



QUARTERLY REPORT TO
THE NEW JERSEY DEPARTMENT
OF BANKING & INSURANCE

*No Fault Insurance PIP Arbitration
1st Quarter, 2007*

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Executive Summary

The National Arbitration Forum (“FORUM”) is diligent in its efforts to fulfill the needs of the NJ No-Fault stakeholders and to provide clear administrative guidance to its users. To that end, the FORUM filed a Petition for Review to the New Jersey Supreme Court seeking clarification of a decision of the Committee on the Unauthorized Practice of Law that impacts the application of No-Fault rules as approved by the New Jersey Department of Banking and Insurance. Although other stakeholders are more directly affected, the FORUM assumed the lead in seeking a review and interpretation of the decision.

Stakeholders’ usage of the FORUM’s free No-Fault web site increased again during the reporting period, particularly in the areas of online case management and downloading of posted arbitration Awards. This report includes a comparison of usage for the last three (3) calendar quarters.

The Advisory Council was convened in February to consider proposals for revisions of the No-Fault Arbitration Rules. Thereafter, council members continued to provide input in written form to shape the rules revision process and to lay the groundwork for future meetings on the subject.

The two (2) DRPs who were inducted in the previous quarter began arbitration hearings in late January. The panel consists of 42 DRPS. Regional DRP deployment currently consists of 28 in the North Region, 8 in the Central Region and 6 in the South Region.

In the 1st quarter of 2007, 9,696 cases were initiated in the PIP ADR program. Of these cases, 6,207 (64%) originated in the Northern region, 2,016 (21%) in the Central region, and 1,473 (15%) in the Southern region.

Of the pending cases filed with the Forum in the PIP ADR program, 9,284 cases were concluded during the 1st quarter by means of an award or denial of award (including appeals), pre-hearing dismissal of the case, settlement or withdrawal. 226 cases were placed in abeyance by consent of the parties or by order of the court. 7,967 cases were assigned to DRPs.

During the 1st quarter, 1,547 cases settled during the conciliation period distributed regionally as follows: 976 in the North region, 380 in the Central region and 191 in the South region.

System-wide, the average total amount awarded in arbitration was \$4,849 comprised of \$3,731 for personal injury protection benefits and \$1,118 for attorney’s fees per case. It is common practice for users to stipulate that amounts awarded by DRPs are subject to further reduction for deductibles, co-payments, prior payments and/or medical fee schedule adjustments. In such cases, the final amount paid by the respondent for PIP benefits is less than the awarded amount.

Twenty-four (24) appeals to panels of 3 DRPs were concluded during the reporting period. Twenty-one appeals (21) involved awards rendered in the North Region and three (3) involved awards rendered in the Central Region. 37% of appeals resulted in some form of modification, vacation or remand.

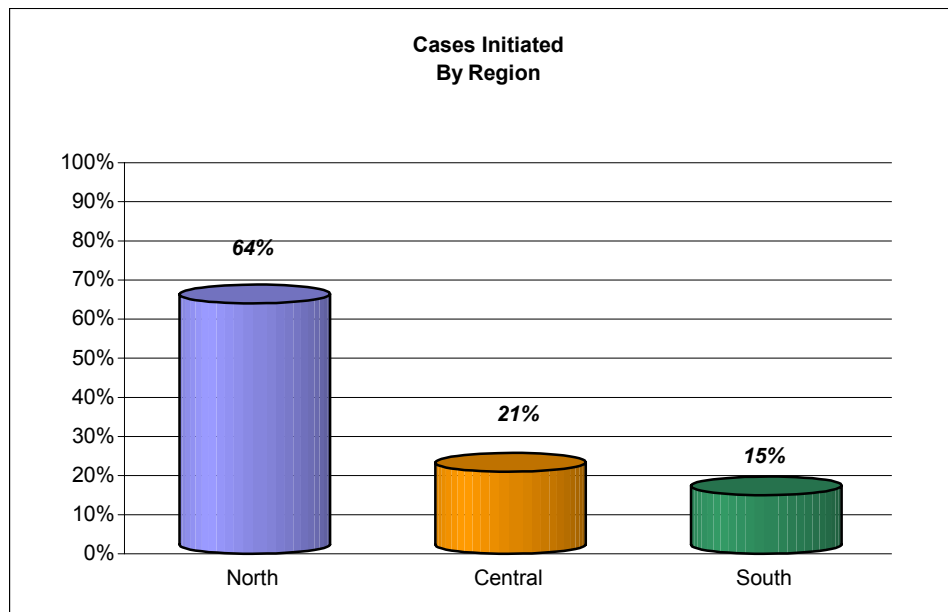
Support Claim Services (“SCS”) was certified as a Medical Review Organization by the Department on December 26, 2006. It joined First Managed Care Option (“FMCO”) and CFO Medical Services (“CFO”) as an MRO during the reporting period. Parties requested 100 MRO reviews. No DRP requests were made.

