



State of New Jersey
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11/29/2000

3-1-06

To All Risk Retention Groups
Writing Motor Vehicle Insurance in NJ

A number of items have come to the attention of the Department of Banking and Insurance (Department) concerning Risk Retention Groups (RRG's) that write motor vehicle insurance.

Identification Cards:

Motor vehicles insured by RRG's that are registered in New Jersey must be inspected at facilities operated by the Motor Vehicle Commission (MVC) or a licensed private facility. At the time of inspection, proof of insurance coverage meeting New Jersey financial responsibility requirements must be produced. Insurance companies typically issue insurance identification cards for this purpose. The MVC personnel conducting the inspection examine the identification card to be sure that it meets the requirements of N.J.A.C. 17:28-6 concerning size, required information, etc. One item that must appear on the face of the card, pursuant to N.J.A.C. 17:28-6.2 (b)(1), is an insurance company code established by MVC. This is a three-digit code identifying the insurer. It is the means by which the insurer is identified on a police accident report.

Although RRG's have written motor vehicle insurance for many years, they have not previously been given these three-digit codes. The Department has determined that it is appropriate for RRG's to be identified with MVC-generated three-digit codes so that they can issue identification cards that meet the requirements of our regulation and to make sure that the RRG can properly be identified as the insurer in case of an accident.

Accordingly, the Department has obtained three-digit codes for all the RRG's that have reported motor vehicle premium in their annual statements. A list of the RRG's and their assigned code is attached. These codes should be used in place of any codes issued to the RRG by the Department. In addition, a copy of the Department's Insurance Identification Card regulation is attached. This contains the requirements for insurance identification cards and how to make an insurance identification card filing with the Department.

Financial Responsibility Requirements:

RRG's writing motor vehicle insurance are required by 15 U.S.C. 1905(a) to meet the financial responsibility requirements of the state in which they write business. N.J.S.A. 17:28-1.3 requires that insurance policies issued on motor vehicles provide personal injury protection coverage to pedestrians ("Pedestrian PIP") who sustain injuries caused by the motor vehicles insured under the policy. The PIP coverages to be provided to pedestrians are those set forth in

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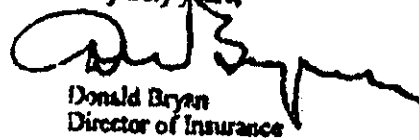
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N.J.S.A. 39:6A-4.

Some RRG's may have erroneously been informed that they are not required to provide coverage under N.J.S.A. 17:28-1.3 and that this coverage would be provided by the Property Liability Insurance Guaranty Association (PLIGA). As noted above, the statute requires Pedestrian PIP coverage for commercial motor vehicles. Licensed commercial insurers, may however, provide the coverage through their membership in PLIGA. All licensed auto insurance companies are assessed to cover PLIGA's obligations. Pursuant to Federal law, RRG's are not members of PLIGA and therefore PLIGA would not provide Pedestrian PIP coverage to the insured of RRG's.

The Department is requesting that all RRG's certify to the Department using the attached form that they are in compliance with New Jersey's financial responsibility requirements including Pedestrian PIP coverage.

Very truly yours,



Donald Bryan
Director of Insurance

Attachment