, 1983

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733 THIRD AVENUE, NEW YORK, NEW YORK 10017

**CHECKING SLIP—IMPORTANT
NEW JERSEY
AUTOMOBILE INSURANCE PLAN**

April, 1983 Distribution

Material included herewith:

New Jersey Automobile Insurance Plan Pages 5—6, 9—14

This material consists of the following revisions:

Page 5 reflects amended Sections 9 and 10; effective February 1, 1983 for new business and March 1, 1983 for renewal policies (previously announced via Important Notice #1729 dated 1/15/83).

Page 6 reflects an amended Section 11 and page 10 reflects an amended Section 15; effective January 1, 1983 (previously announced via Important Notice #1709 dated 12/17/82).

Page 12 reflects an amended Section 16; effective February 15, 1983 for new business and March 15, 1983 for renewal policies (previously announced via Important Notice #1747 dated 2/11/83).

Page 13 reflects an amended Section 17; effective February 15, 1983 (previously announced via Important Notice #1749 dated 2/15/83).

Page 14 reflects an amended Section 19; effective January 24, 1983 (previously announced via Important Notice #1744 dated 2/2/83).

The enclosed pages replace the present corresponding Plan pages.

Note: Please discard Important Notices #1709, #1729, #1744, #1747 and #1749.

**Distributed by
Automobile Insurance Plans Service Office
In behalf of
New Jersey Automobile Insurance Plan
733 Third Avenue
New York, New York 10017**

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NEW JERSEY AUTOMOBILE INSURANCE PLAN

PURSUANT TO CH. 215 P.L. 1970 AND THE ADMINISTRATIVE PROCEDURES ACT. UNLESS SPECIFICALLY IDENTIFIED OTHERWISE THE SECTIONS OF THIS PLAN APPLY TO BODILY INJURY AND PROPERTY DAMAGE LIABILITY, BASIC AND ADDITIONAL PERSONAL INJURY PROTECTION, MEDICAL PAYMENTS, UNINSURED MOTORISTS AND PHYSICAL DAMAGE COVERAGES.

Sec. 1. PURPOSES OF PLAN

The purposes of the Plan are:

- A. To provide the coverages described herein subject to the conditions stated, and with respect to those automobiles subject to the New Jersey Automobile Reparation Reform Act, the coverages required under the Act, and,
- B. to establish a procedure for the equitable distribution of prospective insureds assigned to insurance companies.

Sec. 2. EFFECTIVE DATE

This Plan shall take effect January 1, 1973.

The Commissioner, after consultation with the insurers licensed to write automobile insurance in this State, has approved this Plan for the equitable apportionment among such insurers of prospective insureds for such insurance who are in good faith entitled to but are unable to procure insurance through ordinary methods, and all such insurers shall subscribe thereto and shall participate therein.

Sec. 3. RESIDENTS AND NON-RESIDENTS

- ★ A. The Plan shall be available to an owner of an automobile registered or to be registered within 60 days and principally garaged in this State or to a New Jersey domiciliary who has a driver's license which is valid in this State except that non-residents who are members of the United States military forces shall be eligible with respect to automobiles registered in other states if such military non-residents are stationed in this State and their vehicle is garaged in this State at the time the application is made and if they are otherwise eligible for insurance coverage under the Plan; provided, however, that no person shall be deemed a qualified applicant if the principal operator of the automobile to be insured does not hold a driver's license which is valid in this State; or if a regular operator of the automobile other than the principal operator does not hold such a license.
- B. With respect to all coverages other than Physical Damage, a motor vehicle registered in New Jersey and principally garaged in another state shall be subject to the rates, additional charges and rating rules applicable under the Automobile Insurance Plan of the state of principal garaging, and such prospective insureds shall be assigned to companies licensed to write and writing automobile liability insurance in that state. Such vehicles shall be insured under a New Jersey policy form including coverages as required by the New Jersey Automobile Reparation Reform Act.
- C. With respect to Physical Damage coverage only, a motor vehicle registered in New Jersey and principally garaged in another state shall be subject to the rates, additional charges, rating rules and policy forms applicable under the Automobile Insurance Plan of the state of principal garaging if such Plan provides for physical damage coverage.

When the vehicle is principally garaged in another state whose Automobile Insurance Plan does not provide for physical damage coverages, such prospective insured shall be subject to whichever of the following will produce the higher dollar amount:

- (1) The rates applicable to the New Jersey Territory determined by the address shown on the registration, and otherwise subject to all of the provisions of this Plan, or
- (2) the rules, rates, minimum premiums, classifications in force, rating plans and coverage forms applicable in the state and territory where the vehicle is principally garaged, and otherwise subject to all of the provisions of this Plan.

Sec. 4. ADMINISTRATION

The Plan shall be administered by a Governing Committee and a Manager. The Governing Committee (hereinafter referred to as "the Committee") shall consist of eight Plan subscriber companies as follows:

Two Companies which are members of the Alliance of American Insurers.

Two Companies which are members of the American Insurance Association.

Two Companies which are members of the National Association of Independent Insurers.

Two Non-Affiliated Companies.

The Commissioner of insurance shall be an ex-officio member of the Committee. One representative of producers shall be an advisory member.

Each company serving on the Committee shall be represented by a salaried employee of the company. Not more than one company in a group under the same management shall serve on the Committee at the same time. The Commissioner may be represented by his designee. The producer representative shall be an authorized New Jersey agent or broker and shall be designated by the Commissioner for a period of one year and his term of office shall be concurrent with that of the other members of the Committee.

Annually on a date fixed by the Committee, each respective group of companies heretofore described shall elect its representative to the Committee to serve for a period of one year or until a successor is elected. Twenty days notice of such meeting shall be given in writing to all companies which are subscribers to the Plan. A majority of such companies shall constitute a quorum and voting by proxy shall be permitted. The notice of each annual meeting shall be accompanied by an agenda for such meeting.

Sec. 5. DUTIES OF GOVERNING COMMITTEE

The Committee shall meet as often as may be required to perform the general duties of administration of the Plan. Five company members of the Committee shall constitute a quorum.

A majority vote of the members present shall be required for the passage of any measure. In case of a tie, the Commissioner or his designee shall have the decisive vote.

The Committee shall be empowered to appoint a Manager, budget expenses, levy assessments, disburse funds and perform all duties essential to the proper administration of the Plan.

The adoption of, or substantive changes in, pension plans or employee benefit programs shall be subject to approval of companies which are Plan subscribers.

Annually the Manager shall prepare an operating budget in the prescribed manner for submission to the Committee. Such budget shall be approved by the Committee and furnished to the companies which are Plan subscribers on request. Any expenditure in excess of, or not included in, the annual budget shall be approved by the Committee.

The Committee shall furnish to all companies which are subscribers to the Plan and the Commissioner, a written report of operations annually in such form and detail as the Committee may determine. Upon request, the Manager shall furnish such additional information as the Commissioner may from time to time require.

**Sec. 6. DETERMINATION AND FULFILLMENT
OF QUOTAS**

★ A. Liability and Physical Damage Writers

1. Distribution of Risks

The Plan shall distribute those risks which are eligible for coverage (1) so that each company will receive the same proportion of "Private Passenger Non-Fleet Automobile Insurance Plan Premiums" that its respective "Voluntary Private Passenger Non-Fleet Liability Net Direct Written Car Years" bear to the statewide total of the "Voluntary Private Passenger Non-Fleet Liability Net Direct Written Car Years" of all companies in the State, and (2) so that each company will receive the same proportion of "All Other Automobile Insurance Plan Premiums" that its respective net direct "Voluntary All Other Automobile Liability Premiums" bear to the total of such "Voluntary All Other Automobile Liability Premiums" of all companies in the State.

For the purposes of such distribution as described above (a) "Voluntary Private Passenger Non-Fleet Liability Net Direct Written Car Years", (b) "Voluntary All Other Automobile Liability Premiums", (c) "Private Passenger Non-Fleet Automobile Insurance Plan Premiums" and (d) "All Other Automobile Insurance Plan Premiums" shall be as defined below:

- a. "Voluntary Private Passenger Non-Fleet Liability Net Direct Written Car Years" shall be the number of "Private Passenger Non-Fleet" automobile bodily injury liability car years written by the company in the State for the calendar year ending December 31 of the second prior year, regardless of the type of private passenger non-fleet automobile liability policy under which such car years are written, excluding private passenger non-fleet Automobile Insurance Plan car years, which are coded as "Private Passenger Non-Fleet" under the Automobile Liability Statistical Plan in use by the statistical agent designated by the company.
- b. "Voluntary All Other Automobile Liability Premiums" shall be the automobile liability premium included on Page 14 of the company's annual statement minus the total private passenger non-fleet Automobile Bodily Injury and Property Damage Liability, Medical Payments and Basic and Additional Personal Injury Protection and Uninsured Motorists voluntary premium and the total automobile bodily injury and property damage liability premiums on snowmobiles and minus the total Automobile Insurance Plan Liability premiums written by the company in the State during the calendar year ending December 31 of the second prior year. Such "Voluntary All Other" premiums shall exclude the total premiums for Death and Disability coverage, written by the company. Such premiums shall be gross direct premiums, including policy and membership fees less return premiums and premiums on policies not taken, without including reinsurance assumed and without deducting reinsurance ceded, but including premiums for other than private passenger excess of loss policies except in the case of a company which writes no basic limits automobile liability insurance.
- c. "Private Passenger Non-Fleet Automobile Insurance Plan Premiums" shall mean the total of (1) Automobile Bodily Injury and Property Damage Liability, Medical Payments, Basic and Additional Personal Injury Protection and Uninsured Motorists coverages and that portion of the Automobile Insurance Plan Physical Damage Premium above the proportionate share assigned to the companies that write only physical damage coverage, but excluding premiums

for Death and Disability Coverage, for private passenger non-fleet Automobile Insurance Plan insureds, and (2) the premium credits allowed under this Section.

- d. "All Other Automobile Insurance Plan Premiums" shall mean the total of Automobile Insurance Plan Liability premiums and that portion of the Automobile Insurance Plan Physical Damage Premium above the proportionate share assigned to the companies that write only physical damage coverages in the State less the "Private Passenger Non-Fleet Automobile Insurance Plan Premiums" included in paragraph c, above. With respect to the following classes of assigned vehicles for every dollar of liability premium the company shall be credited \$2.00 of premium under the plan of distribution:

- (1) all public automobiles except school and church buses;
- (2) motor vehicles or truckmen operating beyond a radius of 50 miles from the point where such vehicles are principally garaged; and
- (3) garage liability risks.

