New Jersey Department of

BANKING AND INSURANCE

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Auto Insurance Shopping Guide

A workbook offering tips and information on how to choose the insurance coverage that works for YOU!

Stop and Get Directions:

This workbook is a tool to help you find the best balance between how much you pay for insurance and the level of coverage you receive. By completing the workbook, you will be able to ask your agent or insurance company representative more specific questions about what type of coverage is best for you and your family. This workbook is made up of four sections:

Section 1

Includes information about where to start and what affects the cost of auto insurance. (*Pages 1-3.*)

Section 2

This section consists of **nine steps** that can help determine what type of policy and coverages may be right for you.

MARK YOUR ANSWERS IN EACH STEP. (*Pages 4-12.*)

Example:

Step 2: Choose a Combined Single Limit of Bodily Injury and Property Damage Liability

- ☑ $95,000
- ☐ $300,000
- ☐ $500,000

Section 3

After choosing the type of policy and coverages you would like to purchase, you should contact several insurers to compare how much a policy will cost. In order to accurately quote you the cost of a policy, an insurer will need your vehicle and driver information.

RECORD YOUR VEHICLE AND DRIVER INFORMATION HERE. (*Page 14.*)

This section also contains **CHARTS** (*Pages 15 and 16*) that review the type of policy and coverages you selected in **Section 2**. Use the charts when speaking to an agent or insurance company representative about your insurance needs.

Section 4

Use the insurer contact information to **SHOP AROUND FOR THE BEST COVERAGE THAT FITS YOUR NEEDS.** (*Page 17.*)

Where Should You Start?

Auto insurance is required in New Jersey. Don't drive without it.

As a New Jersey driver, you have many choices when it comes to purchasing auto insurance. Each choice you make affects the coverage you receive and your **premium** (the amount of money a company charges for insurance). The key to getting the most out of your premium dollars is to comparison shop among insurers. Before you start shopping, consider what insurance coverage you need, then compare how much the same coverage would cost from several different insurers.

Comparison shopping takes time, but the effort can pay off.

Shopping around for insurance may result in a lower premium since different companies charge different rates for the same products and services. Some companies employ agents or brokers to sell policies, while others sell policies directly through the mail or their web sites. Consider all your shopping options before purchasing a policy.

You can also use the Department's online tool, the Auto Insurance Purchasing Planner, at www.state.nj.us/dobi/autoplanner.htm. This interactive tool guides you through the coverage selections that must be made when purchasing an auto insurance policy and calculates how much you may be able to save on your policy.

Make sure you understand what your policy covers.

Auto insurance policies are divided into different coverages based on the type of **claim** that will be paid to you or others. (A **claim** is a request to an insurer for payment or reimbursement of a loss covered by the terms of an insurance policy.) If you are unfamiliar with any of the coverages or terms used in auto policies, you can refer to the Department's **Everything You Wanted to Know About Auto Insurance** guide for more information. **(To request a copy, call 1-800-446-7467. To view a copy online, visit www.dobi.nj.gov.)**

Agents, brokers and companies must informyou of your coverage options when applyingfor a new policy, or at any time upon yourrequest if you are already insured. You havethe right to know how each choice mayaffect what you pay and what your benefitswould be in the event of an accident. Youalways have the right to ask about additionaloptions.

Choose insurance coverage that is right for you.

After you complete this workbook, use your selections when talking to an agent or insurance company representative. If you already have insurance, use this workbook to help decide whether you want to change your current policy options. **Remember, you have the right to change the amount of coverage you have, or the amount of your deductibles, at any time.** You do not have to switch companies or wait until your policy is about to expire.

What Affects the Cost of Auto Insurance?

Auto insurance rates vary from company to company, driver to driver, car to car, and coverage to coverage. When you apply for auto insurance, companies consider a variety of factors to determine the risk you represent and the likelihood that you will experience an accident or loss. The company then groups you with policyholders with similar risk characteristics and assigns a rate based on the driving and claims history of your risk group (**tier rating** – *see page* 3) .

Not all companies consider the same factors when determining your premium, but there are some common factors that may impact rates:

Driving Record

If you (or a member of your household) have a driving record that includes motor vehicle violations, suspensions and/or at-fault accidents, the price you pay to obtain insurance might be higher. Insurance companies may consider you (or a member of your household) to be a high-risk driver and charge a higher rate than a driver with a "clean" record (free of accidents and violations). Each company has underwriting guidelines to determine what type and how many accidents and violations during a specific period constitute a high-risk driver.

Type of Vehicle

The make, model and value of your vehicle affects the cost of your auto insurance premium. Generally, an older vehicle will cost less to insure, while a high performance or luxury car will cost more.

The cost to insure different makes and models of vehicles can vary among insurers, so be sure to check with several insurers to get the best price and coverage for your needs. Companies may offer discounts for vehicles with safety features, so check with your insurer for details, especially when you are considering purchasing a vehicle.

