



QUARTERLY REPORT TO
THE NEW JERSEY DEPARTMENT
OF BANKING & INSURANCE

*No Fault Insurance PIP Arbitration
2nd Quarter, 2005*

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Executive Summary

During the reporting period, an on-line DRP Evaluation process was added to the NAF web site. This feature permits system users to evaluate DRPs in specific cases by means of an on-line form. The form is accessible by visiting the web site or through an email alert sent to the parties or attorneys. The evaluation measures DRP proficiency in seven key areas. Individual comments may be included and characterized as positive, neutral or negative. The identities of the reviewers are not disclosed to the DRPs to ensure neutrality.

The Advisory Council was convened three times to qualify additional DRP candidates. A qualified DRP pool will enable NAF to respond quickly to changes in DRP staffing needs.

Significant enhancements to the NAF on-line Award Search web site are in the testing stages. The project is due for release into production in the third calendar quarter and will include easier full-text searching, unlimited search results and viewable NAF awards through June of 2005.

For the second calendar quarter, 9,033 cases were initiated in the PIP ADR program. Of these cases, 6,130 (68%) originated in the Northern region, 1,704 (19%) in the Central region, and 1,199 (13%) in the Southern region.

Of the pending cases filed with NAF in the PIP ADR program, 6,198 cases were concluded during the second quarter by means of an award or denial of award at hearing, dismissal of the case, settlement or withdrawal. 91 were placed in abeyance by consent of the parties or by order of the court.

During the second quarter, 1,177 cases settled during the 45-day conciliation period distributed regionally as follows: 797 in the North region, 225 in the Central region and 155 in the South region.

Of all cases resolved in the PIP ADR program during the quarter, a total of 4,878 cases were resolved after the DRP was appointed, from a combination of DRP issued awards, dismissals, settlements and withdrawals.

System-wide, the average total amount awarded in arbitration was \$3,560 comprised of \$2,400 for personal injury protection benefits and \$1,160 for attorney's fees.

Nine cases were appealed to 3-member DRP panels resulting in seven affirmances, one vacation and one modification.

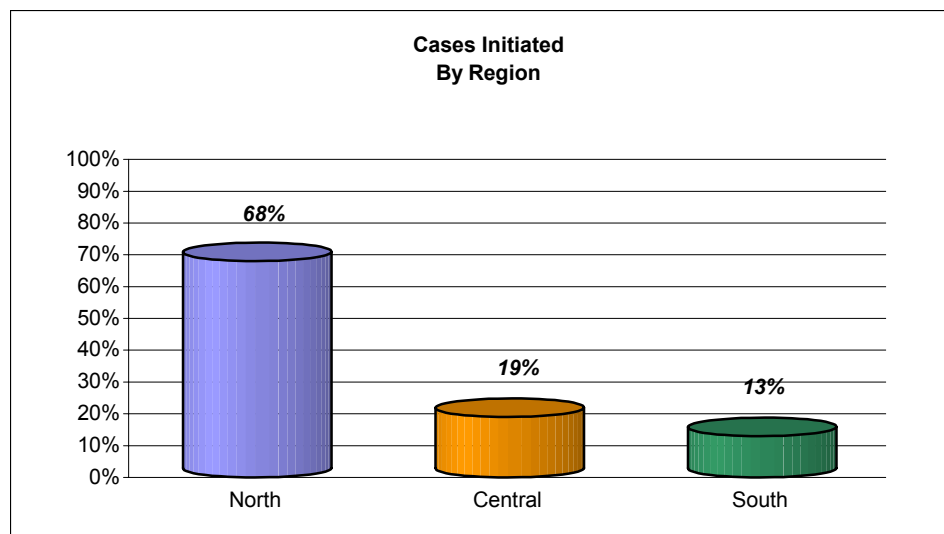
First Managed Care Option was utilized as the Medical Review Organization in accordance with the DOBI directive. Parties requested 99 MRO reviews. Only one DRP request was made.

Cases Initiated

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

In the second quarter of 2005, 9,033 cases were initiated in the PIP ADR program. Of these cases, 6,130 (68%) originated in the Northern region, 1,704 (19%) in the Central region, and 1,199 (13%) in the Southern region. See the Table below for the monthly distribution.