2. Distribution Restrictions

- (a) No prospective insured in any one of the following classifications shall be assigned to a company which does not write as voluntary business any automobile liability insurance in such classification:
 - (1) Public automobiles, other than school buses, (Vehicles engaged in the transportation of migrant farm workers shall be considered public automobiles).
 - (2) Garages.
 - (3) Motor vehicles of truckmen operating beyond a radius of 50 miles from the point where such vehicles are principally garaged.
 - (4) Interstate truckmen subject to Interstate Commerce Commission regulation, and
 - (5) Private Passenger automobiles.
- (b) Assignment of buses, interstate and long-haul truckmen, and public automobiles shall be made with due regard to the state insurance licenses held by the company.
- (c) As respects all public automobiles, except school buses, and as respects truckmen described in (3) of paragraph (a) above, and garage liability prospective insureds for every dollar of premium for such vehicles assigned, the company shall be credited \$2.00 of premium under the plan of distribution.
- (d) No prospective insured of less than five cars shall be assigned to more than one company.
- (e) The assignment of prospective insureds of five or more cars shall be subject to the following:
 - (1) Due consideration shall be given to the ability of the respective company to service the prospective insured.
 - (2) No prospective insured shall be assigned to more than one company unless it is inequitable to assign it to one company by reason of the unusual hazard or unusual accident record of such prospective insured.
 - (3) If the unusual hazard or unusual accident record of a prospective insured requires assignment thereof to more than one company, no company shall be obligated to accept an assignment of more than four units of such prospective insured.
 - (4) A prospective insured subject to the requirements of a state or federal administrative au-

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promulgate such plan which shall be binding on the insurer and the Governing Committee.

★ 7. Mergers or Consolidation of Companies

In the event a company is merged with another company or there is a consolidation of companies, the continuing company shall receive the assignments and assessments of the company merged or consolidated until the quota(s) of such merged or consolidated company as established by its writings prior to such merger or consolidation has been filled, provided, however, the continuing company may be relieved from such obligations if another company has agreed, in a manner satisfactory to the Committee to assume such obligations.

★ 8. Companies Without Voluntary Writings

No assignments shall be made to a company which has written no automobile liability or physical damage insurance—other than Automobile Insurance Plan insureds during the period for which the quotas are based.

★ 9. Company Groups With Common Ownership and/or Management

Groups of companies under the same ownership and management must be treated as a single company. Groups of companies under either the same ownership or management, but not both, may elect to be treated either separately or as a single company.

★ 10. Companies In Financial Difficulty

- a. New assignments may be suspended when a legal directive of suspension is issued by the Commissioner of Insurance if he finds that such action is required by the financial condition of that company.
- b. The company may be relieved of its obligation to renew existing policies at expiration when a legal directive of suspension is issued by a Commissioner of Insurance if he finds that such action is required by the financial condition of that company.
- c. Unless directed otherwise by the Commissioner of Insurance the company's quota upon resuming the writing of insurance will reflect the assignments it would have received and the renewal policies it would have issued, during the period of suspension. The required assignment adjustment shall be spread over a period of three (3) years. For the first three years of its reentry, the adjustment of the company's quota is limited to 12 percent of the underassignments with a maximum of 50% of the company's unadjusted quota. After the third year, normal adjustment will be resumed or at the request of the company the limitation may be continued after approval by the Committee.

★ 11. Insolvent Companies

In the event proceedings have been initiated in a court of competent jurisdiction to have a company declared insolvent, and receiver or liquidator has been appointed by such court, the Plan shall, upon submission of satisfactory evidence by the insured showing that he was at the time of the declaration of insolvency insured by such company as an Automobile Insurance Plan insured, that the premium has been paid and such premium is not refundable by the Guaranty Association or any similar organization, reimburse the insured for the unearned premium. The amount expended by the Plan for such reimbursement shall be deemed a cost of administration of the Plan and shall be apportioned as provided in Section 7. The Plan shall be subrogated in the liquidation proceedings to the rights of the insured so reimbursed. In the event the company is subsequently found by the court not to be insolvent, the proceedings are dismissed and the liquidator or receiver has been discharged, the company shall be assessed by the Plan for the total amount of the unearned premium expended by the Plan for reimbursement of premiums.

12. Assessments

No assessments, other than the minimum annual fee, shall be levied nor shall any assignments be made to a company which has not written any automobile liability or physical damage insurance other than Automobile Insurance Plan insureds during the period for which the quotas are based.

Sec. 7. COST OF ADMINISTRATION

- A. Each company subscribing to the Plan shall pay a separate minimum annual fee of \$10.00 each for liability and for physical damage insurance and the basis used for distribution of insureds under Section 6 shall be used as the basis of apportionment of all expenses incurred in excess of the minimum fees.
- B. The amount expended by the Plan for reimbursement of unearned premiums in accordance with Section 6, C, shall be distributed as follows:
 1. If the insolvent company wrote only automobile physical damage insurance, such expense shall be borne by all of the subscribers writing physical damage insurance.
 2. If the insolvent company wrote automobile liability insurance, such expense shall be borne by all companies except those writing only automobile physical damage insurance.

Sec. 8. CONVICTIONS

The term "conviction" wherever used in this Plan shall be deemed to include a forfeiture of bail.

Sec. 9. ELIGIBILITY

A. Bodily Injury, Property Damage, Basic and Additional Personal Injury Protection, Medical Payments, Uninsured Motorists and Physical Damage Coverages.

As a prerequisite to consideration for assignment under the Plan, a prospective insured must certify, in the prescribed application form, that he has attempted, within 60 days prior to the date of application, to obtain automobile insurance in the state and that he has been unable to obtain such insurance at rates not exceeding those applicable under the Plan.

A prospective insured so certifying shall be considered for assignment upon making application in good faith to the Plan. A prospective insured shall be considered in good faith if he reports all information of a material nature, and does not willfully make incorrect or misleading statements, in the prescribed application form, or does not come within any of the prohibitions or exclusions listed below. A prospective insured shall not be entitled to automobile insurance nor shall any subscriber be required to afford insurance if any person who usually drives the motor vehicle does not hold or is not eligible to obtain an operator's license:

1. Each denial of insurance shall be supported by a statement of facts to the prospective insured, the producer of record and to the Commissioner of Insurance.
2. A prospective insured denied insurance under this Section may appeal such action to the Committee. Each denial of insurance shall contain or be accompanied by a statement that the prospective insured has a right of appeal to the Committee.
3. The Plan shall promptly notify the prospective insured, the producer and the Commissioner of Insurance of the disposition of the appeal.
4. The action of the Committee may be appealed to the Commissioner of Insurance of the State.

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B. Physical Damage Coverage

Except as indicated below, physical damage coverage shall be available to the following types of motor vehicles as defined in Rule 120 of the Physical Damage Section of the Manual: (For the purpose of this Rule, risks consisting of fleets of ten or more vehicles shall not be eligible for physical damage.)

- 1. Private Passenger
- 2. Light Trucks
- 3. Motorcycles
- 4. Recreational Trailers, excluding trailers used as residences.
- 5. Social Services Vehicles of the private passenger, station wagon, van or mini-bus type owned by or operated on behalf of a non-profit entity used to transport, without charge, the elderly or handicapped, except that vehicles listed below shall not be eligible for physical damage coverage:
 - (a) Vehicles with a seating capacity in excess of 20.
 - (b) Vehicles owned by or operated on behalf of a political subdivision.
 - (c) Any emergency type vehicle.

An entity claiming non-profit status shall, upon request of the assigned carrier, submit proof of registration, as a non-profit entity, with the New Jersey Department of State.

A prospective insured shall not be entitled to physical damage insurance nor shall any subscriber be required to afford or continue to afford physical damage insurance under the following circumstances:

- (1) If the prospective insured's automobile is an antique automobile (25 or more years old), or
- (2) If the prospective insured's vehicle is the type as defined in Rule 120 of the Physical Damage Section of the Manual and has an Actual Cash Value in excess of \$30,000, or
- (3) If the prospective insured's vehicle is a motorized bicycle or moped.

C. Basic and Additional Personal Injury Protection and Medical Payments Coverages

These coverages shall be available to prospective insured, but only in connection with the same policy written in accordance with this Plan affording bodily injury and property damage liability coverage to those automobiles subject to the New Jersey Automobile Reparation Reform Act.

Sec. 10. EXTENT OF COVERAGE

A. Bodily Injury Liability and Property Damage Liability and Uninsured Motorists Coverages

- 1. Each insurer shall be required to write a policy for limits of \$15,000/\$30,000 bodily injury liability and \$5,000 property damage liability and statutory Uninsured Motorists Coverage except as follows:
 - (a) The insurer, upon request, shall afford limits for bodily injury and property damage liability not to exceed the limits of \$100,000/\$300,000 for bodily injury and \$100,000 for property damage.
 - (b) When limits in excess of \$15,000/\$30,000 bodily injury and \$5,000 property damage are required by law, the insurer shall be required to write a policy for limits adequate to comply with the minimum requirements of the law irrespective of the limits required by law.
 - (c) Upon request, the insurer shall provide limits adequate to comply with the provisions of the Financial Responsibility Law of any state in which the motor vehicle will be operated, but only while the vehicle is being operated in that state.

2. Filings of Policies and Certificates

- (a) The insurer to which the insured is assigned shall make such filings of policies and certificates for the insured, or for the spouse if eligible under the Plan, other than Financial Responsibility certificates referred to in Section 12 of this Plan as may be required by law.
- (b) The insurer to which the insured is assigned shall also file a certificate, required under the provisions of the Motor Vehicle Security Responsibility Law, of a relative resident in the same household as the insured, provided such relative does not own a motor vehicle and is otherwise eligible under the Plan. A certificate filed on behalf of a relative resident in the same household as the insured shall be restricted to motor vehicles owned by the insured and insured under the Plan.

B. Basic and Additional Personal Injury Protection Coverage

With respect to those automobiles subject to the New Jersey Automobile Reparation Reform Act, the assigned insurer shall provide Basic Personal Injury Protection Coverage under every automobile liability policy as required by the Act and shall also offer to the named insured Additional Personal Injury Protection as required by the Act and by regulations promulgated by the Commissioner of Insurance thereunder.

C. Medical Payments Coverage

The Insurer shall provide medical payments coverage with a per person limit of \$1,000 on each automobile subject to the New Jersey Automobile Reparation Reform Act. The insurer, upon request, shall afford an alternate per person limit of \$10,000.

D. Physical Damage Coverage

Insureds subject to either Supplement I or II

- 1. With respect to private passenger vehicles, light trucks, recreational trailers and camper bodies and social services vehicles defined in Rule 120 of the Physical Damage Section of the Manual, the company shall be required to write a policy for Comprehensive and Collision coverage or Comprehensive only coverage, on an Actual Cash Value basis, subject to optional deductibles of \$100 or \$200 for Comprehensive coverage and \$100, \$200, \$250 or \$500 for Collision coverage, applicable to each loss as to each automobile. Comprehensive Only coverage shall be written only in connection with the same policy written in accordance with this Plan affording Bodily Injury and Property Damage coverage. ★★★
- 2. With respect to private passenger automobiles, as defined in Rule 120 of the Physical Damage Section of the Manual which have a value in excess of \$10,000, but not in excess of \$30,000, coverage shall be written on an Actual Cash Value Basis subject only to deductibles of \$250 or \$500 in any combination as specified by the prospective insured; such deductibles to be applicable to each automobile for each loss arising out of each occurrence. Comprehensive Only coverage shall be written only in connection with the same policy written in accordance with the Plan affording Bodily Injury and Property Damage coverage. ★★
- 3. With respect to motorcycles as defined in Rule 120 of the Physical Damage Section of the Manual, the company shall be required to write a policy for Comprehensive coverage on an Actual Cash Value basis, subject to a \$100 deductible applicable to each loss as to each motor vehicle and, if requested, the insurer shall also provide Collision coverage on an Actual Cash Value basis, subject to a \$200 deductible, or at the option of the insured a \$100 deductible, applicable to each loss as to each motor vehicle.