Geographic Area

Where you drive and keep your vehicle also influences your premium. The number of claims filed by policyholders in your territory will affect the rates charged by insurance companies.

Gender and Age

Statistics show that males and young adults have a higher incidence of accidents and claims; therefore, your gender and age can affect your rate.

Marital Status

Statistically, young married couples tend to have a lower incidence of accidents and claims; therefore, they generally pay lower premiums than single people.

Vehicle Use

The distance you live from work or school may affect the cost of your insurance, as it determines your daily exposure to risk. Insurers will calculate your premium based on the average distance you drive on an annual basis or how far you commute to work or school. Whether you use your vehicle for personal or business use may also impact your rate.

Policy Changes

Changes to your policy can also affect your premium. Such changes may include:

- Adjusting your coverage
- Changing your deductibles
- Moving to a new area (territory)
- Adding or removing a vehicle from your policy
- Adding a new driver

Any time period in which you had a vehicle that was required to be insured but did not have auto insurance can affect your premium as well. By law, any vehicle registered in the state must have insurance. If your car is off the road or not operational and you let your insurance lapse, it is important to surrender your license plates to the New Jersey Motor Vehicle Commission in order not to be required to have insurance coverage in place.

Insurance Score

Some, but not all, insurers in New Jersey will use an insurance score based on your credit history as one of the factors in determining risk. (*See page 3.*)

What is Tier Rating?

Under the tier rating system, insurers assign drivers to different tiers, or rating levels, based on a number of risk characteristics. Tier rating systems take the "complete picture" into account to identify a good risk, rather than simply penalizing drivers for accidents and motor vehicle violations. Insurers can consider a number of risk characteristics, such as driving record, years of driving experience, vehicle type, coverage limits, claims and credit history information when determining a driver's tier placement. Other factors, such as age, gender and marital status, may also impact an individual's rate within a specific tier.

Get Your *FREE* Credit Report

It is important to review your credit history and correct any errors. New Jersey and federal law entitles consumers to a free report each year from each of the major credit reporting agencies.

Get your free reports online at

www.annualcreditreport.com

or by calling

1-877-322-8228.

What is Insurance Scoring?

In 2003, the use of insurance scoring was introduced in New Jersey as yet another step in providing auto insurance consumers with more choices in companies, products and price. Some auto insurance companies in New Jersey are now using your insurance score as one of the various factors to evaluate risks and assign rates. An insurer may use your insurance score, based on information contained in your consumer credit reports, in conjunction with your motor vehicle records, loss reports and application information to determine your insurance risk at a particular point in time. **In New Jersey, insurers are prohibited from using your insurance score to deny, cancel or non-renew coverage.**

While a credit score and an insurance score are both derived from information contained in your credit report, they predict very different things. A **credit score** is used by banks and mortgage lenders to predict the likelihood that a person will repay a loan or some form of credit debt. An **insurance score** is used by insurance companies to predict a consumer's likelihood to file claims.

Check If You Are Eligible for Discounts

It is always a good idea to ask your insurer if any discounts may be available to you. The following are some of the discounts insurers may offer and to which you may be entitled. Check with your insurer about any additional discounts.

Multiple Car/Other Policies — Insuring two or more vehicles on one policy can reduce your premium. Discounts may also apply if you have another policy, such as homeowner's, renter's or life insurance, with the same company.

Vehicle Safety Features — Insurers must offer discounts for vehicles that have anti-lock brakes, air bag and passive restraint systems, and anti-theft vehicle recovery systems.

"Good Student" — Many insurers offer discounts for young drivers who maintain a 3.0 ("B") or higher grade point average or for those family members attending school away from home.

Defensive Driving — New Jersey law requires insurers to offer discounts for drivers who have completed a Defensive Driving course approved by the New Jersey Motor Vehicle Commission. To find an approved school near you, call **1-888-486-3339**.

Step 1: Choose a Policy

In New Jersey, driving without automobile insurance is against the law and the penalties for driving uninsured are severe. Persons caught driving uninsured already face the mandatory loss of driving privileges for a year. A second offense brings 14 days in jail.

New Jersey offers many lower-cost options to get insured. The **STANDARD Policy** provides a number of different coverage options and the opportunity to buy additional protection. If you have few assets or none at all, the **BASIC Policy**, which offers minimum protection, might be right for you. The **Special Automobile Insurance Policy (SAIP)**, which provides emergency and catastrophic care, is available for **Federal Medicaid recipients only**.

Step 1: To help you choose a policy type, consider the following four questions:

1 Are you enrolled in Federal Medicaid with hospitalization and therefore are eligible for the Special Automobile Insurance Policy (SAIP)?

