

Addendum to Presentation on Personal Injury Protection (PIP) Insurance

Comments:

This analysis uses the Platinum A and Gold E rating examples submitted by some of the top PPA insurers in their recent rate filings.

These two examples were chosen to look at the impact on a family (Platinum A) and a young female (Gold E). The descriptions of the rating examples are at the top of each sheet.

Below is a summary of the limits(in thousands) provided in these examples:

	Platinum A	Gold E
BI	10/20	25/50
PD	10	50
PIP	10	10
UM	10/20	25/50
MP	1	5

For Platinum A, the premium was calculated for what it would have been if the limits had been increased to 25/50 for BI and UM and 5 for Med Pay (MP).

The next step was calculating the premium after PIP is eliminated for BI and UM limits of 10/20 and 25/50 and MP limits of 1 and 5.

For Gold E, the premium was calculated for what it would have been with PD limits of 10.

The next step was calculating the premium after PIP is eliminated for BI and UM limits of 25/50 and MP limits of 5. (It was assumed that if the limits were higher, the insured would not reduce to lower limits because of changes in the law.)

The following adjustments were made to reflect the elimination of PIP:

50% of PIP premium were added to BI premiums.

10% of PIP premiums were added to UM premiums.

20% of PIP premiums were added to MP premiums.

These numbers are approximations. Support can be found in a Pinnacle study performed when PIP was sunseting in 2007.

From Pinnacle Study on PIP Sunset Impact

Page 5	PIP Losses	%		
BI	666,345,600	49.0%		
UM	119,942,208	8.8%		
MPC - NAF	24,033,420	1.8%		
MPC - AF	272,087,037	20.0%	Total MPC	21.8%
Liability	1,082,408,265	79.5%		
Health Care	222,873,388	16.4%		
Not Covered	55,718,347	4.1%		
Total	1,361,000,000	100.0%		

Platinum A shows the most possibilities. It includes looking at what the premium would have been under a minimum coverage policy (PIP/PD) to potential minimum requirements of BI/PD (10/20/10 and 25/50/10), and then BI/PD/MP limits of 25/50/10/5.

The next section of the comparison looks at the impact for those consumers that purchase a full coverage policy (BI, PIP, PD, UM, MP, COMP and COLL) and what the impacts would be with elimination of PIP and going to limits of 10/20/10/1, 25/50/10/1 and 25/50/10,

For Gold E, the example was already at the 25/50/50/5 level, which met the minimum requirements, so the main focus was on what the impact would have been for the minimum coverage policies using the 25/50 BI limits.

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