Cases Initiated

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

In the 1st quarter of 2007, 9,696 cases were initiated in the PIP ADR program. Of these cases, 6,207 (64%) originated in the Northern region, 2,016 (21%) in the Central region, and 1,473 (15%) in the Southern region. See the Table below for the monthly distribution.

	North	Central	South	Total
January	2,244	712	492	3,448
February	1,774	619	340	2,733
March	2,189	685	641	3,515
Region Total	6,207	2,016	1,473	9,696
Region Percent	64%	21%	15%	100%



Disposition of Cases in the PIP ADR Program

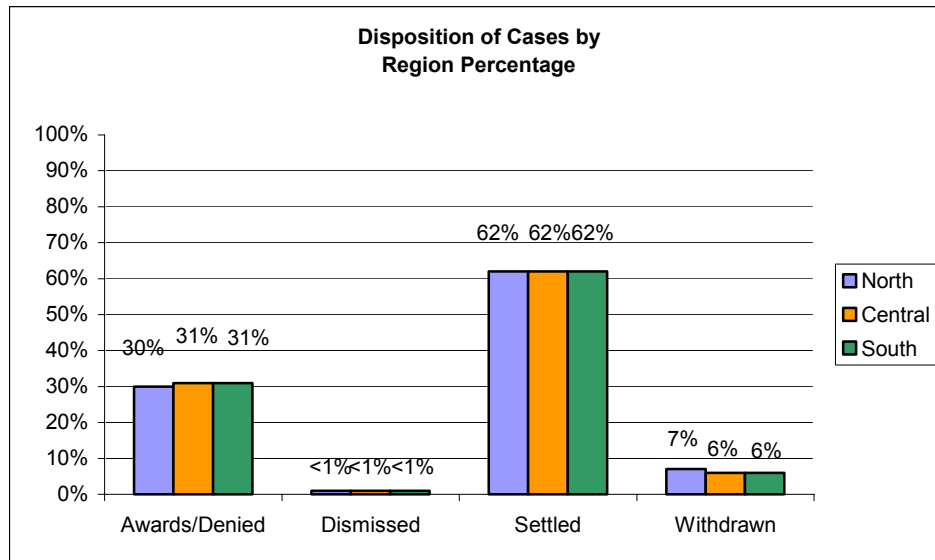
Of the pending cases filed with the Forum in the PIP ADR program, 9,284 cases were concluded during the 1st quarter by means of an award or denial of award (including appeals), pre-hearing dismissal of the case, settlement or withdrawal. The table below illustrates the manner in which cases were administered and concluded in the various geographic regions.

Disposition Type	North	Central	South	Total
Awarded/Denied	1,799	614	428	2,841
Dismissed Pre-hearing	8	5	0	13
Settled	3,691	1,210	873	5,774
Withdrawn	459	115	82	656
Total	5,957	1,944	1,383	9,284

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	30%	31%	31%
Dismissed Pre-hearing	< 1%	< 1%	<1%
Settled	62%	62%	62%
Withdrawn	7%	6%	6%
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	98	46	82	226
Region Percent	44%	20%	36%	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 1st quarter, 1,547 cases settled during the conciliation period distributed regionally as follows: 976 in the North region, 380 in the Central region and 191 in the South region.

The following table illustrates that 5% to 8% of cases settled during the reconciliation period.

Geographic Regions	North	Central	South	System-wide
Region Settlements	976	380	191	1,547
Region Percent	6%	8%	5%	6%

Dispute Resolution Professional Caseload

For the quarter, the DRP panel consisted of 42 individuals regionally deployed as follows: North – 28; Central – 8; South – 6. During the reporting period, 7,967 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 7,536 cases were resolved during the quarter, resulting from a combination of DRP issued awards (which includes denials and appeals), pre-hearing dismissals, settlements and withdrawals.

The following table represents the distribution and outcomes of cases across the entire DRP panel during the 1st quarter of 2007 after the cases were assigned to the DRP for hearing:

Disposition	North	Central	South	Total	System-Wide Percentage
Awarded/Denied	1,799	614	428	2,841	37%
Consent Award	0	1	1	2	<1%
Dismissed by DRP	8	5	0	13	< 1%
Settled	2,697	816	672	4,185	55%
Withdrawn	338	90	67	495	6%
Total	4,842	1,526	1,168	7,536	100%

Regional Awards' Percentage

As shown above, a total of 2,843 awards and consent awards were issued by DRPs concerning requests for expedited relief, standard relief, fee disputes and appeals. 63% of the awards issued in the North region, 22% in the Central region and 15% in the South.