☐ Yes ☐ No

2 Do you own a home?

☐ Yes ☐ No

3 Do you have dependents?

☐ Yes ☐ No

4 Do you have significant assets?

☐ Yes ☐ No

Special Automobile Insurance Policy (SAIP)

The Special Automobile Insurance Policy (SAIP) provides emergency room care and catastrophic care to certain **Federal Medicaid recipients who receive hospitalization benefits**. The policy works in tandem with Medicaid to ensure that the low-income driver covers all of his or her costs to the hospital system in the event of an accident.

What does it cover:
Emergency treatment immediately following an accident and treatment of serious brain and spinal cord injuries up to $250,000. It also provides a $10,000 death benefit.

What does it not cover:
Outpatient treatments such as doctors' visits covered by Medicaid, damage you may cause to other persons or property (**Liability coverage** – *described on page 7*), or physical damages to your own car (**Collision and Comprehensive coverages** – *described on page 10*).

How can you get a policy:
The SAIP can be obtained at most insurance agencies. If you are not sure how to purchase a policy, call the Personal Automobile Insurance Plan (PAIP) customer service number at **1-800-652-2471**.

Not all low-income drivers are eligible. If you have few or no assets, but do not receive Medicaid, consider purchasing the **BASIC Policy** (*see page 5*).

After answering Step 1, follow directions below:

If you selected "**Yes**" for **Question 1**, the **Special Automobile Insurance Policy (SAIP)** may be right for you. (*See* **Special Automobile Insurance Policy (SAIP)** *above and proceed to page 6.*)

If you selected "**No**" to at least two of **Questions 2-4**, you should consider whether a **BASIC Policy** is right for you. (*See* **BASIC Policy** *on page 5 and proceed to page 6.*)

If you selected "**Yes**" to at least two of **Questions 2-4**, you should consider whether a **STANDARD Policy** is right for you. (*See* **STANDARD Policy** *on page 5 and proceed to page 6.*)

BASIC Policy

The BASIC Policy should be considered by those with few family responsibilities and few real assets. It can provide a transition for younger drivers who are just beginning work, providing basic, minimum protection when they may be least able to afford more complete coverage.

The BASIC Policy provides:

- $5,000 worth of coverage for damage you may cause to another person's property when the accident is your fault (**Property Damage Liability** – *described on page 7*).

- $15,000 in medical coverage (**Personal Injury Protection (PIP)** – *described on page 8*).

The BASIC Policy does not include any coverage if you injure someone in an accident that is your fault (**Bodily Injury Liability** – *described on page 7*); however, $10,000 in Bodily Injury Liability is available as an option. (If you do not have any bodily injury liability coverage, you are responsible for paying for the pain, suffering and other personal hardships and some economic damages, such as lost wages, that you cause. The insurer will not provide or pay for a lawyer to represent you if you are sued. Your assets will be at risk, including the risk of having money deducted from your wages if a judgment is entered against you.)

The BASIC Policy does not include **Uninsured/Underinsured Motorist coverage** (*described on page 10*).

The BASIC Policy does not include **Comprehensive and Collision coverages** (*page 10*), but they may be available from some insurers as options.

The BASIC Policy only includes the **Limited Right to Sue option** (*described on page 12*).

STANDARD Policy

The STANDARD Policy provides a number of different coverage options and the opportunity to buy additional protection. Most New Jersey drivers choose this policy.

Things to note if you choose the STANDARD Policy:

- You will have to choose your **limits** for **Bodily Injury** and **Property Damage Liability** *(described on page 7)*. (**Limits** are the maximum dollar amount the insurer will pay following an auto accident.) These two coverages can sometimes be purchased as a **combined single limit** – check with an insurer for details.

- You will have to make several decisions regarding **Personal Injury Protection (PIP)** (*described on pages 7-9*).

- A minimum amount of **Uninsured/Underinsured Motorist coverage** (*described on page 10*) is required. You can purchase higher limits if you want more coverage, but you cannot exceed your primary **Liability limits** (*page 7*).

- **Comprehensive and Collision coverages** (*page 10*) are available as options.

- You must choose between the **Limited Right to Sue and Unlimited Right to Sue options** (*described on page 12*).

You Should Know...

*No matter which policy you choose or the **limit** of your **Personal Injury Protection (PIP)** (described on pages 7-9), in some instances you will be covered for medically necessary treatment up to $250,000 for certain permanent or significant brain injuries, regardless of your selected limit.*

After Choosing a Policy

If you are considering the Special Automobile Insurance Policy (SAIP), STOP HERE:

If at this point you qualify and have decided that the Special Automobile Insurance Policy (SAIP) may be right for you, you can obtain a policy at most insurance agencies. For more information, call the Personal Automobile Insurance Plan (PAIP) customer service number at **1-800-652-2471**.

