

ASSEMBLY, No. 5651

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MAY 12, 2021

Sponsored by:

Assemblyman ROY FREIMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblywoman YVONNE LOPEZ

District 19 (Middlesex)

Assemblywoman ANGELA V. MCKNIGHT

District 31 (Hudson)

Co-Sponsored by:

Assemblyman Verrelli

SYNOPSIS

Requires automobile insurers to provide policyholders with annual documentation demonstrating no discriminatory outcomes with insurer's automated underwriting system.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/1/2021)

1 AN ACT concerning discrimination in automobile insurance
2 underwriting and supplementing P.L.1997, c.151. (C.17:29A-
3 46.1 et al.).

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

7
8 1. a. An automobile insurer using an automated or predictive
9 underwriting system shall annually provide documentation and
10 analysis to the Department of Banking and Insurance to
11 demonstrate that there is no discriminatory outcome in the pricing
12 on the basis of race, ethnicity, sexual orientation, or religion, that is
13 determined by the use of the insurer's automated or predictive
14 underwriting system. Additionally, an insurer shall demonstrate to
15 the commissioner that each pricing segment is balanced and not
16 disproportionate to the overall policyholder population.

17 b. As used in this act, "automated or predictive underwriting
18 system" means a computer-generated process that is used to
19 evaluate the risk of a policyholder and determine an insurance rate.
20 An automated or predictive underwriting system may include, but is
21 not limited to, the use of robotic process automation, artificial
22 intelligence, or other specialized technology in its underwriting
23 process.

24
25 2. The Commissioner of Banking and Insurance shall adopt
26 rules and regulations pursuant to the "Administrative procedure
27 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to effectuate the
28 purposes of this act.

29
30 3. This act shall take effect on the first day of the sixth month
31 next following enactment and shall apply to automobile insurance
32 policies initiated or renewed on or after that date. The
33 Commissioner of Banking and Insurance may take any anticipatory
34 administrative action in advance as shall be necessary for the
35 implementation of this act.

36
37
38 STATEMENT

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40 This bill requires automobile insurance companies to annually
41 provide the Department of Banking and Insurance with
42 documentation and analysis demonstrating that there is no
43 discriminatory outcome in the pricing determined by, or in any
44 action associated with, the insurer's automated underwriting
45 system. Insurers are also required to demonstrate that each pricing
46 segment is balanced and not disproportionate to the overall
47 policyholder population.

1 Under this bill, “automated or predictive underwriting system” is
2 defined to mean a computer-generated process that is used to
3 evaluate the risk of a policyholder and to determine an insurance
4 rate. An automated or predictive underwriting system may include,
5 but is not limited to, the use of robotic process automation, artificial
6 intelligence, or other specialized technology in its underwriting
7 process.