

ASSEMBLY, No. 1215

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

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SYNOPSIS

Prohibits use of gap in automobile insurance coverage as rating factor in automobile insurance underwriting under certain circumstances.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning private passenger automobile insurance rating
2 plans and amending P.L.1997, c.151.

3

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

6

7 1. Section 15 of P.L. 1997, c.151 (C.17:29A-46.2) is amended
8 to read as follows:

9 15. a. Insurers shall put in writing all underwriting rules
10 applicable to each rate level utilized pursuant to section 14 of
11 P.L.1997, c.151 (C.17:29A-46.1). An insurer may take into account
12 factors, including, but not limited to, driving record characteristics
13 appropriate for underwriting and classification in formulating its
14 underwriting rules; provided that:

15 (1) no underwriting rule based on motor vehicle violations shall
16 be formulated in such a manner as to assign any named insured to a
17 rating tier other than the standard rating tier applicable to the
18 insured's territory solely on the basis of accumulating four motor
19 vehicle points or less**. No**;

20 (2) no underwriting rule shall operate in such a manner as to
21 assign a risk to a rating plan on the basis of the territory in which
22 the insured resides or any other factor which the commissioner
23 finds is a surrogate for territory; and

24 (3) no underwriting rule shall operate in such a manner as to
25 assign a risk to a rating plan on the basis that a previously insured
26 applicant has had a lapse as a named insured under an automobile
27 insurance policy for any period of time.

28 An insurer which knowingly fails to transact automobile
29 insurance consistently with its underwriting rules shall be subject to
30 a fine of not less than \$1,000 for each violation.

31 b. All underwriting rules applicable to each rate level as
32 provided for in section 14 of P.L.1997, c.151 (C.17:29A-46.1) shall
33 be filed with the commissioner and shall be subject to his prior
34 approval. All underwriting rules shall be subject to public
35 inspection. Except as provided in subsection d. of section 27 of
36 P.L.1990, c.8 (C.17:33B-15), insurers shall apply their underwriting
37 rules uniformly and without exception throughout the State, so that
38 every applicant or insured conforming with the underwriting rules
39 will be insured or renewed, and so that every applicant not
40 conforming with the underwriting rules will be refused insurance.

41 c. An insurer with more than one rating plan for private
42 passenger automobile insurance policies providing identical
43 coverages shall not adopt underwriting rules which would permit a
44 person to be insured for private passenger automobile insurance
45 under more than one of the rating plans.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

d. An insurer that revises its underwriting rules with respect to the assignment of insureds to rating tiers based on the number of accumulated motor vehicle points, as provided by subsection a. of this section, as amended by P.L.2003, c.89, shall certify to the commissioner that the revised rule will produce rates that are revenue neutral based upon the insurer's current coverages and book of business.
(cf: P.L.2003, c.89, s.40)

10 2. This act shall take effect on the 90th day next following
11 enactment.

STATEMENT

16 This bill provides that no underwriting rule shall operate in such a
17 manner as to assign a risk to a rating plan on the basis that a
18 previously insured applicant has had a lapse as a named insured under
19 an automobile insurance policy for any period of time.