If you are considering the BASIC Policy, STOP HERE:

If at this point you've decided that the BASIC Policy may be right for you, you can purchase a BASIC Policy from any insurance agent or company. You should contact several agents or insurance companies and discuss how much a BASIC Policy would cost and what your benefits would be in the event of an accident.

Remember, if you choose the BASIC Policy:

- **Bodily Injury Liability coverage** is not included, but $10,000 for all persons, per accident, is available as an option
- $5,000 in **Property Damage Liability coverage** is included
- $15,000 in **Personal Injury Protection (PIP) medical expenses** is included (You will be covered for medically necessary treatment up to $250,000 for certain permanent or significant injuries)
- You must choose a **PIP deductible**
- **Uninsured/Underinsured Motorist coverage** is not included
- **Comprehensive and Collision coverages** may be offered by some insurers
- **Limitation on Lawsuit Option (Limited Right to Sue)** is included

Be sure to ask your insurance representative about any available coverage options and if a **deductible** (*see below*) will apply to those options.

NEXT STEP: ANSWER QUESTIONS IN STEP 5 (PAGE 9) AND STEP 8 (PAGE 10); THEN GO TO PAGE 13.

If you are considering the STANDARD Policy, STOP HERE:

If at this point you've decided that the STANDARD Policy may be right for you, you need to think about the **coverage options**, **limits** and **deductibles** that are right for you.

The STANDARD Policy provides a number of different **coverage options** and the opportunity to buy additional protection. Consider which coverages you need to protect you and your family.

Limits are the maximum dollar amount the insurer will pay following an auto accident. Limits vary with each coverage within the policy. **Choosing lower limits may save you money**.

Deductibles are payments you must make before the insurer pays for a covered loss. For example, a $750 deductible means that you have to pay the first $750 of each claim. Deductibles vary by company and type of coverage. In addition to any savings you may realize from how much coverage you buy, you can also **save money by choosing higher deductibles**.

NEXT STEP: COMPLETE THE QUESTIONS IN STEPS 2-9, (PAGES 7-12).

Step 2: Choose Limits for Bodily Injury and Property Damage Liability

(*For STANDARD Policies*)

Liability coverage pays other people for damage that you cause if you are found to be at fault in an accident. The cost of liability coverage is affected by the amount of coverage you choose and the risk you represent to an insurer, due to factors that include your driving record, your payment history, and how your vehicle is used. There are two kinds of liability coverage: **Bodily Injury and Property Damage**.

Bodily Injury Liability Coverage — Pays for claims and lawsuits by people who are injured or die as a result of an accident you cause. It compensates others for pain, suffering and economic damages, such as lost wages.

Property Damage Liability Coverage — Pays for claims and lawsuits by people whose property is damaged as a result of an auto accident you cause.

Step 2: Choose a Combined Single Limit of Bodily Injury and Property Damage Liability

- ☐ $95,000
- ☐ $100,000
- ☐ $300,000
- ☐ $500,000

Remember...*Choosing a lower limit may reduce your premium.*

Insurers may offer liability coverage in two ways: **split** and **combined single limits**. **Combined single limits** provide a maximum limit of protection per accident of bodily injury and property damage liability combined. For example, if you purchase liability coverage with a **combined single limit** of $95,000 and cause an accident, an insurer would pay claims up to $95,000 if you were sued for either bodily injury or property damage or both. **Split limits** indicate the maximum amount an insurer will pay for 1) bodily injury for each person; 2) bodily injury for a single accident (regardless of how many people are involved); and 3) property damage liability. For example, if you purchase liability coverage with a **split limit of 35/70/25** and cause an accident, an insurer would pay up to $35,000 to any one person injured; a total of $70,000 for all injuries (regardless of how many people are injured); and up to $25,000 in property damage. Check with your insurance representative or agent about the type of limit you are buying.

Remember, liability coverage protects against claims or lawsuits brought against you. Before making your selection, consider what you may need to protect: the value of any property you may own; the value of other assets, such as savings and pensions; your current and future income; and your responsibility to care for family members. (If you do not own a home, have limited income and few assets to protect, you may want to consider the **BASIC Policy**. *See pages 5 and 6.*)

Step 3: Select a Health Care Option

(*For STANDARD Policies*)

Do you have health insurance? If so, you may be able to designate your health coverage provider (your health insurer) as your primary source of coverage in the event of an auto accident. If an accident occurred, your health insurer would pay first, and your auto insurer would provide secondary coverage through **Personal Injury Protection (PIP)**. This can yield premium savings, but you must ask yourself some questions before making this decision:

1. **Does your health coverage provider cover injuries from automobile accidents?** A health coverage provider may be an insurance company, an HMO or some other type of benefit plan provided by an employer. Check with your health coverage provider if it will cover injuries from automobile accidents.