Comprehensive coverage written without Collision under this rule shall be available only in connection with the same policy written in accordance with this Plan affording Bodily Injury and Property Damage coverage.

★ Effective September 20, 1982

★★ Effective December 1, 1982

★★★ Effective February 1, 1983

(April, 1983 Distribution)

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4. The company to which the insured is assigned shall, upon request, issue a loss payable clause for the benefit of a lienholder.

E. Suspension

Liability, Personal Injury Protection and Collision Coverages Only

1. This rule does not apply to risks for which a certificate has been filed in accordance with a financial responsibility law.
2. The insurance provided by a policy may be suspended by endorsement and the premium for the period of insurance may be computed on a pro rata basis in accordance with the following provisions, provided the period of suspension is not less than thirty consecutive days:
 - (a) The insurance may be reinstated upon request of the named insured, effective not earlier than the receipt of such request by the company.
 - (b) The reinstatement endorsement shall not extend the policy beyond its original expiration date.
 - (c) Pro rata return premium for the period of suspension, computed at the rates in effect at the time the policy was issued, is payable upon reinstatement of the insurance, subject to a minimum premium retention by the company for the policy period of the short rate premium for sixty days. The minimum premium retention by the company shall not apply as respects suspensions under paragraph 5.
 - (d) If the policy expires during the period of suspension, the named insured shall be entitled to pro rata return premium in accordance with the foregoing provisions of this rule with respect to the minimum period of suspension and minimum premium retention by the company.
 - (e) If a policy written for less than one year is suspended but subsequently reinstated and extended for the remainder of such year, or any part thereof, or if such policy expires during the suspension period, pro rata premium credit shall be granted for the period of suspension in accordance with the foregoing provisions of this rule, based on the manual premium computed in accordance with the provisions of the Policy Period Rule for extension of a short term policy.
 - (f) Unless the policy has been paid in full the insured will be required to pay any remaining installments when due.

NOTE: Liability and Personal Injury Protection coverages shall be suspended at the request of the insured if the insured submits a copy of the receipt for the return of his registration certificate and license plates.

3. If automobile bodily injury and property damage liability insurance or collision is suspended on all owned automobiles, coverage for which separate premiums apply, including medical payments coverage and non-owned automobile coverage provided under the use of other automobiles provisions may be continued in force without adjustment of the premiums for such coverages.
4. If automobile bodily injury and property damage liability or collision insurance is suspended on all owned private passenger automobiles, use of other automobiles coverage may be continued in force in accordance with the following provisions:
 - (a) Use of other automobiles coverage afforded without separate premium charge under a Family Automobile Policy may be continued in force in which case 80% of the pro rata of the owned automobile premiums calculated in accordance with the provisions of this rule shall be returned to the insured upon reinstatement of the coverages.

- (b) Use of other automobiles coverage afforded without separate premium charge under any other policy form may be continued in force in which case 90% of the pro rata of the owned private passenger automobile premiums calculated in accordance with the provisions of this rule shall be returned to the insured upon reinstatement of the bodily injury and property damage liability coverage.

5. The insurance provided by a policy covering a private passenger automobile which is withdrawn from service for a period of not less than 30 consecutive days because of a strike, may be suspended and pro rata return premium as respects such vehicles shall be granted in accordance with paragraph 2, provided the insured furnishes the company with a letter requesting such return premium. The letter shall be written on the insured's letterhead and signed by an executive of the company and shall include the following:
 - (a) A description of each automobile.
 - (b) The dates between which it was laid up because of strike.
 - (c) A statement by the insured with respect to such vehicles that he agrees to reimburse the company for any payment made by the company on account of any accident, claim or suit involving a coverage for which return premium has been allowed by the company.

Sec. 11. APPLICATION FOR ASSIGNMENT AND

METHOD OF PAYMENT

- A. A prospective insured applying for coverage must submit a deposit equal to 40% of the estimated annual premium to the producer. In the event the installment premium payment option is elected, an additional \$2.00 service charge shall be added to the deposit. The producer shall send to the Plan a complete application together with the deposit less his full annual commission. (Commission is not applicable to service charges.) The remainder of the full annual policy premium shall be paid under one of the following two options:
 1. Advance Premium Payment Option—within 30 days ★ after mailing of the policy or notice of premium due.
 2. Installment Premium Payment Option—(available only ★ if the annual premium is \$100.00 or greater and if no portion of the annual premium is financed by a premium finance company. If any portion of the annual premium is financed after installment premium payment option is elected, the unpaid balance of the annual premium shall be due within 30 days after mailing of a notice of premium due from the insurer.)
 - (a) 30% of the total annual premium plus an installment service charge of \$2.00 within 3 months of the effective date of the policy.
 - (b) The balance plus an installment service charge of \$2.00 within 6 months of the effective date of the policy.
- (Commission is not applicable to service charges.)
1. An insured who desires to add liability coverage on a motor vehicle which is presently insured under a physical damage policy issued through this Plan shall submit such request directly to the assigned physical damage insurer provided such insurer is not a physical damage only writer. All such requests shall be in writing and shall include the liability coverages and limits desired by the insured as available under this Plan and shall be accompanied by a check or money order, payable to the assigned physical damage insurer, for the appropriate deposit specified above.

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Should the written request fail to specify the liability coverages and limits desired by the insured, the assigned insurer shall provide only the mandatory coverages at the minimum limits required under the New Jersey Automobile Reparation Reform Act. A temporary identification card shall be issued by the producer of record as required in subsection D-1 (b) of this Section and coverage shall be effective as specified therein.

2. An insured desiring to add automobile liability coverage on a motor vehicle which is presently insured under a physical damage only policy issued by a physical damage only writer must submit the prescribed application form to the Plan in duplicate, accompanied by the appropriate deposit premium specified above, for assignment of such liability coverage to a company which is authorized to write such coverage. The producer of record shall issue a temporary identification card in accordance with the provisions of subsection D-1 (a) of this Section, and coverage shall be effective as specified therein.
3. An insured who desires to add physical damage coverage on a motor vehicle which is presently insured under an automobile liability policy issued through this Plan shall submit such request directly to the assigned liability insurer. All such requests shall be in writing and shall include the physical damage coverages, limits and deductibles desired by the insured, as available under this Plan, and shall be accompanied by a check or money order payable to the assigned liability insurer for the appropriate deposit specified above. The physical damage coverage requested shall become effective in accordance with the procedures for new applications as specified in Section 12.

C. The deposits referred to above shall be either in cash or by check or money order of either the prospective insured or producer of record payable, unless otherwise indicated to the New Jersey Automobile Insurance Plan. If the prospective insured is ineligible for assignment, the deposit shall be returned.

★ The Plan reserves the right to require that such deposits and any and all future payments to companies be made by the producer's certified check, bank check or money order or by the applicant's check when during a period of one year a producer has on three or more occasions submitted his checks to the Plan or to companies, which have been dishonored by the bank for insufficient funds.

D. **Issuance of Temporary Identification Cards for Liability Insurance—Procedures Applicable Only to Eligible Vehicles Subject to the New Jersey Identification Insurance Card Requirements.**

The procedures hereinafter described in this subsection shall have application to all vehicle types which are eligible for assignment except vehicles which are subject to the requirements of the Public Utilities Commission or Interstate Commerce Commission.

The temporary identification card shall be a four part pre-printed form of a distinctive color to be issued by the producer of record. Unless otherwise indicated the card shall be used as follows:

- (a) The original copy shall be retained by the insured as a temporary identification card.
- (b) The second copy shall be submitted by the insured to an Official Inspection Station when his vehicle is inspected.
- (c) The third copy shall be the assigned insurer's copy.
- (d) The fourth copy shall be retained by the producer of record.

1. Original Vehicles

Definition: A vehicle which is eligible for coverage under this Plan and the prospective insured does not have automobile liability insurance in force through this Plan on it or any other vehicle(s).

- (a) The producer of record shall issue a temporary identification card for an original vehicle when liability coverage for such original vehicle has been applied for under the provisions of subsection A or B (2) of this Section. The card will show that it is issued in the name of the New Jersey Automobile Insurance Plan on behalf of an insurer to be designated by the Plan. Coverage shall become effective as designated by the New Jersey Automobile Insurance Plan in accordance with the rules of the Plan.

When an identification card has been issued for original vehicle in accordance with the foregoing paragraph, the producer of record shall forward to the Plan the third copy of the identification card together with the application and deposit premium check in accordance with subsection A of this Section.

- (b) When liability coverage is applied for on an original vehicle in accordance with subsection B (1), the producer of record shall issue a temporary identification card for such original vehicle indicating thereon the name of the assigned physical damage insurer, the New Jersey Division of Motor Vehicles company code number of such insurer and the physical damage policy number. The producer shall forward the third copy of the identification card to the assigned physical damage insurer together with the written request for the liability coverage and the appropriate deposit premium.

The producer shall specify the effective date of such liability coverage on the temporary identification card as the day following the date of issuance of the temporary identification card which date must be the day following the date of mailing of the written request to the assigned physical damage insurer. In no event shall the temporary identification card issued by the producer of record pursuant to this paragraph be made effective prior to the day following the date of mailing of the written request to the insurer. A recognized Post Office receipt should therefore be obtained by the producer to establish proof of mailing. If, however, at the time of issuance of the temporary identification card pursuant to this paragraph, there is in force an automobile liability policy terminating at a date later than the date which would be fixed pursuant to this paragraph, the temporary identification card shall be issued to be effective coincident with the termination date of the policy in force.

2. Additional Vehicles

Definition: A vehicle which is eligible for coverage under this Plan and the insured has automobile liability insurance in force through this Plan on another vehicle(s).

After he has ascertained from his records that a policy is in force, the producer shall issue a temporary identification card giving a complete description of the additional vehicle and indicating thereon the name of the assigned insurer, the New Jersey Division of Motor Vehicles company code number of such insurer and the policy number.

★ Coverage shall be effective in accordance with the provisions of the policy, 12:01 A.M. on the day following receipt of the written request and the appropriate premium or at the date and hour specified in the Policy Change Request Form, provided such form is duly executed and mailed in accordance with the immediate coverage provisions of Section 12 of this Plan whichever is earlier.

The producer shall forward to the assigned insurer written notification of the additional vehicle(s) along with the third copy of the identification card and a check or

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money order payable to the insurer for an amount equal to 40% of the annual premium, or the full pro rata premium for the remainder of the policy period, whichever is less.

- ★ **Note:** The exception to the immediate coverage provisions of Section 12.A. as respects customized vehicles shall also apply under this subsection.