	North	Central	South	Total
April	1,673	428	2,338	2,389
May	2,217	573	466	3,166
June	2,330	703	496	3,529
Region Total	6,130	1,704	1,199	9,033
Region Percent	68%	19%	13%	100%



The Table below provides a view of initiations for the first half of 2005 by quarterly and regional distribution.

	North	Central	South	Total
1st Quarter 2005	5,092	1,616	904	7,612
2 nd Quarter 2005	6,130	1,704	1,199	9,033
Totals	11,222	3,320	2,103	16,645

Disposition of Cases in the PIP ADR Program

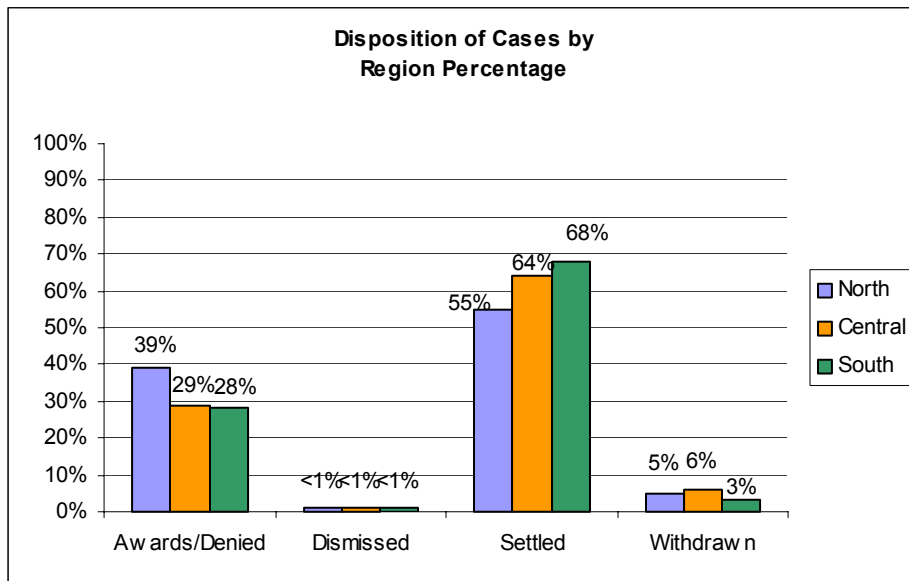
Of the pending cases filed with NAF in the PIP ADR program, 6,198 cases were concluded during the second quarter by means of an award or denial of award at hearing, dismissal of the case, settlement or withdrawal. The table below illustrates the manner in which cases were administered and concluded in the various geographic regions.

Disposition Type	North	Central	South	Total
Awarded/Denied	1,697	331	223	2,251
Dismissed	13	3	1	17
Settled	2,356	708	543	3,607
Withdrawn	234	67	21	323
Total	4,300	1,109	788	6,198

Disposition of Cases By Region Percentage

The table and chart below present the regional disposition of cases as percentages of all case dispositions during the reporting period.

Disposition Type	North	Central	South
Awarded/Denied	39%	29%	28%
Dismissed	< 1%	< 1%	< 1%
Settled	55%	64%	68%
Withdrawn	5%	6%	3%
Total	100%	100%	100%



Cases in Abeyance

Administration of certain cases is suspended by way of Court Order or consent of the parties. These cases are designated as in abeyance. Abeyances for the reporting period are shown in the table below by regional distribution and percentage.

Geographic Regions	North	Central	South	Total
Region Total	69	16	6	91
Region Percent	76%	17%	7%	100%

Cases Settled within 45 Days of Initiation

Respondents are granted a conciliation period of 45 days from case initiation in which to settle claims without incurring a respondent administration fee. During the second quarter, 1,177 cases settled during the conciliation period distributed regionally as follows: 797 in the North region, 225 in the Central region and 155 in the South region.

The following table and chart illustrate that 7% to 8% of cases settle during the reconciliation period.

Geographic Regions	North	Central	South	System-wide
Region Settlements	797	225	155	1,177
Region Percent	7%	7%	8%	7%

Dispute Resolution Professional Caseload

In the second quarter of 2005, there were 30 Dispute Resolution Professionals (“DRPs”) arbitrating cases. Two DRPs were redeployed to better address regional volume. One North DRP moved to the South Region and another North DRP moved to the Central Region. Both of these individuals had requested redeployment when filings warranted it. During the reporting period, 6,896 cases were assigned to DRPs.

