

Liability Insurance Limits Double for CMVs on July 1st under New Jersey Law

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Beginning on July 1, 2024, all owners and registered owners of certain motor vehicles with nexus to New Jersey will be legally required to hold at least \$1,500,000 in automobile liability insurance. This new law doubles the federal minimum standard of \$750,000 as provided at 49 C.F.R. § 387.9. The New Jersey Assembly Bill A4292 is a first-of-its kind in the Nation to require these insurance limits for the lawful operation of non-hazmat property-carrying commercial motor vehicles (“CMVs”) with gross vehicle weight ratings equal to or in excess of 26,001 pounds. CMVs with a gross vehicle weight rating of 10,001 or more pounds, but less than 26,001 pounds, must carry at least \$300,000 of coverage.

These new minimum limits will apply to CMVs that are registered or principally garaged in New Jersey, and it is the vehicle owners or registered owners who bear the compliance obligation, rather than the operating motor carriers. The law also provides 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. As a result, the net effect of A4292 will only impact those motor carriers with CMVs that do not already carry a portfolio of insurance coverages that satisfy the required level.

Regulatory compliance burden outside of New Jersey remains to be seen, for example, the precise determination of which vehicles are considered “principally garaged” in the State among large nationwide or regional fleets. Also, the International Registration Plan (“IRP”) could possibly bring out-of-state carriers into question given that New Jersey is a participant of the IRP. Other States or Commonwealths may follow New Jersey’s lead, but in all events, the operating cost of CMVs in the State, and the risk of increased claims exposure for equipment owners due to technical non-compliance, appears to be on the horizon.

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