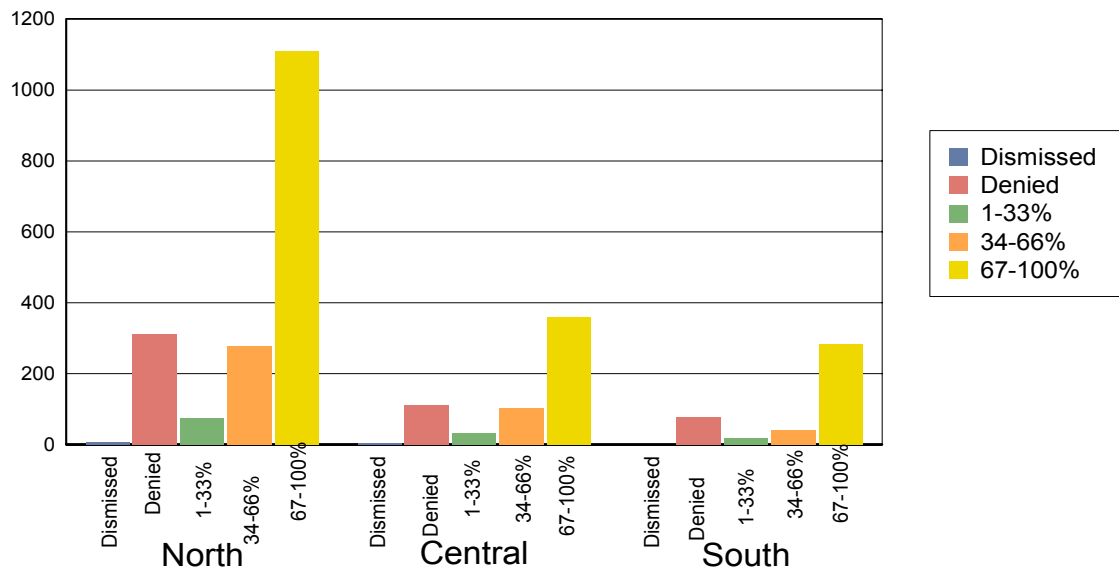
An online database of these awards is located at www.nj-no-fault.com.

Awards as a Percentage of Claim Amount

Dispute Resolution Professionals 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 1st quarter of 2007, the graph below indicates the distribution of DRP awarded amounts, from 0% (denied/dismissed) to 100% of claimed amounts.

The data presentation for 2006 and thereafter was revised from previous years in that it no longer contains award data described as “more than 100%”, representing claims amended upward at the time of hearing. This nomenclature was retained from reports provided to the Department by the prior administrator. However, the nomenclature is imprecise. DRPs may not award amounts greater than those claimed. For purposes of the data table and chart below, amended amounts are captured within a total amount claimed and then compared to the total amount awarded.

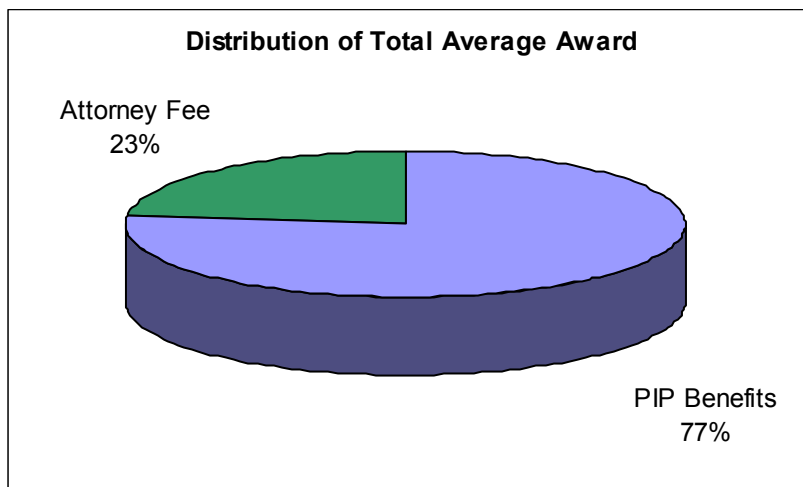
Region	Dismissed	Denied	1-33%	34-66%	67-100%	Total
North	7	311	75	277	1,110	1,780
Central	5	111	33	104	359	612
South	0	79	19	41	284	423
Total	13	501	127	422	1,753	2,815*



*Note: The award data in this section excludes consent awards and appellate awards.