Caseload activity of DRPs is represented in Appendix A.

Disposition of Cases After DRP Assignment

Following expiration of the 45-day conciliation period, cases are assigned to DRPs for disposition. After DRP appointment, a total of 4,878 cases were resolved during the quarter, resulting from a combination of: DRP issued awards (which includes denials), dismissals, settlements and withdrawals.

The following table represents the distribution and outcomes of cases across the entire DRP panel during the second quarter of 2005 after the cases were assigned to the DRP for hearing:

Disposition	North	Central	South	Total	System-Wide Percentage
Awarded/Denied	1,697	331	223	2,251	46%
Consent Award	0	1	0	1	< 1%
Dismissed by DRP	13	3	1	17	< 1%
Settled	1,536	476	384	2,396	48%
Withdrawn	155	43	15	213	4%
Total	3,401	854	623	4,878	100%

Regional Awards' Percentage

As shown above, a total of 2,251 awards were issued by DRPs concerning requests for expedited relief, standard relief, fee disputes and appeals. 75% of the awards issued in the North region, 15% in the Central region and 10% in the South.

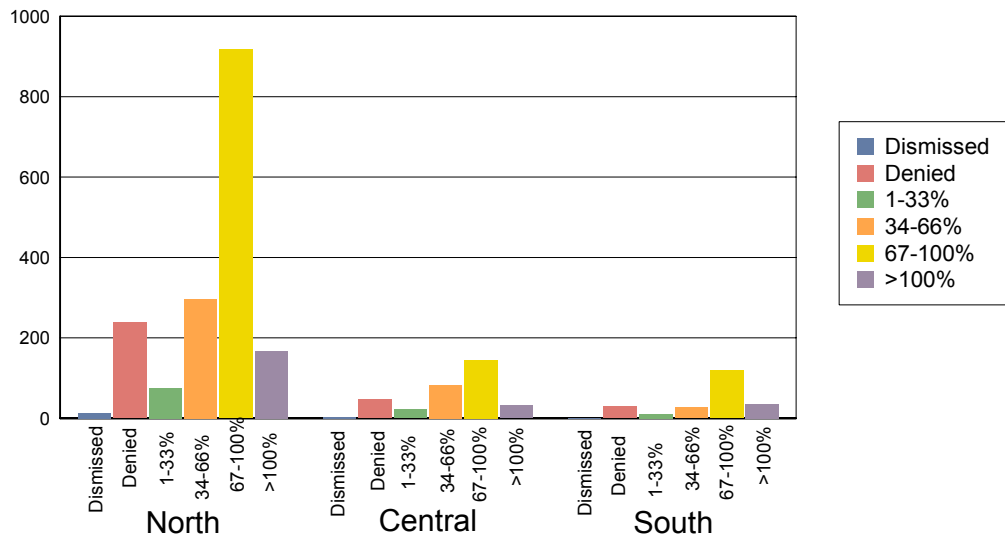
An online database of these awards is located at www.arbitration-forum.com/nj/awards.asp.

Awards as a Percentage of Claim Amount

Dispute Resolution Professions can deny a claim in its entirety or can award all or part of an amount requested by a Claimant. For cases decided in the second quarter of 2005, the graph below indicates the distribution of DRP awarded amounts, from 0% (denied) to more than 100%, of claim amounts. [Claims of more than 100% represent cases in which the initial claim was amended upward prior to or at the hearing in accordance with No-Fault Rule 7].

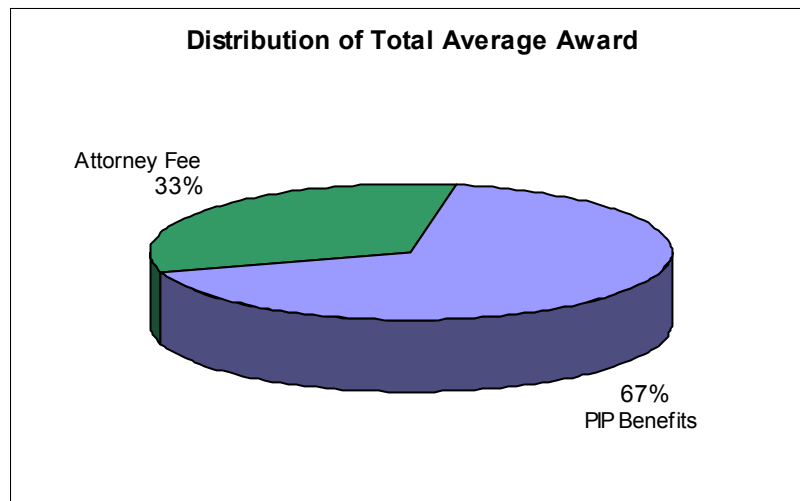
The data is presented in table and chart formats.