2. **If your primary and/or secondary health insurer provides coverage, what are the requirements for limits, deductibles, co-payments and pre-certification?** (The deductibles and co-payments of your health policy or plan will apply to treatment for injuries from auto accidents. In addition, the coverage limits of your health policy or plan will also be in effect. Your automobile insurer will only pay for necessary expenses not covered by your health policy or plan.)

3. **Do you have Medicare or Medicaid?** (Medicare and Medicaid do not offer the Health Care Primary option, but may provide coverage on a secondary basis, such as when the costs of your care exceed the **PIP limits** in your auto policy.)

Step 3: Select a Health Care Option (continued)

(For STANDARD Policies)

If you are satisfied that your health insurer would offer adequate coverage if you are in an auto accident, compare the health benefits to those provided through **Personal Injury Protection (PIP)**.

PIP pays if you or other persons covered under your policy are injured in an auto accident. It is sometimes called "**no-fault**" coverage because it pays your own medical costs no matter who caused the accident.

PIP has two parts – **(1) Medical expense coverage**: Coverage for the cost of treatment you receive from hospitals, doctors and other medical providers and any medical equipment that may be needed to treat your injuries; and **(2) Additional PIP coverage**: Reimbursement for certain other expenses you may have because you are hurt, such as lost wages and the need to hire someone to take care of your home or family. You may purchase both parts of **PIP coverage** or medical expense coverage only, depending upon your needs.

Most New Jersey drivers buy $250,000 worth of PIP, a higher amount than drivers typically purchase in most other states.

Step 3: Do you want your health insurer to be your primary source of medical coverage in the event of an auto accident?

☐ I choose the health insurer for PIP option
(At the time of actually applying for an insurance policy you will be asked to give the name, policy/group number of your health care provider. You must maintain your health coverage. If you are in an accident and your coverage is no longer in effect, your auto insurer must pay PIP medical benefits. However, you will be required to pay a **$750 additional deductible.**)

Remember... *Choosing this option may reduce your premium, but you need to make sure that your health insurer would provide adequate coverage if you were injured in an auto accident.*

☐ I do not choose the health insurer PIP option and prefer to have my auto policy fully provide this coverage

Regardless of your choice above, *you will need to answer questions regarding your PIP medical expense limit, deductible and the Additional PIP package in Steps 4-6*

Step 4: Select a Personal Injury Protection (PIP) Medical Expense Limit

(For STANDARD Policies)

Remember...

In some instances, you will be covered for medically necessary treatment up to $250,000 *for certain permanent or significant brain injuries,* ***regardless of your selected Personal Injury Protection (PIP) limit****.*

Step 4: Choose the PIP Medical Expense Coverage Limit You Want

☐ $250,000 – The **standard** PIP medical expense limit

☐ $150,000 – For a **slight reduction** in PIP premium

☐ $75,000 – For a **moderate reduction** in PIP premium

☐ $50,000 – For a **significant reduction** in PIP premium

☐ $15,000 – For a **maximum reduction** in PIP premium

Step 5: Select a Personal Injury Protection (PIP) Deductible

(For BASIC and STANDARD Policies)

Deductibles offer opportunities to save money on premium apart from the choices you make on how much coverage to buy. Thus, if you feel you need a high level of **Personal Injury Protection (PIP)** but want to reduce your premium, you may save money by agreeing to pay more out of pocket through a higher deductible if you are injured in an auto accident.

Your insurer will pay the medical bills over the deductible amount you choose. However, for the first $5,000 in medical expenses, there is a 20 percent co-payment in addition to your deductible. That means you pay your deductible plus 20 percent of the first $5,000 in medical expenses, and your insurer pays any remaining costs.

Step 5: Choose a Personal Injury Protection (PIP) Deductible

☐ $250 – **Minimum required by law**

☐ $500 – For a **slight reduction** in PIP premium

☐ $1,000 – For a **moderate reduction** in PIP premium

☐ $2,000 – For a **significant reduction** in PIP premium

☐ $2,500 – For **maximum reduction** in PIP premium

Step 6: Do You Want the Additional PIP Package?

(For STANDARD Policies)

Besides medical coverage, **Personal Injury Protection (PIP)** offers other benefits if you are seriously injured. **You are not required to purchase this coverage.** If you decline the **Additional PIP package**, your premium may cost less.

The **Additional PIP package** includes the following benefits:

Income Continuation: If you cannot work because of an auto accident injury, you can collect up to $100 a week up to a total limit of $5,200 for lost wages.

Essential Services: You can collect as much as $12 a day, up to a total limit of $4,380 to pay someone to do necessary services that you normally do yourself, such as cleaning your house, mowing your lawn, shoveling snow or doing laundry.

Death Benefits: If you die from auto accident injuries, your family or estate will receive any benefits you have not already collected under the income continuation or essential services coverages.

Funeral Expense Benefit: In addition to the death benefit, reasonable funeral expenses are covered up to $1,000.