PIP Benefits and Attorneys' Fees Comparison

System-wide, the average total amount awarded in arbitration was \$4,849 comprised of \$3,731 for personal injury protection benefits and \$1,118 for attorney's fees per case. The graphical representation compares the data as percentages.



Award Average, Median and Dollar Range

The average amount awarded for claims other than attorneys' fees was \$3,731.* per case. Awarded amounts ranged from \$0 to \$549,290. The median award during the reporting period was \$1,200.

The average amount awarded for attorneys' fees was \$1,118 per case. Awarded attorneys' fees ranged from \$0 to \$8,000. The median attorney's fee award during the reporting period was \$1,100.

	Average	Dollar Range	Median
PIP Benefits' Award	\$3,731*	\$0 to \$549,290	\$1,200
Attorneys' Fee Award	\$1,118	\$0 to \$8,000	\$1,100

*NOTE: It is common practice for users to stipulate that amounts awarded by DRPs are subject to further reduction for policy deductibles, co-payments, prior payments and/or medical fee schedule adjustments. In such cases, the final amount paid by the respondent for PIP benefits is less than the awarded amount.

Appeals

Twenty-four (24) appeals to panels of 3 DRPs were concluded during the reporting period. Twenty-one appeals (21) involved awards rendered in the North Region and three (3) involved awards rendered in the Central Region. 37% of appeals resulted in some form of modification, vacation or remand. The following table reports the results.

	North	Central	South	Total
Affirmed	13	1	0	14
Affirmed with dissent	1	0	0	1
Modified	0	0	0	0
Modified and Remanded	2	0	0	2
Vacated	0	0	0	0
Vacated & Remanded	1	1	0	2
Vacated & Remanded for New Hearing	4	1	0	5
TOTALS	21	3	0	24

Medical Review Organization Report

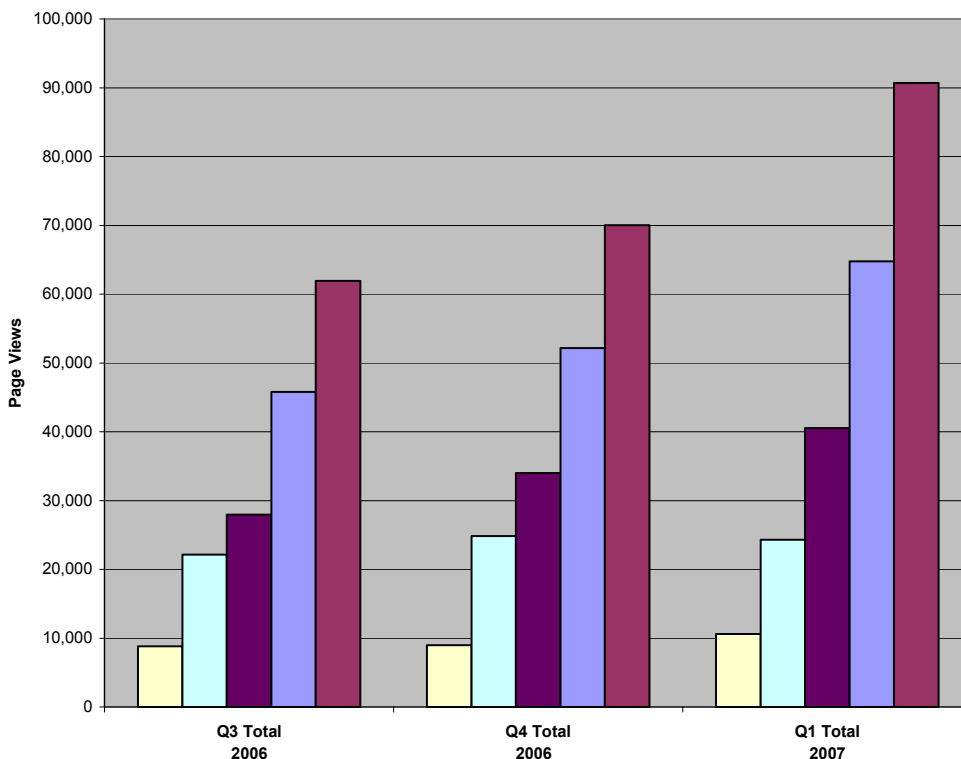
Support Claim Services (“SCS”) was certified as a Medical Review Organization by the Department on December 26, 2006. It joined First Managed Care Option (“FMCO”) and CFO Medical Services (“CFO”) as an MRO during the reporting period. Information relevant to MRO usage is outlined in the table.