3. Replacement Vehicles

Definition: A vehicle which is eligible for coverage under this Plan replacing a vehicle which has automobile liability insurance in force through this Plan.

- ★★ **The producer shall issue a temporary identification card for a replacement vehicle, such form to be completed in the name of the assigned insurer. Coverage shall be effective in accordance with the provisions of the policy or at the date and hour specified in the Policy Change Request Form, provided such form is duly executed and mailed in accordance with the immediate coverage provisions of Section 12 of the Plan.**

The producer shall forward to the assigned insurer written notification of the replacement vehicle(s) along with the third copy of the identification card(s).

- ★ **Note:** The exception to the immediate coverage provisions of Section 12.A. as respects customized vehicles shall also apply under this subsection.

4. Renewal Policies

After he has ascertained timely payment of the renewal premium due, the producer of record shall issue a temporary identification card, indicating thereon the name of the assigned insurer.

The producer shall forward to the assigned insurer the third copy of the identification card with indication thereon that it is a renewal ID card.

5. Other Usage

The producer of record shall also issue a temporary identification card to replace a lost or incorrectly issued ID card, indicating thereon the name of the assigned insurer. The third copy of the ID card shall be forwarded to the assigned insurer. Indication shall be made on each copy of the reason for the issuance of the card.

6. Physical Damage Coverage on Additional and Replacement Vehicles

- ★★ **When a temporary identification card has been issued by the producer of record for an additional or replacement vehicle for which collision and/or comprehensive coverage is also desired, and there is no physical damage coverage in effect under the Plan and provided such additional or replacement vehicle is eligible for such physical damage in accordance with the rules of the Plan, the producer shall submit a request containing the information outlined in the New Jersey application for the physical damage coverage, the deposit premium as stipulated in Subsection A and the third copy of the ID card to the insurer. Coverage shall be effective in accordance with the provisions of the policy or 12:01 A.M. on the day following receipt of the written request and the appropriate premium or at the date and hour specified in the Policy Change Request Form, provided such form is duly executed and mailed in accordance with the immediate coverage provisions of Section 12 of this Plan, whichever is earlier.**

- ★ **Note:** The exception to the immediate coverage provisions of Section 12.A. as respects customized vehicles shall also apply under this subsection.

7. General Provisions

The insurer shall mail identification cards to the producer or, at the option of the insurer, to the insured with notice to the producer that the card was mailed to the insured.

The procedures outlined in Paragraph 1 above. Original Vehicles, shall be applicable to all coverages and limits as indicated in the application form

to the Plan as required in subsection B(2) or the written request to the assigned insurer as required in paragraphs 1 and 3 of subsection B of this Section.

With respect to Paragraphs 2 and 3. Additional or Replacement Vehicles, the procedure shall be applicable only to the coverages and limits being afforded under the policy in force.

A request for a change in limits as permitted by the Plan rules must be submitted in writing to the insurer and shall become effective 12:01 A.M. on the day following receipt of the written request by the insurer.

Each of the deposits referred to in this Subsection shall be either in cash or by check or money order of either the insured or producer of record.

The temporary identification cards referred to in the preceding paragraphs must be purchased from the Plan and shall be pre-numbered snap out sets. Producers ordering such forms must use a special order form designed for this sole purpose.

- E. Application shall be accepted by the Plan and assignments shall be processed by the assigned carrier if the above requirements are reasonably complied with and it shall be the responsibility of the Plan and the assigned carrier to communicate clearly to the insured and to the producer of record in what respect an application requires correction. The assigned carrier shall give at least 15 days to the insured and to the producer of record for remedying any defects in the application, and no part of the deposit premium shall be returned to the insured or to the producer of record except upon proper cancellation in accordance with the provisions of Section 19A-1 or 19B-2, as applicable.

For classifications and coverages other than those for which rates are shown in the Manual, the 40% deposit requirement shall be satisfied if the deposit is within a reasonable range of the lowest rate that might be applicable to the insured's exposure under the rating systems filed and approved in this State, and the insured shall be required to make such additional payment as is necessary to bring the deposit to 40% of the premium due, within 15 days of mailing by the assigned carrier of the proper premium notice to the insured and the producer of record.

Sec. 12. DESIGNATION OF COMPANY,

EVIDENCE OF INSURANCE AND

EFFECTIVE DATE OF COVERAGE

- A. **Bodily Injury, Property Damage, Basic and Additional Personal Injury Protection, Medical Payments, Uninsured Motorists and Physical Damage Coverages**

Upon receipt of the application for insurance properly completed and the deposit specified in Sections 11A or 11B and if the application form shows that the prospective insured is eligible for coverage the Plan shall designate a company to which the prospective insured shall be assigned and shall so advise the prospective insured and producer of record and shall state in such notice the date when the coverage shall become effective which date shall be 12:01 A.M. on the day following the date of mailing of the application to the Plan office as shown by the postmark on the transmittal envelope. If the postmark is not legible or is a metered mail postmark, the coverage will be effective at 12:01 A.M. on the day of receipt of the application by the Plan office.

If the insured establishes an earlier mailing date by proof of mailing with a recognized Post Office receipt, coverage shall be effective 12:01 A.M. on the day following the date of such mailing. For the purposes of this Section, the postmark date which is to be recognized by the Plan shall be the postmark of the United States Postal Service. In the event an application is delivered to the Plan by means other than the United States Postal Service, coverage shall be made effective at 12:01 A.M. on the day following receipt of the appli-

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cation in the Plan office. In the event there is in force a policy terminating at a date later than the date which would be fixed pursuant to this Section, or if the prospective insured desires coverage at a later date, the prospective insured shall indicate such date in his application and the Plan shall fix the date when the coverage becomes effective as 12:01 A.M. on the stated termination date of the policy in force or as of the later date specified by the prospective insured.

Should the applicant require that the coverage applied for become effective at the time of application, the producer of record shall indicate the time and date when coverage is required. The coverages and limits for which the applicant is applying shall become effective as of the time the application is completed provided:

1. The producer of record and the applicant certify, on a form prescribed by the Plan, the date (day, month and year) and the time (hour, A.M. or P.M.) that the application was written, and
2. The producer forwards to the Plan Office, no later than the day after the application is written, two copies of such certification as prescribed by the Plan and simultaneously will supply the applicant with a copy of such certification duly executed by the producer, and
3. The producer of record maintains appropriate records of all risks for which he has designated the time and date of coverage and agrees that he will permit inspection or photocopying of such office records by the Plan or by a company representative. This inspection or photocopying will be limited to an applicant whose effective date and time of coverage is in question due to the occurrence of an accident or claim arising under the policy issued under this Section.

★ **Note:** The immediate coverage provisions of this Section shall not apply should an applicant or insured, desiring physical damage coverage on a customized vehicle, under paragraph (B) of Rule 129 of the New Jersey Automobile Insurance Plan Manual, fail to comply with the requirements of that Rule. In such event, the physical damage coverage shall become effective as of 12:01 A.M. on the day following the assigned company's receipt of the documents required under Rule 129(B).

★★ In no event shall coverage be effective prior to the time shown on the application, nor shall any failure on the part of the producer of record to properly perform under the provisions of this Section prejudice the rights of an applicant. The Plan shall forward to the designated carrier the original copy of the application form, the notice of the effective date of coverage and the deposit, same to be credited by the company against the policy premium. If for any reason the applicant refuses to accept the policy, the designated company shall retain the short rate earned premium for the period of coverage or the sum of \$25.00 per policy, whichever is greater, and return the balance to the applicant. If the risk is eligible for coverage under the Plan, and the applicant or spouse or other relative resident in the household requires a financial responsibility certificate, the Plan shall file with the proper authority and send a copy to the company. Such certificates shall become effective as of the effective date of the coverage.

With respect to insureds for which a temporary identification card has been issued by the producer of record in accordance with the provisions of Section 11D 1, the Plan shall, upon receipt of the application, deposit premium check and the third copy of the temporary identification card, assign the risk effective in accordance with the provisions of this Section.

Whenever a temporary identification card is properly issued in accordance with the provisions of this Plan, the designated insurer shall issue a permanent identification card prior to the expiration of the temporary card.

B. Additional Coverages

In the event additional coverages as described in Section 10 of this Plan are desired during the policy period,

a completed, approved Policy Change Request Form shall be submitted to the company. Coverage will be effective at the date and hour specified in the Policy Change Request Form, but in no event shall coverage be effective prior to the date and hour of completion of the Policy Change Request Form.

The Policy Change Request Form shall be forwarded to the company no later than the first working day after the Policy Change Request Form is completed. The producer of record shall maintain appropriate records of all risks for which he has designated the date and hour of coverage and agrees that he will permit inspection or photocopying of such office records by the Plan or by a company representative. This inspection or photocopying will be limited to situations where the date or hour of coverage is in question due to the occurrence of an accident or claim arising under the policy change completed in accordance with this Section.

If such coverages are not available with the assigned company, a new application for such coverage shall be submitted to the Plan and shall become effective in accordance with paragraph A of this Section.

★ **Note:** The exception to the immediate coverage provisions of Section 12-A as respects customized vehicles shall also apply under this subsection.

Sec. 13. THREE YEAR ASSIGNMENT PERIOD

An insured shall be assigned to a designated company for a period of 3 consecutive years. However, the designated company may offer to continue an insured's assignment beyond the period of 3 consecutive years by offering to write a third or subsequent renewal policy in accordance with Section 14B.

If an insured is unable to obtain insurance for itself at the end of the 3 year period, or the extension thereof by the designated carrier, reapplication for insurance may be made to the Plan. Such reapplication shall be considered as a new application.

In the case of non-resident military personnel, as described under Section 3 of the Plan, the designated company shall not be required to renew if at the time of renewal the insured is stationed in another state and his automobile is not registered in New Jersey.

Sec. 14. COMPANY'S NOTICE TO INSURED

A. Original Policy—The designated company shall,

1. within two working days after the company's receipt of the assignment, make such Motor Carrier filings as might be required, with copies or notice of same to the insured and producer of record provided all information necessary is contained in the application form. Such filing shall indicate the effective date specified by the Plan in the notice of designation.
2. within thirty days after the date of assignment specified in the notice of designation, issue a policy if all information necessary for the company to fix the proper rate is contained in the application form, such policy to become effective 12:01 A.M. on the date specified by the Plan in the notice of designation.
3. In the event the company does not have on file rates applicable to insureds assigned to it, make the necessary filing and upon its becoming effective issue a policy, such policy to become effective 12:01 A.M. on the date specified by the Plan in the notice of designation.

Unless the company finds the insured ineligible for insurance under the rules of the Plan, the company shall notify the insured and the producer of the collection procedure to be followed as provided in Section 15 of this Plan.

The day on which the notice of designation and premium or deposit are received from the Plan shall be deemed the first working day, whatever may be the time of such receipt. No Saturday, Sunday or legal holiday in the place of receipt, shall be deemed a working day.

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An assignment to any carrier contrary to the provisions of Section 6 shall be returned promptly to the Plan for reassignment. Such reassignment shall not adversely affect the insureds coverage provided in accordance with Section 12 of the Plan.