Region	Dismissed	Denied	1-33%	43-66%	67-100%	>100%	Total
North	13	238	76	298	918	167	1,710
Central	3	47	23	83	146	32	334
South	1	31	11	27	119	35	224
Total	17	316	110	408	1,183	234	2,268



PIP Benefits and Attorneys' Fees Comparison

System-wide, the average total amount awarded in arbitration was \$3,560 comprised of \$2,400 for personal injury protection benefits and \$1,160 for attorney's fees. The graphical representation compares the data as percentages.



Award Average and Dollar Range

As displayed in the following table, the average amount awarded for claims other than attorneys' fees was \$2,400. Awarded amounts ranged from \$0 to \$ 98,879. The average amount awarded for attorneys' fees was \$1,160. Awarded attorneys' fees ranged from \$0 to \$7,250.

	Average	Dollar Range
PIP Benefits' Award	\$2,400	\$0 to \$98,879
Attorneys' Fee Award	\$1,160	\$0 to \$7,250

Appeals

Nine appeals to panels of 3 DRPs were concluded during the reporting period. The results are shown in the following table.

	North	Central	South	Total
Affirmed	4	0	3	7
Vacated	1	0	0	1
Modified	1	0	0	1

Medical Review Organization Report

First Managed Care Option was utilized as the Medical Review Organization during the reporting period. Information relevant to MRO usage is outlined in the table.

Request By Party	Request By DRP	Total Requests	Request for Information	Report in 20 Business Days	Report After 20 Business Days
99	1	100	1	5	24

Appendix A

Dispute Resolution Caseload

	Region	Assigned	Closed	Awarded/ Denied	Hearings
Alterman, Herbert S.	NORTH	265	169	79	98
Amendola, Francesca	NORTH	303	200	103	143
Brodow, Nora J.	NORTH	164	111	48	72
Carnevale (CR), Michael F.	NORTH	-3	58	47	69
Carnevale (PR), Michael F.	CENTRAL	225	124	17	45
Carr, Michael W.	NORTH	195	164	79	91
Carro, Sergio G.	NORTH	189	179	99	128
Daniskas, Maria I.	NORTH	349	178	98	124
de Cordova, Donald W.	NORTH	181	142	73	100
DeMichele, Richard A	SOUTH	124	191	76	116
Fannan, John J.	CENTRAL	283	178	82	107
Foley, Patrick W.	CENTRAL	311	210	94	118
Ganzhorn, Lisa A.	NORTH	257	190	95	126
Garrabrandt, James H.	NORTH	189	168	86	128
Grabowski (ML), David A.	SOUTH	317	91	0	5
Grabowski, David A.	NORTH	1	77	54	76
Johnston, Maureen M.	NORTH	229	159	68	113
Kaczka, Thomas M.	NORTH	158	143	59	103
Kincade, Kathleen D.	CENTRAL	289	180	64	84
Knuetter, Margaret	NORTH	158	139	33	35
Lesser, Gary T.	NORTH	229	173	79	119
Lynch, Charles H.	NORTH	334	155	92	119
McFadden (CH), Michael K.	SOUTH	207	147	50	62
McFadden (NO), Michael K.	SOUTH	61	49	22	26
Moscowitz, Barry E.	NORTH	146	175	82	97
Odell, Barry K.	CENTRAL	246	177	72	103
Parker, Ronald I.	NORTH	68	145	57	70
Patriaco, Andrew A.	NORTH	248	128	63	73
Sproviero, Scott G.	NORTH	168	183	94	140
Stokes, Nanci G.	NORTH	333	167	94	103
Tamburino, Joseph A.	NORTH	207	162	76	99
Wallen (AC), Kate R.	SOUTH	43	22	12	14
Wallen (CH), Kate R.	SOUTH	138	134	62	72
Zimmerman, Richard T.	NORTH	284	132	39	79
Total		6896	5000	2248	3057