MRO	Request By Party	Request By DRP	Total Requests	Request for Information	Report in 20 Business Days	Report After 20 Business Days
CFO	37	0	37	2	14	0
FMCO	38	0	38	2	11	3
SCS	25	0	25	1	2	0
TOTALS	100	0	100	5	27	3

Online Case Management and Award Searching

This section of the report provides usage data for the FORUM’s free web-based case management tools for PIP practitioners. At the inception of the No-Fault Dispute Resolution Program, FORUM launched a web site at www.nj-no-fault.com as a free customer service. It enables PIP practitioners to access rules and forms, file and manage their cases online, upload cases documents and search prior decisions. The chart below compares usage for the past three calendar quarters.

Website Tool Usage



- Filer Doc Upload Application
- Award Search Application
- PDF Downloads
- Filer Sign-In Portal
- Filer Case Mgmt Application

2007 Q1 Highlights

- NJ PIP website had 598,219 total page views (PVs) in Q1; traffic increased 22% from Q4 '06 to Q1 '07
- Filer case management application had 90,711 PVs; usage increased 30% from Q4 '06 to Q1 '07
- Filer document upload application had 10,579 PVs; usage increased 18% from Q4 '06 to Q1 '07
- 61,917 PDFs (mostly awards) were accessed; PDF downloads increased 19% from Q4 '06 to Q1 '07

Appendix A

Dispute Resolution Caseload

DRP	Region	Assigned	Closed	Awarded/Denied	Hearings
Aloi, Anthony M.	CENTRAL	187	189	68	113
Alterman, Herbert S.	NORTH	169	177	61	101
Amendola, Esq., Francesca	NORTH	169	173	59	100
Andolino, Michael D.	CENTRAL	189	184	67	99
Annunziata, Maria	CENTRAL	187	186	75	144
Brodow, Nora J.	NORTH	162	174	57	101
Carr, Michael W.	NORTH	162	163	48	89
Carro, Sergio G.	NORTH	166	215	100	162
Celentano, Cynthia J.	NORTH	157	198	87	97
Daniskas, Maria I.	NORTH	172	170	52	91
de Cordova, Donald W.	NORTH	167	161	54	115
DeMarco, Joseph	NORTH	394	137	18	24
DeMichele, Richard A	SOUTH	211	206	78	125
Eisele-Grabowski, Karen	SOUTH	198	201	70	97
Fabiano, Edward	NORTH	160	172	91	101
Fannan, John J.	CENTRAL	196	176	83	157
Foley, Patrick W.	CENTRAL	215	215	88	131
Ganzhorn, Lisa A.	NORTH	170	167	69	125
Garrabrandt, James H.	NORTH	170	183	50	92
Grabowski (ML), David A.	SOUTH	188	179	51	85
Granato, S. Caroline	SOUTH	205	210	63	122
Johnston, Maureen M.	NORTH	171	173	52	105
Kaczka, Thomas M.	NORTH	159	168	63	107
Kincade, Kathleen D.	CENTRAL	189	205	83	122
Knuetter, Margaret	NORTH	161	197	86	119
La Salle (North), Robert C.	NORTH	215	184	83	125
LaPorta, David M.	NORTH	169	197	75	134
Lardiere, Andrea L	CENTRAL	204	189	68	116
Lesser, Gary T.	NORTH	177	188	76	118
Lynch, Charles H.	NORTH	179	193	83	124
McFadden (CH), Michael K.	SOUTH	180	155	65	89
McFadden (NO), Michael K.	SOUTH	21	24	7	15
Miller, Matthew G.	NORTH	422	140	11	19
Noonan, Scott M.	NORTH	158	173	65	111
Parker, Ronald I.	NORTH	161	144	54	83
Patriaco, Andrew A.	NORTH	174	187	93	135
Remington-Knodel, Jennifer	NORTH	165	156	66	97
Sacco, Russ	CENTRAL	196	193	77	115
Sproviero, Scott G.	NORTH	165	176	49	115
Stokes, Nanci G.	NORTH	168	206	95	113
Tamburino, Joseph A.	NORTH	180	173	61	114
Wallen (AC), Kate R.	SOUTH	13	24	12	23
Wallen (CH), Kate R.	SOUTH	190	180	85	115
Zimmerman, Richard T.	NORTH	156	167	45	83
Total		7967	7628	2843	4568



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