- ★ B. **Renewal Policies**—At least 30 days prior to the inception date of a renewal policy the designated carrier shall notify the insured and the producer of record that
1. a renewal policy shall be issued provided the net renewal premium quoted by such carrier is received prior to the inception date of such policy.
 2. if the expiring policy is written on the Installment Premium Payment Option, a renewal policy shall be issued provided the deposit premium (40% of the annual premium plus an installment service charge of \$2.00) quoted by such company is received prior to the inception of such renewal policy.
 3. A renewal policy will not be issued for reason that the insured is not entitled to insurance under the Plan. A statement of the reason supporting such action shall be furnished to the insured and to the producer of record.

The offer to issue a renewal policy shall specify the territory, classification, any credits allowed, and the specific accidents or convictions used to calculate the premium for such policy. Billing and collection of renewal premium shall be as stipulated in Section 15 of this Plan.

C. **Endorsements**

1. In the event of any additional premium, the insured shall be allowed 30 days after notice to pay the additional premium.
2. Return premium checks must be mailed within 30 working days of the effective date of the endorsement or of the date of the receipt of the request for endorsement whichever is later.
3. If the insured elected to pay his premium under the Installment Premium Payment Option, the remaining installments shall be revised for additional and return premiums in accordance with the provisions of Section 15 of this Plan.
4. Any endorsement requested of the company on which it has received all necessary information, shall be issued within 30 days.

- D. **Completion of Assignment Period**—At least 45 days prior to the expiration date of the final renewal policy of the assignment period, the carrier shall notify the insured that the period of assignment under the Plan will terminate on said expiration date. A copy of the notice shall be sent to the producer of record.

Such notice shall include information to the insured as to the procedure for reapplication to the Plan if the insured does not obtain coverage otherwise.

- E. The company shall forward all policies (new and renewal) to the producer of record, with information as to the classification and territory used for each automobile, any credits allowed, and the specific accidents or convictions used for point surcharges. The address of the office to which claims are to be reported must be enclosed with the policy.

In addition, the company shall forward all endorsements to the producer of record. Any endorsement involving a premium change shall specify the rating basis for such change.

F. **General Provisions**

In the event the policy is cancelled or insurance thereunder terminated, or a change is made resulting in a return premium to the insured, the producer of record shall return the unearned commission portion of such return premium.

If policy is cancelled for non-payment of premium to the insurer or to a premium finance company, the producer of record may retain the full annual commission.

Sec. 15. BILLING AND COLLECTION

- A. The company shall notify the insured and the producer of record of the collection procedure to be followed. The company shall be guided by the following:

1. **Advance Premium Payment Option**—The balance of premium must be paid within 30 days of the mailing date of a notice of premium due, or within such further period agreeable to the company giving full credit for the deposit submitted with the application. The producer of record shall submit the balance of premium on a net basis if payment is remitted through his office.
2. **Installment Premium Payment Option**—If the insured elects to pay his premium pursuant to Section 11, A2, the balance of premium is due in the respective amounts and at the respective times designated.
3. **Renewal Premium Payments** shall be as stipulated in Section 14-B except that the insured shall have the option of paying the renewal premium in full or under the Installment Premium Payment Option, irrespective of the manner of payment of the expiring policy.

Payments of all such premiums shall be either in cash or by check or money order payable to the designated carrier. Payment to the producer of record or mailing of a check or money order on or before the due date shall be payment to the company when due.

- B. In addition to the specific procedures for each option, billing and collection shall be governed by the following:

1. Companies shall bill insureds, sending a copy to the producer of record. All such billing shall include advice that the insured has the option of remitting his premium payment either through his producer or directly to the company.
2. The insurer must disclose the entire payment schedule including amounts and dates due to the producer and the insured.
3. Each bill or notice of premium shall disclose the amount of premium being billed and the due date. The producer's copy shall additionally show the amount of commission, if any, and the net due company.
4. In the event of additional premium resulting from a policy change, the insured shall be allowed 30 days after notice to pay the additional premium except any remaining installments shall be revised to include additional premium of \$50.00 or more.
5. Return premiums shall be used to reduce any installments outstanding as of the date of the change generating the return premium. If there are no remaining installments return premiums shall be tendered according to one of the following company available options:
 - a. The company shall send a net check (gross less unearned commission) to the producer who shall forward a gross return premium (net plus unearned commission) to the insured, or
 - b. The premium shall be returned gross to the insured and the producer billed for the unearned commission.
6. Irrespective of any of the foregoing provisions the producer shall forward all premium payments received from the insured to the insurer within two working days after receipt thereof.

Sec. 16. RATES

- A. All private passenger insureds shall be subject to the rules, rates, surcharges, minimum premiums and classifications approved for all companies subscribing to this Plan as filed on their behalf by the Automobile Insurance Plans Service Office.

RECEIVED

MAR 31 1983

ACTUARIAL SERVICES
PROPERTY LIABILITY

IMPORTANT NOTICE

#1774

TO ALL NEW JERSEY AUTOMOBILE INSURANCE PLAN MANUALHOLDERS:

This Notice is to advise you that the New Jersey Department of Insurance has approved an amendment to Section 16 of the Plan, which permits a company to surcharge an insured whose operator's license was suspended or revoked for refusal to submit to the Breath Alcohol Determination Test.

Sec. 16. RATES

The following new subparagraph (3) is added to paragraph F.b.:

	<u>Points</u>	
	<u>First</u>	<u>Each Subsequent</u>
(3) suspension or revocation of an operator's license for refusal to submit to breath alcohol determination test.	4	4

The foregoing amendment is approved to be effective April 1, 1983.

Pending receipt of the revised Plan pages, please insert this Notice for use in your present Manual.

KM
3/29/83

Distributed by
AUTOMOBILE INSURANCE PLANS SERVICE OFFICE
733 THIRD AVENUE, NEW YORK, NEW YORK 10017

IMPORTANT NOTICE

#1768

TO ALL NEW JERSEY AUTOMOBILE INSURANCE PLAN MANUALHOLDERS:

This Notice is to advise you that the New Jersey Department of Insurance has approved an amendment to Section 16, which applies a 10% surcharge for insureds who fail to carry compulsory insurance on a registered vehicle.

Sec. 16. RATES

The following new paragraph 4 is added to subsection G:

4. An additional charge of 10% will be applied for one year if the applicant is not a new resident and has had an automobile registered in New Jersey during the past year, but has failed to carry compulsory liability insurance or has had a lapse in compulsory liability coverage for more than 30 days. This is in addition to any other charge applicable under this subsection.

The foregoing amendment is approved to be effective March 14, 1983.

NOTE: The above amendment is not included in a forthcoming April, 1983 Distribution of printed Plan pages, so pending receipt of a future printing, please insert this Notice for use in your present Manual.

RGB
3/15/83

Distributed by
AUTOMOBILE INSURANCE PLANS SERVICE OFFICE
733 THIRD AVENUE, NEW YORK, NEW YORK 10017

IMPORTANT NOTICE

1481

TO ALL NEW JERSEY AUTOMOBILE INSURANCE PLAN MANUALHOLDERS:

This Notice is to advise you that Important Notice #1436 dated 10/30/81, which announced an amendment to Section 16, introducing paragraph (c) to subsection A.1., as effective October 15, 1981; has been rescinded, effective immediately.

Important Notice #1436 is to be discarded.

KM
1/20/82

Distributed by
AUTOMOBILE INSURANCE PLANS SERVICE OFFICE
733 THIRD AVENUE, NEW YORK, NEW YORK 10017

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1. Supplement I—Supplement I rates and rules apply to all vehicles subject to assignment of points in accordance with Table I of this Section and to at least the number of automobiles equal to the number of operators (including the named insured and owner) of the insured vehicle(s) who:

- (a) are subject to the assignment of points in accordance with Table I of this Section, or
- (b) have been convicted of two or more moving traffic violations or a high misdemeanor or felony involving the use of an automobile within 36 months preceding the date of application or in the case of a renewal policy during the 36 months ending 60 days prior to the effective date of the renewal policy.

★★

EXCEPTIONS: The imposition of a surcharge due solely to the application of NOTE 1 and/or NOTE 2 of subsection F of this Section, shall not, in and of itself, disqualify an insured for Supplement II rates.

For multi-car risks when all vehicles are not subject to the same rules and rates, the Supplement I rates shall apply to the highest rated vehicle(s).

2. Supplement II—Supplement II rules and rates apply to all vehicles not subject to Supplement I rules and rates.

B. All other insureds placed through the Plan shall be subject to the rules, rates, surcharges, minimum premiums and classifications filed on behalf of all companies subscribing to this Plan by the Automobile Insurance Plans Service Office.

C. For the purposes of such filings, each company subscribing to this Plan is a subscriber to the Automobile Insurance Plans Service Office and authorizes the Commissioner to accept such filings in its behalf.

D. All of the statistical data required to develop the appropriate rates shall be furnished to the Automobile Insurance Plans Service Office by each company subscribing to this Plan or by a statistical agency designated by such company.

★ E. Nothing herein shall preclude the assigned company from seeking to obtain facultative reinsurance and that the charge for such reinsurance may be passed on to the insured as provided in Rule 7 of the New Jersey Automobile Insurance Plan Manual of Rules and Rates.

F. **Additional Charges Applicable to Liability Coverages and Collision Only**

For private passenger automobile insureds, other than fleets, an additional charge shall be made on the basis of points accumulated during the thirty-six months immediately preceding the date of application for assignment, and in the case of renewal during the thirty-six months ending 60 days prior to the effective date of the renewal policy. Points shall be assigned only for convictions and accidents involving the named insured as an owner or operator based on such person's own driving record and any operator of the motor vehicle currently resident in the insureds household and not insured elsewhere, and any operator who usually and customarily operates the motor vehicle and not insured elsewhere.

TABLE I

POINTS ASSIGNABLE FOR CONVICTIONS AND ACCIDENTS

a. CONVICTIONS	Points	
	First Conviction	Each Additional Conviction
(1) Driving a motor vehicle while under the influence of intoxicating liquor or narcotic drugs.	6	6
(2) Failing to stop and report when involved in an accident.	6	6

	Points	
	First Conviction	Each Additional Conviction
(3) Homicide or assault arising out of the operation of a motor vehicle.	6	6
(4) Operating a motor vehicle without an operator's or chauffeur's license* or registration or during a period of revocation or suspension thereof.	6	6
*With respect to policies insuring a private passenger type vehicle, one point shall be assigned for the first conviction, and one point for each additional conviction, for operation of a motorcycle without a motorcycle license.		
(5) Permitting an unlicensed person to drive.	3	3
(6) Loaning an operator's or chauffeur's license to an unlicensed operator.	3	3
(7) Obtaining a license or registration through deception of any kind.	6	6
(8) Driving a motor vehicle in a reckless manner.	2	2
(9) Convictions for moving traffic violations during the 36 month period not otherwise specified which result in the accumulation by an operator of six (6) or more points as defined in the New Jersey Motor Vehicle Law.	3	—
(10) Convictions for moving traffic violations during the 36 month period not otherwise specified which result in the accumulation by an operator of twelve (12) or more points as defined in the New Jersey Motor Vehicle Law.	6	—
(11) Driving a motor vehicle while impaired by intoxicating liquor or narcotic drugs.	4	4
b. LICENSE SUSPENSIONS, REVOCATIONS OR PROOF OF FINANCIAL RESPONSIBILITY REQUIRED		
(1) Convictions as a result of which the filing of evidence of financial responsibility under any Financial Responsibility Law is required as of the effective date of the policy.	6	—
(2) Any conviction for a moving traffic violation as a result of which an operator's license was suspended or revoked.	4	4

NOTE: For the purposes of a and b above the following shall not be regarded as moving traffic violations:

- (a) any motor vehicle "equipment" requirement of the motor vehicle and traffic laws, except brakes;
- (b) failure to display proper number plates provided such plates are in existence;
- (c) failure to have in possession operator's or chauffeur's license provided there is one in existence;
- (d) failure to renew an operator's license within 30 days of expiration.