Step 6: Do You Want the Additional PIP Package?

☐ I choose the Additional PIP Package coverage (At the time of actually applying for an insurance policy, you may be offered a choice to have **higher limits** for the **Additional PIP** package. There will be an additional cost for this benefit.)

Remember... *You are not required to purchase the Additional PIP Package coverage.*

If you decline the Additional PIP package, you may reduce your premium.

☐ I do not choose the Additional PIP Package coverage

Before declining the Additional PIP package, weigh whether you could pay your bills or maintain your household without the coverage.

Step 7: Select a Limit for Uninsured/Underinsured Motorist Coverage

(For STANDARD Policies)

New Jersey requires drivers to have auto insurance, but some motorists drive illegally without it. In addition, you could be involved in an accident with someone who has less coverage than you do or have an accident while traveling in another state, where less coverage may be required.

A common misunderstanding is that **uninsured motorist coverage** pays for the person who is driving illegally. This is not true. This coverage pays you and others in your car for property damage or bodily injury if you are involved in an accident caused by a driver who does not have the minimum level of insurance required by law. **Claims*** that you would have made against the uninsured driver who caused the accident are paid by your own policy.

Similarly, **underinsured motorist coverage** protects you if you are involved in an accident caused by a driver who is legally insured, but has less **liability coverage (bodily injury and property damage)** than you do. If your damages are greater than the limits of the other driver's policy, you can make a **claim*** against your own policy for the difference. Your claim cannot exceed the difference between your liability limit and that of the other driver.

**Claims paid under uninsured or underinsured motorist coverage exclude the first $500 in damages.*

Step 7: Choose a limit for Uninsured/ Underinsured Motorist Coverage

STOP

If you choose a Standard Policy, a minimum amount of Uninsured/Underinsured Motorist coverage is required. These coverages are sold together and are available up to the limits you choose for liability coverage (the amount you choose in Step 2). *For example, if you choose a $100,000 liability coverage limit, you could* ***only*** *select $95,000 or $100,000 in uninsured/ underinsured motorist coverage here. You can purchase higher limits if you want additional coverage.*

- ☐ $95,000
- ☐ $100,000
- ☐ $300,000
- ☐ $500,000

FYI

Remember... *Choosing a lower limit may reduce your premium.*

Step 8: Do You Want Comprehensive and/or Collision Coverage?

(For BASIC and STANDARD Policies)

YIELD

Often called "comp-and-collision," these coverages are not required by law, but may be required by your finance company or bank if you are still making payments on your vehicle.

Besides liability and medical coverage, the other major area of coverage pays for damage to your vehicle. **Comprehensive and Collision coverages** are available as options of the **STANDARD Policy**, and may be available as options of the **BASIC Policy** from some insurers.

Collision coverage pays you for damage that you cause to your vehicle as the result of a collision with another car or other object. Collision coverage would pay for repairs to your vehicle if you were at fault in an accident or hit a tree. You can also make a claim under your own collision coverage for damage to your car from an accident in which you were not at fault. (This would be instead of making a **property damage liability claim** against the driver who caused the accident.) Your insurer will then seek reimbursement from the insurer of the at-fault party.

Comprehensive (also called "Other Than Collision") coverage pays you if your vehicle is stolen and for damage caused by things not covered under collision coverage, such as vandalism or fire.

Step 8: Do You Want Comprehensive and/or Collision Coverage? (continued)

(For BASIC and STANDARD Policies)

You can save money by dropping comp-and-collision coverage. Some insurers, however, will place you into a less favorable tier if you only buy liability coverage. If you have other negative factors, such as motor vehicle violations, tickets and/or accidents, investigate all pricing options with your agent or insurance representative before making a decision.

If you are buying a new or used car, it is important to ask your insurer how your comp-and-collision rates will change. Different models have different rates, depending on repair costs, theft rates, and other factors.

Step 8: Do you want to buy Comprehensive and Collision coverages?

☐ Yes ☐ No

If you selected "**Yes,**" you will need to **choose a deductible for each coverage, or you may be able to purchase comprehensive coverage only** (*see below*).

If you selected "**No,**" proceed to **Step 9,** *page 12*.

