

EFFECTIVE JULY 1, 2024
LIABILITY INSURANCE LIMITS (BODILY INJURY AND PROPERTY DAMAGE)
DOUBLE FOR COMMERCIAL MOTOR VEHICLES UNDER NEW JERSEY LAW

New Jersey has enacted a new regulation (Bill A4292) that mandates higher liability insurance coverage for commercial motor vehicles beginning on July 1, 2024. All owners and registered owners of certain motor vehicles registered or principally garaged in New Jersey will be legally required to hold at least \$1,500,000 in automobile liability insurance.

This new law doubles the federal minimum insurance requirement of \$750,000 as provided at 49 C.F.R. §387.9. Insurance limits are required 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, are mandated to carry at least \$300,000 of coverage.

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, or any combination thereof.

Regulatory compliance burden outside of New Jersey remains to be seen, for example, the precise determination of which vehicle 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. The question remains as to whether other states or Commonwealths will follow this significant move towards an attempt towards enhancing road safety and financial protection.

The ATA has opposed this law and has stated that if interstate truckers passing through or are doing business in the state of New Jersey were subject to the law, it could result in legal challenges since it would be in violation of FMSCA requirements.



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