NOTE: Points shall be assigned under a. and b. above as of the date of a conviction and not as of the date of any administrative action resulting therefrom.

c. ACCIDENTS

(1) For each accident involving the insured, or anyone who usually operates the automobile, while operating any private passenger type automobile or motorcycle resulting in Bodily Injury or Death or resulting in damage to any property, including his own, of \$300* or more excluding any loss adjustment expenses.	First Accident	Each Additional Accident
	2	2

★ Effective July 1, 1982

★★ Effective December 1, 1982

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(2) Two points shall be assigned if there were two or more accidents each of which resulted in damage to any property of less than \$300*, excluding any loss adjustment expenses, which have not been assigned points under c-(1) above.

*Note: \$300 is applicable to accidents occurring on or after October 1, 1979.
\$200 is applicable to accidents occurring prior to October 1, 1979.

EXCEPTIONS: Points shall not be assigned under this subsection against the insured:

(a) for involvement in an accident which occurred while the motor vehicle owned or operated by the insured or any other person who usually drives the insured's vehicle was lawfully parked;

NOTE: An automobile rolling from a parked position shall not be considered as lawfully parked, but shall be considered as the operation of the last operator.

(b) nor for involvement in an accident in which the motor vehicle was struck by a hit-and-run driver, if such accident was reported to the proper authority within 24 hours; nor

(c) for involvement in an accident as a result of which the insured or other person who usually drives the insured's motor vehicle obtained a judgment against, or a settlement from or on behalf of, the owner or operator of another vehicle involved in such accident, if the judgment or settlement was obtained prior to the date of application or, in the case of renewal, prior to the effective date of the renewal policy and provided no judgment was obtained against, nor any amount paid in settlement by or on behalf of, the insured or other person who usually drives the insured's motor vehicle, as a result of such accident; nor

(d) for involvement in an accident in connection with which neither the insured or other person who usually drives the insured's motor vehicle was convicted of a moving traffic violation, and the owner or operator of another vehicle involved was so convicted; nor

(e) for Physical Damage losses other than Collision; nor

(f) for an accident involving a claim or payment only under Personal Injury Protection Coverage; nor

(g) for an automobile of an applicant or other operator resident in the same household struck in rear by another vehicle, and the applicant or other resident operator has not been convicted of a moving traffic violation in connection with the accident; nor

(h) for an accident occurring as a result of the operation of any automobile in response to an emergency if the operator at the time of the accident was responding to a call to duty as a paid or volunteer member of any Police or Fire Department, First Aid Squad, or any law enforcement agency.

NOTE 1: If the principal operator of the automobile has not been licensed for a period of three years, two points shall be assigned in addition to those specified above.

★★NOTE 2: An additional surcharge of 10% of the total limits class 4A premium, irrespective of classification, will be applied for one year if the applicant is not a new resident and has had an automobile registered in New Jersey during the past year, but has failed to carry compulsory liability insurance or has had a lapse in compulsory liability coverage for more than 30 days.

NOTE 3: In determining the total number of additional charges as outlined above, it should be noted that points are assignable on a cumulative basis for each accident and for each conviction except that accidents, convictions, sus-

First Accident Each Additional Accident

pensions and revocations as a result of the same occurrence may be used only once in determining penalty points. Points are to be applied to the provision that results in the higher surcharge points.

NOTE 4: Adjustment of Surcharged Premium: If points have been assigned as a result of an accident and it is subsequently learned that the accident falls under one of the exceptions enumerated in subsection F.c., the company shall credit the insured for the increased portion of the premium generated by the accident.

NOTE 5: Points shall not be assigned under this subsection against the named insured for convictions as an owner whose license is under suspension or revocation for prior accidents and/or convictions unless such owner is convicted of operating during a period of suspension or revocation.

NOTE 6: For private passenger risks, points are assignable for Accidents specified in paragraphs c.(1) and c.(2) only while operating a private passenger type vehicle, as defined in Rule 20 of the Manual or a motorcycle.

TABLE II ★ ★ ★
POINT VALUE ADDITIONAL CHARGES

	Liability Including Basic Personal Injury Protection	Collision
1 Penalty Point	20%	10%
2 Penalty Points	40%	20%
3 Penalty Points	65%	35%
4 Penalty Points	90%	45%
5 Penalty Points	120%	60%
6 Penalty Points	150%	75%
7 Penalty Points	185%	90%
8 Penalty Points	220%	110%

Add 35% for liability including Basic Personal Injury Protection and 20% for Collision for each additional point over 8. In the case of risks with two, three or four motor vehicles, all points shall be applied to the vehicle generating the highest premium.

NOTE: Irrespective of the classification of the vehicle, additional charges under this Section shall be determined by applying the proper percentage to the total limits Class 4A premium for the appropriate rating territory.

G. Additional charges for insureds, other than private passenger non-fleet shall apply as follows: (Note: With respect to motorcycles, motorized scooters, etc., physical damage premiums, the following surcharges are applicable only to the collision portion of the premiums.)

1. An additional charge of 35% shall be made if the insured or anyone who usually drives the motor vehicle has during the thirty-six months immediately preceding the date of application for assignment, and in the case of renewal, during the thirty-six months immediately preceding the effective date of the renewal policy:

a. been involved as an operator or an owner in more than one motor vehicle accident resulting in injury to or death of any person or damage to any property, including his own, of \$300*, or

*Note: \$300 is applicable to accidents occurring on or after October 1, 1979.
\$200 is applicable to accidents occurring prior to October 1, 1979.

b. been convicted of any of the following violations:
(1) driving a motor vehicle while under the influence of intoxicating liquor or narcotic drugs;
(2) failing to stop and report when involved in an accident;
(3) homicide or assault arising out of the operation of a motor vehicle;
(4) driving a motor vehicle at an excessive rate of speed where injury to person or damage to property results therefrom;

★Effective November 1, 1982
★★Effective December 1, 1982
★★★Effective February 15, 1983
(April, 1983 Distribution)

IMPORTANT NOTICE

#1786

TO ALL NEW JERSEY AUTOMOBILE INSURANCE PLAN MANUALHOLDERS:

This Notice is to advise you that the New Jersey Department of Insurance has approved an amendment to Section 17, reflecting the deletion of the references to the \$250 and \$500 deductibles and clarifies that the \$30,000 maximum loss payable is subject to the eligibility requirement under Section 9 of the Plan; effective April 11, 1983.

Sec. 17. STANDARD POLICY COVERAGE -- Paragraphs A and B are amended to read as follows:

A. Coverage for (1) private passenger automobiles, as defined in the Automobile Insurance Plan Manual of Rules and Rates, which have four wheels and are owned or hired under a long-term contract by an individual or by husband and wife who are residents in the same household or jointly by resident relatives other than husband and wife, or (2) motorcycles or similar type motor vehicles, or motor homes used for private passenger purposes which are owned or hired under a long-term contract by an individual or husband and wife who are residents in the same household, and written on a specified car basis or (3) named non-owner risks shall be provided uniform coverage equivalent to the Personal Auto Policy Form (Ed. 6-80) as contained in the General Instructions--Standard Language for the Personal Auto Policy. For private passenger automobiles owned or hired under a long-term contract by an individual or husband and wife, Part D Coverage For Damage To Your Auto shall be amended by an approved Automobile Insurance Plan Coverage For Damage To Your Auto Endorsement which shall exclude coverage to any automobile while used (a) in any prearranged racing or competitive speed contest or (b) in the business of transporting flammables or similar hazardous material, and physical damage coverage for private passenger automobiles shall be amended by an approved Automobile Insurance Plan Physical Damage Endorsement which shall limit the maximum loss payable to \$30,000*. For private passenger automobiles owned or hired under a long-term contract by resident relatives other than husband and wife and for motorcycles or similar motor vehicles or motor homes, referred to above, coverage shall be amended by an approved Automobile Insurance Plan Miscellaneous Type Vehicle Endorsement. For named non-owner risks referred to above, coverage shall be amended by an approved Automobile Insurance Plan named non-owner coverage endorsement. For private passenger automobiles, Basic and Additional Personal Injury Protection coverage shall be afforded by an approved Automobile Insurance Plan Personal Injury Protection--Other Insurance Endorsement.

*Subject to eligibility requirements outlined in Section 9 of the Plan.

B. All other risks shall be provided uniform coverage equivalent to the Business Auto Policy (Edition 1-80) or Truckers Policy (Edition 10-81) or Garage Policy (Edition 1-80) except that (1) physical damage coverage shall be amended by an approved Automobile Insurance Plan Physical Damage Endorsement which shall exclude coverage to any automobile while used (a) in any prearranged racing or competitive speed contest or (b) in the business of transporting flammables or similar hazardous material, (2) physical damage coverage for private passenger automobiles shall be amended by an approved Automobile Insurance Plan Physical Damage Endorsement which shall limit the maximum loss payable to \$30,000* and (3) Basic and Additional Personal Injury Protection coverage shall be afforded by an approved Automobile Insurance Plan Personal Injury Protection--Other Insurance Endorsement.

*Subject to eligibility requirements outlined in Section 9 of the Plan.

Pending receipt of the revised Plan page, please insert this Notice for use in your present Manual.