As with Personal Injury Protection (PIP), you may reduce your premium by increasing your Comprehensive and/or Collision deductibles. *The amount you save by selecting a higher deductible will vary by company. (**Remember:** Your deductible is the amount you pay out of pocket in the event of a covered loss.)*

Choose the Comprehensive Deductible You Want

☐ I choose to be covered for Comprehensive damage with the **standard deductible** of $750

OR

☐ $100
☐ $250
☐ $500

*Choosing one of these deductibles **may increase your premium.** Check with your agent or insurance representative for details.*

OR

☐ $1,000
☐ $1,500
☐ $2,000

*Choosing one of these deductibles **may reduce your premium.** Check with your agent or insurance representative for details.*

Choose the Collision Deductible You Want

☐ I **do not** want Collision Coverage

OR

☐ I choose to be covered for Collision damage with the **standard deductible** of $750

OR

☐ $100
☐ $250
☐ $500

*Choosing one of these deductibles **may increase your premium.** Check with your agent or insurance representative for details.*

OR

☐ $1,000
☐ $1,500
☐ $2,000

*Choosing one of these deductibles **may reduce your premium.** Check with your agent or insurance representative for details.*

Step 9: Do You Want an Unlimited Right to Sue?

(For STANDARD Policies)

For the STANDARD Policy, you MUST make a choice about the rights you will have if you are injured in an automobile accident. If you do not make a choice, the Limited Right to Sue option will be imposed by law. The BASIC Policy only includes the Limited Right to Sue option.

The choice you make affects how much your insurance will cost and what claims will be paid in the event of an accident. The choice you make regarding your right to sue another driver applies to you, your spouse, children and other relatives living with you who are not covered under another automobile insurance policy.

Unlimited Right to Sue – Under the No Limitation on Lawsuit option, you retain the right to sue the person who caused an auto accident for pain and suffering for any injury.

Limited Right to Sue – By choosing the Limitation on Lawsuit option, you agree not to sue the person who caused an auto accident for your pain and suffering unless you sustain one of the permanent injuries listed below: (Choosing this option does not affect your ability to sue for economic damages such as medical expenses and lost wages.)

- loss of body part
- significant disfigurement or significant scarring
- a displaced fracture
- loss of a fetus
- permanent injury (Any injury shall be considered permanent when the body part or organ, or both, has not healed to function normally and will not heal to function normally with further medical treatment based on objective medical proof.)
- death

STOP

The Unlimited Right to Sue and Limited Right to Sue options only cover lawsuits for "pain or suffering" or non-economic losses. *Your medical expenses and some economic losses for injuries in auto accidents will be paid up to the limits of your* ***Personal Injury Protection (PIP) coverage*** *and are not affected by the choice you make here.*

WARNING:

*Insurance companies or their producers or representatives shall not be held liable for your choice of lawsuit option (**Limited Right to Sue or Unlimited Right to Sue**) or for your choices regarding amounts and types of coverage. You cannot sue an insurance company or its producers or representatives if the Limited Right to Sue option is imposed by law because no choice was made on the coverage selection form. Insurers and their producers or representatives can lose this limitation on liability for failing to act in accordance with the law. See N.J.S.A. 17:28-1.9 for more information.*

Step 9: Choose Your Right to Sue — Do You Want the…

☐ Unlimited Right to Sue if an accident occurs

☐ Limited Right to Sue if an accident occurs

FYI

*Choosing the **Limited Right to Sue** option may reduce your premium, but will limit your right to sue the person who caused an auto accident for pain and suffering.*

Get Quotes for Coverage

Now that you have chosen the type of policy and coverages you would like to purchase, you are ready to contact several insurers to compare how much a policy will cost.

When shopping for auto insurance, it is important to remember that many factors affect the cost of your premium — including your driving record, the type of vehicle you drive, your gender and age, where you live and the amount of coverage you choose. (For more information, see pages 2 and 3.)

Complete the following worksheets and use when speaking with an agent or insurance company representative about your policy.

Get Quotes for Coverage

This worksheet offers a place to record information an insurer will generally need in order to accurately quote you a premium. Complete this worksheet and keep it handy when speaking with an agent or insurance company representative. (*An insurer may request additional information.*)

Vehicles to be insured on the policy:

Make/Model	Year	Vehicle Identification Number (VIN)	Principal Owner (To Whom the Vehicle is Registered)	Principal Operator (Who Drives the Vehicle Most)	Occasional Operator (Who May Drive the Vehicle Occasionally)	Average Annual Miles (Daily miles to work/school)

Drivers to be insured on the policy:

Name	License Number	Date of Birth	Marital Status

It is important to tell your insurer about all licensed drivers in your household, even if they are covered by other policies!

Accidents or moving violations of each driver during the previous three years:

Are you eligible for any discounts? (You may be entitled to certain discounts on your insurance premium. Check with an agent or insurance company representative about eligibility requirements and other discounts not listed here.)

Anti-Lock Brakes	Yes	No
Air Bag/Passive Restraint System	Yes	No
Anti-Theft Vehicle Recovery System	Yes	No
Multiple Car/Other Policies With Same Insurer	Yes	No
"Good Student"	Yes	No
Defense Driving Course	Yes	No

NEXT STEP: If you think you would like to purchase the BASIC Policy, review the coverages and complete the chart on page 15. If you think you would like to purchase the STANDARD Policy, review the coverages and complete the chart on page 16.

