

SENATE, No. 869

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED JANUARY 27, 2020

Sponsored by:

Senator JOSEPH PENNACCHIO

District 26 (Essex, Morris and Passaic)

SYNOPSIS

Requires automobile insurers to provide certain information regarding premiums relating to PIP coverage in certain circumstances.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning personal injury protection coverage and
2 amending P.L.1983, c.362.

3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6

7 1. Section 13 of P.L.1983, c.362 (C.39:6A-4.3) is amended to
8 read as follows:

9 13. Personal injury protection coverage options. With respect to
10 personal injury protection coverage provided on an automobile in
11 accordance with section 4 of P.L.1972, c.70 (C.39:6A-4), the
12 automobile insurer shall provide the following coverage options:

13 a. Medical expense benefit deductibles in amounts of \$500.00,
14 \$1,000.00, \$2,000.00 and \$2,500.00 for any one accident;

15 b. The option to exclude all benefits offered under subsections
16 b., c., d., and e. of section 4;

17 c. (Deleted by amendment, P.L.1988, c.119.)

18 d. For policies issued or renewed on or after January 1, 1991,
19 the option that other health insurance coverage or benefits of the
20 insured, including health care services provided by a health
21 maintenance organization and any coverage or benefits provided
22 under any federal or State program, are the primary coverage in
23 regard to medical expense benefits pursuant to section 4 of
24 P.L.1972, c.70 (C.39:6A-4). If health insurance coverage or
25 benefits are primary, an automobile insurer providing medical
26 expense benefits under personal injury protection coverage shall be
27 liable for reasonable medical expenses not covered by the health
28 insurance coverage or benefits up to the limit of the medical
29 expense benefits coverage. The principles of coordination of
30 benefits shall apply to personal injury protection medical expense
31 benefits coverage pursuant to this subsection;

32 e. Medical expense benefits in amounts of \$150,000, \$75,000,
33 \$50,000 or \$15,000 per person per accident; except that, medical
34 expense benefits shall be paid in an amount not to exceed \$250,000
35 for all medically necessary treatment of permanent or significant
36 brain injury, spinal cord injury or disfigurement or for medically
37 necessary treatment of other permanent or significant injuries
38 rendered at a trauma center or acute care hospital immediately
39 following the accident and until the patient is stable, no longer
40 requires critical care and can be safely discharged or transferred to
41 another facility in the judgment of the attending physician. The
42 coverage election form shall contain a statement, clearly readable
43 and in 12-point bold type, in a form approved by the commissioner,
44 that election of any of the aforesaid medical expense benefits
45 options results in less coverage than the \$250,000 medical expense

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

Matter underlined thus is new matter.

1 benefits coverage mandated prior to the effective date of P.L.1998,
2 c.21.

3 If none of the aforesaid medical expense benefits options is
4 affirmatively chosen in writing, the policy shall provide \$250,000
5 medical expense benefits coverage. Prior to the insured electing
6 medical expense benefits coverage of \$15,000, the insurer shall
7 provide to the insured, in writing, the exact dollar amount that the
8 insured's premium is reduced by electing the \$15,000 coverage in
9 comparison to electing the \$50,000 coverage, and the insured shall
10 acknowledge receipt of this information in writing and affirmatively
11 elect the \$15,000 coverage;

12 f. The insurer shall provide an appropriate reduction from the
13 territorial base rate for personal injury protection coverage for those
14 electing any of the options in subsections a., b., d. and e. of this
15 section.

16 Any named insured who chooses the option provided by
17 subsection d. of this section shall provide proof that he and
18 members of his family residing in his household are covered by
19 health insurance coverage or benefits in a manner and to an extent
20 approved by the commissioner. Nothing in this section shall be
21 construed to require a health insurer, health maintenance
22 organization or governmental agency to cover individuals or
23 treatment which is not normally covered under the applicable
24 benefit contract or plan. If it is determined that an insured who
25 selected or is otherwise covered by the option provided in
26 subsection d. of this section did not have such health coverage in
27 effect at the time of an accident, medical expense benefits shall be
28 payable by the person's automobile insurer and shall be subject to
29 any deductible required by law or otherwise selected as an option
30 pursuant to subsection a. of this section, any copayment required by
31 law and an additional deductible in the amount of \$750.

32 An option elected by the named insured in accordance with this
33 section shall apply only to the named insured and any resident
34 relative in the named insured's household who is not a named
35 insured under another automobile insurance policy, and not to any
36 other person eligible for personal injury protection benefits required
37 to be provided in accordance with section 4 of P.L.1972, c.70
38 (C.39:6A-4).

39 Medical expense benefits payable in any amount between the
40 deductible selected pursuant to subsection a. of this section and
41 \$5,000.00 shall be subject to the copayment provided in the policy,
42 if any.

43 No insurer or health provider providing benefits to an insured
44 who has elected a deductible pursuant to subsection a. of this
45 section shall have a right of subrogation for the amount of benefits
46 paid pursuant to a deductible elected thereunder or any applicable
47 copayment.

1 The Commissioner of Banking and Insurance shall adopt rules
2 and regulations to effectuate the purposes of this section and may
3 promulgate standards applicable to the coordination of personal
4 injury protection medical expense benefits coverage.
5 (cf: P.L.1998, c.22, s.3)

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7 2. This act shall take effect immediately and apply to policies
8 issued or renewed on or after the 180th day next following
9 enactment.

10
11
12 STATEMENT
13

14 This bill requires automobile insurers to provide certain
15 information regarding premiums when an insured elects medical
16 expense benefits in an amount of \$15,000 as part of personal injury
17 protection coverage. Specifically, the bill requires the insurer to,
18 prior to the insured electing medical expense benefits coverage of
19 \$15,000, provide to the insured, in writing, the exact dollar amount
20 that the insured's premium is reduced by electing the \$15,000
21 coverage in comparison to electing the \$50,000 coverage. The
22 insured must acknowledge receipt of this information in writing and
23 affirmatively elect the \$15,000 coverage.

24 Under current law, in addition to the default of \$250,000,
25 insurers must provide coverage options for medical expense
26 benefits in amounts of \$150,000, \$75,000, \$50,000 or \$15,000 per
27 person per accident. If none of these medical expense benefits
28 options is affirmatively chosen in writing, the policy must provide
29 \$250,000 medical expense benefits coverage.

30 It has come to the sponsor's attention that in many situations, the
31 minimum option of \$15,000 does not provide adequate coverage
32 and also may not save a significant amount for the insured on the
33 policy premium. Therefore, this bill is intended to ensure that
34 insureds make an informed decision when deciding on \$15,000 in
35 PIP coverage and understand the exact dollar amount that is saved
36 on their premium when making that selection.