

SENATE, No. 111

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator NIA H. GILL

District 34 (Essex and Passaic)

Senator M. TERESA RUIZ

District 29 (Essex)

Senator NILSA CRUZ-PEREZ

District 5 (Camden and Gloucester)

Senator NELLIE POU

District 35 (Bergen and Passaic)

Co-Sponsored by:

Senators Turner and Gopal

SYNOPSIS

Prohibits use of education, occupation, and credit score as rating factors in automobile insurance underwriting.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 7/22/2020)

S111 GILL, RUIZ

2

1 AN ACT concerning certain automobile insurance underwriting rules
2 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 no underwriting rule based on
15 motor vehicle violations shall be formulated in such a manner as to
16 assign any named insured to a rating tier other than the standard
17 rating tier applicable to the insured's territory solely on the basis of
18 accumulating four motor vehicle points or less. No underwriting
19 rule shall operate in such a manner as to assign a risk to a rating
20 plan on the basis of the territory in which the insured resides or any
21 other factor which the commissioner finds is a surrogate for
22 territory. No underwriting rule shall operate in such a manner as to
23 assign a risk to a rating plan on the basis of an insured's: (1)
24 educational level; (2) employment, trade, business, occupation or
25 profession; or (3) credit score, or any information derived from an
26 insured's credit report. An insurer which knowingly fails to transact
27 automobile insurance consistently with its underwriting rules shall
28 be subject to a fine of not less than \$1,000 for each violation.

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

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

44 d. An insurer that revises its underwriting rules with respect to
45 the assignment of insureds to rating tiers based on the number of

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 accumulated motor vehicle points, as provided by subsection a. of
2 this section, as amended by P.L.2003, c.89, shall certify to the
3 commissioner that the revised rule will produce rates that are
4 revenue neutral based upon the insurer's current coverages and book
5 of business.

6 (cf: P.L.2003, c.89, s.40)

7

8 2. This act shall take effect on the 90th day following
9 enactment.

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STATEMENT

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14 This bill prohibits automobile insurers from assigning an insured
15 or prospective insured to a rating tier based upon that person's: (1)
16 educational level; (2) employment, trade, business, occupation or
17 profession; or (3) credit score, or any information derived from an
18 insured's credit report.