New Jersey new commercial auto minimum limits

**Are minimum limits for commercial auto policies increasing in New Jersey?**

Yes, During the 2022-23 legislative session, the New Jersey Legislature passed S-2841/A-4292 (P.L.2023, c.276). That bill, which was signed into law by New Jersey Governor Phil Murphy, increases the minimum insurance limits required for most commercial autos.

**What are the insurance limits being increased to?**

That depends on the size of the vehicle.

* Commercial vehicles with a gross vehicle weight of more than 26,000 lbs. will be required to carry at least $1.5 million injury in liability and property damage insurance.
* Commercial vehicles with a gross vehicle weight rating of 10,001 lbs. or more, but less than 26,001 lbs. will be required to carry at least $300,000 of coverage.

**Does the coverage have to come from one policy, or can it come from a combination?**

The law specifies that the new insurance requirements may be satisfied by a commercial automobile insurance policy, fleet insurance policy, commercial umbrella insurance policy, commercial excess insurance policy, similar insurance policy, or any combination thereof.

**When does the new law go into effect?**

That law goes into effect July 1, 2024. All new commercial policies issued on or after that date must contain at least the new minimum limits. Any policy that renews on or after July 1, 2024, must also contain at least the new minimum limits.

**Do insurance producers have a responsibility to inform their clients about the new commercial minimum limits?**

Yes. The New Jersey Department of Banking and Insurance has stated to ensure that insureds are aware of the increase in minimum liability coverage limits, insurers and producers must inform the insured of the new minimum coverage limits.

**Will carriers be required to offer coverage in the amount of at least the minimum limits?**

Yes. While the law states that the coverage limits can be met through a combination of policies, the DOBI released a bulletin instructing carriers that in order to comply with the law, they must have filed their rates with the DOBI for the new minimum coverage limits in order to comply with the act. Insurers that offer both commercial motor vehicle and excess coverage limits to comply with the act are not required to submit rate filings to implement the new coverage amounts.

**Can a carrier increase the limits of a policy midterm to the new minimum limits?**

No. Effecting or attempting to effect a midterm premium increase and/or a reduction in the amount or type of coverage is prohibited unless prior written approval has been obtained from the commissioner of DOBI.

**Do the new limits apply to interstate risks?**

No. The law only applies to commercial motor vehicles registered or principally garaged (i.e., “based-plated” or “at home”) in New Jersey engaged in intrastate commerce.

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