RGB
4/11/83

Distributed by
AUTOMOBILE INSURANCE PLANS SERVICE OFFICE
733 THIRD AVENUE, NEW YORK, NEW YORK 10017

NEW JERSEY AUTOMOBILE INSURANCE PLAN

- (5) driving a motor vehicle in a reckless manner where injury to person or damage to property results therefrom;
 - (6) operating during period of revocation or suspension of registration or license;
 - (7) operating a motor vehicle without state or owners authority;
 - (8) loaning operator's license to an unlicensed operator;
 - (9) permitting an unlicensed person to drive;
 - (10) the making of false statements in the application for license or registration;
 - (11) impersonating an applicant for license or registration or procuring a license or registration through impersonation whether for himself or another, or
- c. been convicted more than once of any moving traffic offense, or once each for two or more traffic offenses, other than those listed in paragraph b. above, unless all such convictions arise out of a single incident or occurrence, or
 - d. been involved as an operator or an owner in a motor vehicle accident resulting in injury to or death of any person or damage to property, and been convicted of any moving traffic offense, other than those listed in paragraph b. above, unless the accident and violation constituted, or arose out of, a single incident or occurrence, or
 - e. been involved as an owner or operator in a motor vehicle accident or been convicted of an offense, or has had a judgment entered against him, as a result of which he has been required to furnish proof of financial responsibility under a Financial Responsibility Law, or been required upon any other ground, under a Financial Responsibility Law, to furnish proof of financial responsibility.
2. For insureds not subject to paragraph 1 of this subsection an additional charge of 10% for public passenger carrying and long haul trucking insureds and 25% for all others shall be made if the insured or anyone who usually drives the motor vehicle has, during the thirty-six months immediately preceding the date of application for assignment and in the case of renewal during the thirty-six months immediately preceding the effective date of the renewal policy:
 - a. been involved as an operator or an owner in a motor vehicle accident resulting in injury to or death of any person or damage to property, including his own, of \$300* or more, or two or more motor vehicle accidents resulting in damage to property of less than \$300*, or
***Note:** \$300 is applicable to accidents occurring on or after October 1, 1979.
\$200 is applicable to accidents occurring prior to October 1, 1979.
 - b. been convicted of any moving traffic offense, other than those listed in paragraph 1 b of this subsection.

NOTE: For the purposes of this subsection, the following shall not be regarded as moving traffic violations:

- (1) any motor vehicle "equipment" requirement of the motor vehicle and traffic laws, except brakes;
 - (2) failure to display proper number plates provided such plates are in existence;
 - (3) failure to have in possession operator's or chauffeur's license provided there is one in existence.
3. With respect to paragraphs 1 and 2 of this subsection, if a risk is experience rated under the approved Experience Rating Plan and such Plan produces a debit with a dollar amount equal to or greater than the additional charge developed under this Section, then the debit under the Experience Rating Plan shall be deemed to include the additional charge that would have been realized under the application of this Section; if such Experience Rating Plan produces a debit with a dollar amount less than the additional charge developed under this Section, then the additional charge developed under this Section shall be deemed to include the modifications developed under the Experience Rating Plan.

- H. If an insured involves vehicles rated under both paragraphs F and G surcharges shall be applied first to the vehicle which will produce the higher dollar amount, and successively to the next such vehicle on as many vehicles as there are persons subject to surcharge.

Sec. 16A. SURCHARGE

If the hazard of an insured is greater than that contemplated by the rate normally applicable under the Plan, the company shall consult with the Committee before submission to the Commissioner of Insurance for an increase in such rate. An increase in rate approved by the Commissioner shall be deemed to include the additional charge contained in Section 16.

Sec. 17. STANDARD POLICY COVERAGE

- A. Coverage for (1) private passenger automobiles, as defined in the Automobile Insurance Plan Manual of Rules and Rates, which have four wheels and are owned or hired under a long-term contract by an individual or by husband and wife who are residents in the same household or jointly by resident relatives other than husband and wife, or (2) motorcycles or similar type motor vehicles, or motor homes used for private passenger purposes which are owned or hired under a long-term contract by an individual or husband and wife who are residents in the same household, and written on a specified car basis or (3) named non-owner risks shall be provided uniform coverage equivalent to the Personal Auto Policy Form (Ed. 6-80) as contained in the General Instructions—Standard Language for the Personal Auto Policy. For private passenger automobiles owned or hired under a long-term contract by an individual or husband and wife, Part D Coverage For Damage To Your Auto shall be amended by an approved Automobile Insurance Plan Coverage For Damage To Your Auto Endorsement which shall exclude coverage to any automobile while used (a) in any prearranged racing or competitive speed contest or (b) in the business of transporting flammables or similar hazardous material, and (4) physical damage coverage for private passenger automobiles which have a value in excess of \$10,000 shall be amended by an approved Automobile Insurance Plan Physical Damage Endorsement which shall limit the maximum loss payable to \$30,000 and provide for a deductible of \$250 or \$500 applicable to each automobile for each loss arising out of each occurrence. For private passenger automobiles owned or hired under a long-term contract by resident relatives other than husband and wife and for motorcycles or similar motor vehicles or motor homes, referred to above, coverage shall be amended by an approved Automobile Insurance Plan Miscellaneous Type Vehicle Endorsement. For named non-owner risks referred to above, coverage shall be amended by an approved Automobile Insurance Plan named non-owner coverage endorsement. For private passenger automobiles, Basic and Additional Personal Injury Protection coverage shall be afforded by an approved Automobile Insurance Plan Personal Injury Protection—Other Insurance Endorsement.
- B. All other risks shall be provided uniform coverage equivalent to the Business Auto Policy (Edition 1-80) or Truckers Policy (Edition 10-81) or Garage Policy (Edition 1-80) except that (1) physical damage coverage shall be amended by an approved Automobile Insurance Plan Physical Damage Endorsement which shall exclude coverage to any automobile while used (a) in any prearranged racing or competitive speed contest or (b) in the business of transporting flammables or similar hazardous material, (2) physical damage coverage for private passenger automobiles which have a value in excess of \$10,000 shall be amended by an approved Automobile Insurance Plan Physical Damage Endorsement which shall limit the maximum loss payable to \$30,000 and provide for a deductible of \$250 or \$500 applicable to each automobile for each loss arising out of each occurrence, and (3) Basic and Additional Personal Injury Protection coverage shall be afforded by an approved Automobile Insurance Plan Personal Injury Protection—Other Insurance Endorsement.
- C. Any required filings of policy or endorsement forms shall be made on behalf of all companies subscribing to this Plan by the Automobile Insurance Plans Service Office. For the purpose of such filings, each company subscribing to this Plan is a subscriber to the Automobile Insurance Plans Service Office.

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Sec. 18. CANCELLATION BY INSURED

If for any reason the insured requests cancellation, the company shall retain the short rate earned premium for the period of coverage or the sum of \$25.00 per policy, whichever is greater, and return the balance to the insured, except in the following cases when the return premium shall be computed pro rata:

1. If the insured has disposed of the automobile, provided the insured takes out a new policy in the same company on another automobile to become effective within thirty days of the date of cancellation.
2. If the insured automobile is repossessed under terms of a financing agreement.
3. If an automobile is cancelled from a policy, the policy remaining in force on other automobiles; or if there remains in force in the name of the insured or his spouse, if a resident of the same household, and in the same company a concurrent automobile policy covering another automobile.
4. If the insured enters the armed forces of the United States of America.
5. If the insured automobile is stolen or destroyed (total or constructive total loss) and cancellation is requested by the insured within 30 days following the date the automobile is stolen or destroyed. The return premium for all coverages (including the premium for the coverage under which loss was paid) shall be calculated from the day following the date of such loss.
6. If the insured requests cancellation of a policy for the reason that coverage has been replaced in the voluntary market, and the assigned carrier receives a statement to that effect.

Sec. 19. CANCELLATION BY COMPANY

- A. The company may cancel a policy at any time during the policy period if it is based on one or more of the following:
1. Non-payment of premium, except that a notice of cancellation for non-payment of premium shall not be effective if payment of the amount due is made prior to the effective date of such notice.

NOTE: Payment to the producer of record constitutes payment to the company.

2. The driver's license or motor vehicle registration of the named insured has been suspended or revoked and is still so suspended or revoked at the time the cancellation is to be effective unless the insured wishes the policy to remain in force to cover operation of a properly registered vehicle by other persons who are duly licensed, provided the name, address, age, driver's license number and extent of operation by such other person is furnished to the company prior to the effective date of cancellation.

A statement of facts in support of each such cancellation shall be furnished to the producer of record and to the insured and, except in the case of cancellation for non-payment of premium, to the Plan and Commissioner of Insurance of the State, ten days prior to the effective date of the cancellation.

Notice of cancellation shall not be issued and no cancellation shall take effect for non-payment of premium if such non-payment pertains to an increase in the premium charged in regard to which there is a dispute between the carrier and the insured as respects the propriety of class, territory or additional charge under Section 16, F or G, unless the actual basis for such premium charge has been specifically set forth in writing and such written explanation has been mailed or delivered to the named insured and to the producer of record at least twenty days prior to the effective date of the cancellation. The insured may obtain verification of such explanation upon written

request from the Department of Insurance. If the explanation is found by the Department to contain an error monetarily detrimental to the insured, the cancellation notice shall be null and void.

- B. During the first 120 days of the effective date of the original policy period and any subsequent renewal policy under the Plan, a company may give notice of intent to cancel its policy, if the company on the basis of actions or omissions by the named insured, has reason to believe that the named insured:
1. is not in good faith entitled to insurance, or
 2. has failed to remedy defects in the application, as outlined in Section 11, or
 3. has failed to comply with reasonable safety requirements, or
 4. has violated any of the terms or conditions upon the basis of which the insurance was issued, or
 5. has obtained the insurance through fraud or misrepresentation, or
 6. has failed to make his vehicle available for inspection by the insurer when requested to do so at a reasonable time and place convenient for the insured and the insurer. (Applicable only with respect to physical damage coverages.), or
 7. has in executing the application willfully made incorrect or misleading statements therein, PROVIDED A PREMIUM REMEDY IS NOT POSSIBLE, or
 8. cannot be located by the company, for the purposes of its underwriting review, or fails to respond to at least two written requests for pertinent underwriting information which would have a direct bearing on the rating of a policy.

Notice of such cancellation intent, which notice shall specify the date upon which the cancellation is to be effective, shall be furnished to the Plan, the insured and the producer of record together with a statement of facts upon which such action is taken. Such notice shall inform the insured that if he believes the cancellation should not be effectuated he may appeal such cancellation to the Committee as provided in Section 19.A.

- C. Cancellations under A and B above, shall be on a pro rata basis, subject to the minimum charge of \$25.00 per policy, by giving notice as required in the policy, unless the cancellation for non-payment is subject to the provisions of New Jersey Administrative Code 11:3-7.8 (equity cancellations) in which case the policy shall be cancelled in accordance with the provisions stipulated therein. A copy of each such cancellation notice shall be furnished to the producer of record. Proof of mailing shall be maintained by the insurer for all such mailed communications to the named insured and to the producer of record for a period of six (6) months subsequent to the date of mailing or for the period to the date the policy would have expired if it has not been cancelled, whichever is longer.

Cancellation shall be effective on the date specified and coverage shall cease on such date except as provided for in Section 19.A.

Return premium checks must be mailed within 30 working days of the effective date of the cancellation.

Nothing herein shall affect the carrier's right to invoke other remedies provided by law.

Sec. 19A. RIGHT OF APPEAL

The Committee will hear any appeal from an applicant, insured, producer or insurer on a matter pertaining to the proper administration of the Plan. Each notice of cancellation or denial of insurance under the provisions of the Plan shall contain or be accompanied by a statement that the insured or applicant has a right of appeal to the Committee. The action of the Committee may be appealed to the Commissioner of Insurance of the State.

Any such appeal to the Committee must be in writing and must set forth the facts upon which the appeal is based.

