

ASSEMBLY, No. 3409

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 25, 2020

Sponsored by:

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblywoman CAROL A. MURPHY

District 7 (Burlington)

SYNOPSIS

Provides for appointment to board of directors of New Jersey Automobile Insurance Risk Exchange by Commissioner of Banking and Insurance.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/1/2020)

1 **AN ACT** concerning appointments to the New Jersey Automobile
2 Insurance Risk Exchange and amending P.L.1983, c.362.

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.1983, c.362 (C.39:6A-21) is amended to
8 read as follows:

9 15. The New Jersey Automobile Insurance Risk Exchange;
10 membership, board of directors.

11 There shall be created, within 45 days of the operative date of
12 this act, an unincorporated association, to operate on a nonprofit-
13 nonloss basis, to be known as the New Jersey Automobile Insurance
14 Risk Exchange, with its headquarters to be located within the State
15 of New Jersey. Every insurer licensed to transact private-passenger
16 automobile insurance in this State shall be a member of the
17 exchange and shall be bound by the rules of the exchange as a
18 condition of the authority to transact insurance business in this
19 State. Any insurer which ceases to transact automobile insurance
20 business in this State shall remain liable for any amounts due to the
21 exchange for business transacted prior to the effective date of its
22 cessation of business in the State.

23 The exchange shall adopt a plan of operation which shall become
24 effective upon approval by the Commissioner of Banking and
25 Insurance. The business affairs of the exchange shall be governed
26 by a board of directors to be comprised of 12 members. Nine
27 members shall be appointed **【**, from a list of names submitted**】** by
28 the Commissioner of Banking and Insurance, **【**by the Governor,
29 with the advice and consent of the Senate,**】** of whom two shall
30 represent the Property Casualty Insurers Association of America, or
31 its successor organization; two shall represent the American
32 Insurance Association, or its successor organization; two shall
33 represent the independent companies; two shall represent New
34 Jersey domiciled insurance companies as nominated to the
35 commissioner by the exchange; and one shall be a public member.
36 If no name is submitted by an aforementioned association or
37 company to serve as its representative on the board of the exchange,
38 the exchange shall submit to the commissioner the name of an
39 individual employed by an insurer transacting automobile insurance
40 in this State. Additionally, the Governor, the Speaker of the
41 General Assembly and the President of the Senate shall each
42 appoint one public member. The board shall elect a chairman who
43 shall be a representative of an insurer domiciled in New Jersey. No
44 insurer shall represent more than one organization on the board of
45 directors of the exchange.

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.

1 All appointments made on or after the effective date of this
2 amendatory act shall be for five-year terms. A director shall serve
3 until his successor is appointed. Vacancies on the board of
4 directors of the exchange shall be filled for the remainders of the
5 terms in the same manner as the original appointments. Public
6 members shall be compensated in an amount to be determined by
7 the commissioner, and shall be reimbursed for necessary expenses
8 actually incurred in the performance of their duties. All expenses
9 incurred by the board shall be payable from moneys collected by
10 the exchange.

11 (cf: P.L.2007, c.72, s.1)

12
13 2. This act shall take effect immediately.
14
15

16 STATEMENT 17

18 This bill amends the manner in which members are appointed to
19 the board of directors of the New Jersey Automobile Insurance Risk
20 Exchange (NJAIRES).

21 NJAIRES was created to compensate automobile insurers doing
22 business in New Jersey for claims paid and claims adjustment
23 expenses due to the choice in tort thresholds permitted under private
24 passenger automobile insurance policies issued in the State. Every
25 insurer writing private passenger automobile insurance in the State
26 is a member of the exchange and the board of directors governs the
27 business affairs of the exchange. The board is comprised of both
28 public members and insurance industry representatives.

29 The NJAIRES board is comprised of 12 directors. Three public
30 members are appointed directly, one each by the Governor, the
31 President of the Senate and the Speaker of the General Assembly.
32 The remaining nine members are appointed by the Governor, with
33 the advice and consent of the Senate, from a list of names submitted
34 by the Commissioner of Banking and Insurance. Eight of these
35 members represent New Jersey's automobile insurers and trade
36 associations.

37 This bill revises this current system by granting to the
38 Commissioner of Banking and Insurance the authority to appoint
39 directly the nine members currently appointed by the Governor
40 from the list submitted by the commissioner. By amending the
41 statute in this way, this bill would simplify and expedite the
42 appointment process. The work of the board is very technical in
43 nature, and a full complement of board members appointed in a
44 timely manner from among individuals familiar with private
45 passenger automobile insurance in New Jersey will greatly benefit
46 its operations.