Get Quotes for Coverage (BASIC Policy)

If you think you would like to purchase the **BASIC Policy,** record your answers here. (Check off your selections and fill in amounts where applicable.) If you think you would like to purchase the **STANDARD Policy**, proceed to page 16.

Property Damage Liability Coverage:	☑ $5,000 (included)
Bodily Injury Liability Coverage: *(Coverage is available as an option from all insurers)*	☐ I **choose** to purchase $10,000 in coverage
	☐ I **do not** want this coverage
Personal Injury Protection (PIP):	☑ $15,000 in medical expense coverage (included)
	☐ I **choose** the _____ PIP deductible (Fill in amount from Step 5, page 9)
Comprehensive/Collision Coverages: *(Coverages may not be available as options from all insurers)*	☐ I **do not want** to purchase these coverages
	☐ I **choose to purchase** Comprehensive coverage with a _____ deductible (Fill in amount from Step 8, page 11)
	☐ I **choose to purchase** Collision coverage with a _____ deductible (Fill in amount from Step 8, page 11)
Lawsuit Option:	☑ Limited Right to Sue/Limitation on Lawsuit Option (included)

Contact **four** (or more) insurers and request a quote for the **BASIC Policy** with your chosen coverages (above). Be sure to ask the length of the policy term (i.e., six months, a year) and the **total annual premium.** (Some insurers will allow you to make installment payments, so make sure you are comparing the price of **total annual premiums.**)

Company A _____

Total Annual Premium $ _____

Company B _____

Total Annual Premium $ _____

Company C _____

Total Annual Premium $ _____

Company D _____

Total Annual Premium $ _____

If you feel you need a higher level of coverage, discuss your options with an agent or insurance company representative. **Remember,** you have the right to change the amount of coverage you have, or the amount of your deductibles, at any time, not just when your policy is up for renewal.

Section 3

Get Quotes for Coverage (STANDARD Policy)

If you think you would like to purchase the **STANDARD Policy,** record your answers here. (Check off your selections and fill in amounts where applicable.)

Bodily Injury/Property Damage Liability Coverage:	☐ I **choose** a Combined Single limit of _____ (Fill in amount from Step 2, page 7) (*See page 7 for information about Combined Single and Split limits*)
Health Care Primary Option for Personal Injury Protection (PIP):	☐ I **choose** the health insurer for PIP option (Step 3, page 8)
	☐ I **do not** choose the health insurer PIP option and prefer to have my auto policy fully provide this coverage
PIP Medical Expense Limit:	☐ I **choose** a PIP limit of _____ (Fill in amount from Step 4, page 8)
PIP Deductible:	☐ I **choose** a PIP deductible of _____ (Fill in amount from Step 5, page 9)
Additional PIP Package: (*Some insurers may offer higher limits for the Additional PIP package*)	☐ I **choose** the Additional PIP Package coverage (Step 6, page 9)
	☐ I **do not choose** the Additional PIP Package coverage
Uninsured/Underinsured Motorist Coverage: (*Available up to your selected limit of liability coverage*)	☐ I **choose** an uninsured/underinsured motorist coverage limit of _____ (Fill in amount from Step 7, page 10)
Comprehensive/Collision Coverages: (*You may be able to purchase just Comprehensive coverage; check with insurers)*	☐ I **do not want** to purchase these coverages
	☐ I **choose to purchase** Comprehensive coverage with a _____ deductible (Fill in amount from Step 8, page 11)
	☐ I **choose to purchase** Collision coverage with a _____ deductible (Fill in amount from Step 8, page 11)
Lawsuit Option:	☐ I **choose** the Unlimited Right to Sue if an accident occurs (Step 9, page 12)
	☐ I **choose** the Limited Right to Sue if an accident occurs

Contact **four** (or more) insurers and request a quote for the **STANDARD Policy** with your chosen coverages (above). Be sure to ask the length of the policy term (i.e., six months, a year) and the **total annual premium.** (Some insurers will allow you to make installment payments, so make sure you are comparing the price of **total annual premiums.**)

Company A _____

Total Annual Premium $ _____

Company B _____

Total Annual Premium $ _____

Company C _____

Total Annual Premium $ _____

Company D _____

Total Annual Premium $ _____

Contact Information for Auto Insurers

For the most current list of auto insurers, visit
www.state.nj.us/dobi/division_consumers/insurance/autoinscontacts.htm

For More Information

For more information or questions about insurance, contact:

New Jersey Department of Banking and Insurance
Consumer Inquiry and Response Center (CIRC)
P.O. Box 471
Trenton, NJ 08625-0471

(609) 292-7272 or **1-800-446-7467**

File a complaint online:
www.state.nj.us/dobi/consumer.htm

Visit the Department online at

www.dobi.nj.gov

New Jersey Department of Banking and Insurance