An appeal shall not operate as a stay of cancellation unless such appeal is made in writing within 20 days of the date of the notice of cancellation.

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If an appeal is made to the Committee within such 20 day period, the company will reinstate the coverage without lapse and continue such coverage in effect, until a final determination of the appeal has been made. If the appeal is not taken until more than 20 days from the date of the notice of cancellation, the cancellation shall be effective on the date specified and coverage shall cease on such date.

The Plan shall promptly notify the company, the insured and the producer of record of the disposition of any appeal to the Committee. Should the Committee not sustain the cancellation, and the appeal not have acted as a stay of cancellation, such notice shall also state that upon payment of the deposit premium to the company, a policy or binder will be issued.

If either the Committee or the Commissioner of Insurance refuses to sustain the cancellation, the company which issued the policy or binder shall, within two working days after receipt of the deposit premium, provided such deposit premium is received within 30 days after determination of the appeal, issue a new policy or binder effective for a period of one year from the date of issuance of such new policy or binder. The balance of the premium shall be payable as provided in Section 14.

★ Sec. 20. RE-ELIGIBILITY

A prospective insured denied insurance under Section 9 or an insured cancelled under Section 19 of the Plan may reapply to the Plan as soon as the cause of his ineligibility is removed and shall be re-assigned* to the previous carrier except that an insured cancelled under Sections 19B-1, 19B-5 or 19B-7 shall not be eligible to reapply for coverage until 12 months from the date of cancellation. Where a risk is reassigned to the previous carrier within 60 days after cancellation for non-payment of premium the carrier may reinstate the previous policy with a lapse of coverage.

An insured that fails to pay the renewal premium quoted by the assigned carrier, in accordance with the provisions of Section 14 of this Plan, may reapply for assignment at any time. If the insured reapplies within 60 days after expiration and, is otherwise eligible, it shall be assigned to the previous carrier*. If an insured applies after such period the application shall be considered a new application and the insured shall be assigned to a newly designated carrier.

All applications submitted in accordance with this Section shall be accompanied by the deposit prescribed in Section 11.

*Not to be assigned to a previous carrier if the carrier has no quota or a zero quota.

Sec. 21. COMMISSION

A. Unless other arrangements have been made with the Commissioner of Insurance, the commission under the Plan shall be as follows:

- (1) for long haul trucking insureds and public passenger carrying vehicles other than school buses, 5% of the policy premium for commission to a licensed producer designated by the insured;
- (2) for other insureds 10% of the policy premium for commission to a licensed producer designated by the insured;
- (3) on any insured rated and domiciled outside of this State, the licensed producer may be paid only that portion of the producer's commission specified above which is permissible under the laws of the state in which the insured is rated and domiciled.

B. Companies are to be guided by the following as respects commission on insureds written under the Installment Premium Payment Option:

- (1) The producer of record shall deduct the full annual commission from the premium deposit.
- (2) In the event of an additional premium:
 - a. if the additional premium is included in revised installments, the commission on the total additional premium shall be payable on the due date of the next installment.

b. If there are no remaining installments, commissions on additional premiums may be deducted when the additional premium is submitted by the producer.

C. Companies are to be guided by the following as respects commission on insureds who elect the 40-60 method of payment:

- (1) The producer of record shall deduct the full annual commission if the 40-60 method of payment is elected.
- (2) In the event of additional premium commission on the additional premium may be deducted when the additional premium is submitted by the producer.

Sec. 22. RE-CERTIFICATION OF OPERATOR'S LICENSE OF INSURED OR PRINCIPAL OPERATOR OF THE MOTOR VEHICLE

If a designated company after investigation of the experience, physical or other conditions of any insured applying for coverage under this Plan believes that reasonable doubt exists as to whether the insured or principal operator of the vehicle should continue to be licensed to operate a motor vehicle in this state, such company may request the Director of the Division of Motor Vehicles to recertify the ability of said person to continue to hold an operator's license. However, the designated company must issue a policy in accordance with Section 14.

If the insured is not recertified by the Director of the Division of Motor Vehicles as competent to hold and use an operator's license either by a driving test or such other means as the Director of the Division of Motor Vehicles may require, the insured is not eligible under this Plan and the policy should be cancelled pro rata in accordance with Section 19-A 2 of the Plan, unless the insured wishes it to remain in force to cover operation by other persons who are duly licensed. However, in such event, the company may require a new application covering such other operations.

Requests for recertification must be made on a standard form, agreed to as satisfactory by the Director of the Division of Motor Vehicles. The form must be prepared in triplicate, the original sent to the Director of the Division of Motor Vehicles, with duplicate copy sent to the Plan.

Sec. 23. INDEMNIFICATION

1. Each individual, member or insurer who shall serve on the Governing Committee or any other committee or as an officer or employee of the Plan or any predecessor or successor organization, whether or not such individual, member or insurer is then acting in such a position or capacity, shall be indemnified by the Plan against all costs and expenses reasonably incurred by or imposed upon such individual, member or insurer in connection with or resulting from any action, suit or proceeding to which he or it may be made a party by reason of his or its having served on any such committee or as an officer or employee of the Plan, provided such individual member or insurer acted in good faith, for a purpose which he or it reasonably believed to be in the best interests of the Plan and in connection with which, had no reasonable cause to believe that his or its conduct was unlawful or improper. The foregoing right to indemnity shall include reimbursement of the expenses paid in settling any such action, suit or proceeding, provided the prior approval of any such settlement is first obtained from the Governing Committee of the Plan.
2. Any individual, member or insurer who shall seek indemnification hereunder shall promptly notify the Plan of any action, suit, or proceeding, or any threat thereof, in writing at its main office. The Plan shall have the right to and may, at its own cost, defend or otherwise dispose of any such pending or threatened action, suit, or proceeding, and shall promptly advise the individual, member or insurer seeking indemnification whether the Plan elects to defend or otherwise dispose of such a matter itself.

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3. The cost and expense of fulfilling the obligations of the Plan hereunder shall be apportioned among all the members of or subscribers to the Plan in accordance with the basis of apportionment as provided by Section 7 of the Plan.

Sec. 24. DUTIES OF COMPANIES, PRODUCERS AND INSURED

Companies shall establish effective procedures for promptly communicating with insureds on questions of coverage and other factors relevant to their policy. The Governing Committee of the Plan will vigorously investigate complaints against companies and producers and will report to the Commissioner of Insurance any situation that indicates that a company or producer is not complying in good faith with the provisions of the Plan.

Producers shall impress upon insureds the need for fulfilling all obligations under the policy and for compliance with the rules of the Plan, and they shall safeguard the rights of the insureds by obtaining accurate and complete rating information.

Sec. 25. PERFORMANCE STANDARDS FOR COMPANIES WRITING NEW JERSEY AUTOMOBILE INSURANCE PLAN RISKS

The Performance Standards listed below set forth the specific time periods during which companies must perform in accordance with the rules of the New Jersey Automobile Insurance Plan as interpreted by the Governing Committee of the Plan. A producer of record shall have the right to make collect telephone calls to a company where the company has not provided the service as specified in these Performance Standards. Every insurance company office servicing New Jersey Automobile Insurance Plan insureds shall be equipped with "800" toll free numbers or shall accept collect telephone calls from producers WHERE THESE PERFORMANCE STANDARDS HAVE NOT BEEN MET.

1. **ISSUANCE OF ORIGINAL POLICY**

The Plan assignment notice constitutes a binder of the proper coverage applied for in the application. The company must mail an appropriate policy within 30 days of the assignment date. Policies shall specify or be accompanied by an explanation of the rating basis for the premium charged.
- ★ 2. **RENEWAL POLICIES**

Renewal premium quotations shall be made at least 30 days prior to expiration and shall specify the rating basis for the premium charged. Renewal policies shall be issued and mailed within 30 days of the company's receipt of the renewal premium.
3. **MOTOR CARRIER FILINGS**

The company shall mail notice to the producer of record within two working days of receipt of an assignment that such motor carrier filings as may be required have been filed.
4. **ENDORSEMENTS**

Any endorsement requested of the company on which it has received all necessary information shall be mailed within 30 days of receipt by the company. Endorsements involving a premium change shall specify or be accompanied by an explanation of the rating basis for such change.
5. **RETURN PREMIUMS**

Within 30 days of the receipt of a request for either cancellation or an endorsement resulting in a return premium, the company must mail the return premium check.
6. **COLLECTION OF PREMIUM**

Companies are to follow the Plan rules.
7. **PREMIUM DISPUTES**

Companies shall reply within 15 days to letters disputing the premium charged.

8. IDENTIFICATION CARDS

The mailing of permanent I.D. cards shall coincide with the mailing times specified above for all policies and endorsements.

Duplicate I.D. cards must be mailed within 4 working days after receipt of a request.

9. CLAIM HANDLING

- a. Companies shall provide policyholders with information on how and where to report claims.
- b. Each company is responsible for handling all claims properly and promptly in accordance with the terms of the contracts of insurance subject to the limits of coverage provided. Claim adjustment practices and procedures of each company shall correspond with those followed for voluntary business. Where unfair claim practices, regulations or legislation exist, companies must comply with such regulations or legislation.

Sec. 25A. PERFORMANCE STANDARDS FOR PRODUCERS WRITING NEW JERSEY AUTOMOBILE INSURANCE PLAN RISKS

The Performance Standards listed below set forth the specific requirements that producers must meet in the servicing of Plan business. Carriers shall report all infractions of these Performance Standards to the Plan, who will advise the Committee, who, in turn, may report offenders to the Department of Insurance.

1. **ORIGINAL APPLICATIONS**
 - a. Applications shall be fully completed and must include:
 - (1) Necessary information to rate and write the policy, prepare a bill, and make any required financial responsibility or motor carrier filings.
 - (2) Name, address and tax identification number of producer which must be the same for all applications submitted.
 - (3) Signature of applicant and producer.
 - b. Premium for desired coverages shall be individually listed and the deposit premium shall be submitted in accordance with Plan rules.
 - c. Applications shall be completed and mailed promptly in accordance with the Plan rules.
2. **RETURN COMMISSIONS**

Return commissions shall be paid within thirty (30) calendar days from the date of notice to the producer.
3. **POLICY CHANGE REQUEST**

Producers must use the prescribed Policy Change Request form or the one provided by the carrier when making a policy change request. The form shall be fully completed and mailed to the company promptly accompanied by an appropriate deposit, where applicable, in accordance with the Plan rules.
4. **CLAIMS**

When claims are reported to a producer by the insured, the producer will report them to the carrier immediately, by mail or telephone.
5. **PAYMENTS**
 - a. Producers shall remit all payments received from insureds in accordance with the Plan rules.
 - b. Producer's checks dishonored by the bank shall be considered a violation of this Performance Standard.
6. **TELEPHONE REQUIREMENTS**

Producers shall not use the WATS Line nor make collect calls unless the call concerns a violation of company Performance Standards.

NOTE: Applications and Policy Change Request forms with immediate coverage provisions that are not submitted in accordance with Section 12 may make the producer liable for any losses incurred by the carrier.