

SENATE, No. 687

STATE OF NEW JERSEY

222nd LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2026 SESSION

Sponsored by:

Senator BOB SMITH

District 17 (Middlesex and Somerset)

Senator JOHN F. MCKEON

District 27 (Essex and Passaic)

SYNOPSIS

Creates Joint Blue Ribbon Task Force on Impacts of Climate Change on Property Insurance.

CURRENT VERSION OF TEXT

As reported by the Senate Environment and Energy Committee with technical review.



1 AN ACT creating a task force on the impact of climate change on
2 property insurance.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. The Legislature finds and declares:

8 a. A changing climate presents the State with more frequent
9 risks, such as sunny day flooding, heat waves, and more extreme
10 risks, including wildfires, winds, storm surges, and compound
11 flooding from intensive storms;

12 b. Sea level rise is going to make some coastal communities
13 not only uninsurable due to increasingly consistent flooding, but
14 also uneconomic and unsafe for continued habitation;

15 c. From 2018 to 2022, the rate at which insurers dropped
16 homeowners property insurance policies in the State jumped 69.54
17 percent from 0.47 percent to 0.8 percent;

18 d. Property owners want insurance that is affordable and
19 available, and research has demonstrated that insured households
20 have improved recoveries, but underpricing in high-risk areas can
21 further drive insurers from the market, lead to low-quality coverage,
22 and create perverse incentives for underinvestment in risk
23 reduction; and

24 e. It is both reasonable and necessary for the State to enable,
25 facilitate, support, and safeguard the provision of high-quality,
26 comprehensive property insurance to home and commercial
27 property owners.

28
29 2. a. There is created in, but not of, the Department of Banking
30 and Insurance, the Joint Blue Ribbon Task Force on Impacts of
31 Climate Change on Property Insurance. The task force shall be
32 comprised of 17 members as follows:

33 (1) the Commissioners of Banking and Insurance, Community
34 Affairs, and Environmental Protection, or their designees, serving
35 ex officio;

36 (2) two members of the Senate, who shall not be of the same
37 political party, appointed by the President of the Senate;

38 (3) two members of the General Assembly, who shall not be of
39 the same political party, appointed by the Speaker of the General
40 Assembly;

41 (4) five members shall be representatives from the private sector,
42 specifically from an insurance association, an insurer, a reinsurer, a
43 real estate representative, and a business representative, appointed
44 by the Governor with the advice and consent of the Senate;

45 (5) three members from nonprofit entities, specifically a
46 representative from a consumer advocacy group, a planning

1 advocacy entity, and an environmental advocacy entity, appointed
2 by the Governor with the advice and consent of the Senate; and
3 (6) two members from academic institutions with expertise in
4 climate change and insurance, appointed by the Governor with the
5 advice and consent of the Senate.
6 b. The Departments of Banking and Insurance, Community
7 Affairs, and Environmental Protection shall provide staff support to
8 the task force, and the task force shall be entitled to call to its
9 assistance other State department employees as necessary.
10 c. The purpose of the task force shall be to assess the current
11 and predicted impacts of climate change on residential and
12 commercial property insurance by analyzing:
13 (1) how the State, federal programs such as the National Flood
14 Insurance Program, and the insurance industry may be subsidizing
15 risky decision-making, keeping or putting people and property in
16 harm's way;
17 (2) in which places does the price of insurance not reflect the risk
18 that a property faces;
19 (3) in which communities properties are or will be uninsurable at
20 a reasonable cost in the next 50 years because of everyday risks
21 such as tidal flooding or high-severity, low-frequency events such
22 as disasters;
23 (4) how the State will ensure access to residential and
24 commercial property insurance without subsidizing or enabling
25 dangerous or impractical location choices;
26 (5) how changes in the insurance market and underlying physical
27 risks, such as flooding, may impact a municipality's current
28 affordable housing inventory and its ability to meet its affordable
29 housing requirements;
30 (6) given potential changes at the federal level impacting the
31 availability of climate data, which alternative sources of
32 information may be available in the future, and how changes in the
33 availability of that information may impact the competition among
34 insurers and the ability of New Jersey communities to prepare and
35 plan for longer-term insurability;
36 (7) how changes in the affordability and availability of property
37 insurance will impact real estate value;
38 (8) the displacement and segregation impacts on communities in
39 New Jersey, especially on those with low and moderate incomes;
40 and
41 (9) any other issues or concerns that the task force deems
42 relevant and appropriate.
43 d. Not later than one year following the appointment of all task
44 force members, the task force shall submit to the Governor and,
45 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the
46 Legislature, a report containing a study and evaluation of its
47 findings and recommendations. The report shall include, but not be

- 1 limited to, a description of any present or potential concerns related
2 to the impact of climate change on property insurance and whether
3 existing State or federal law or practices adequately address those
4 concerns, and any recommendations to address inadequacies in
5 those laws or practices. The task force shall expire upon
6 submission of the report.
7
8 3. This act shall take effect immediately.