SENATE, No. 1190

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 3, 2020

Sponsored by:
Senator NILSA CRUZ-PEREZ
District 5 (Camden and Gloucester)

Co-Sponsored by:
Senator Testa

SYNOPSIS

Limits forum of consumer contract disputes to New Jersey.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 1/28/2021)

AN ACT concerning the forum of certain consumer contracts and supplementing P.L.1980, c.125 (C.56:12-1 et seq.).

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

1. A term or condition in a consumer contract concerning venue, forum, or jurisdiction involving a resident of this State is valid only if that term or condition requires that the dispute is resolved within the State of New Jersey. This requirement may only be waived upon the advice of counsel as evidenced by counsel's signature on the contract.

Nothing in this section shall apply to insurance companies duly licensed or authorized to transact business under the insurance laws of this State, or to any eligible surplus lines insurers allowed to conduct business in this State under section 11 of P.L.1960, c.32 (C.17:22-6.45).

2. This act shall take effect on the 90th day following enactment and apply to consumer contracts executed on or after that date.

STATEMENT

This bill prohibits terms and conditions in a consumer contract that require the dispute be resolved in a venue, forum, or jurisdiction outside of the State of New Jersey. This requirement could only be waived upon the advice of counsel.

This bill ensures that consumers are not forced by businesses to resolve their disputes in distant and costly forums. Consumer contracts increasingly contain forum-selection clauses that require litigation or arbitration to take place outside of New Jersey, making dispute resolution costly and difficult for consumers. These contracts are typically standardized forms drafted with no input from the consumer, and are offered on a take-it-or-leave-it basis. The consumer, often the less sophisticated party, agrees to the contract without the benefit of an attorney, and may not be able to afford to travel to resolve a dispute.

The bill also exempts insurance companies duly licensed or authorized to transact business under the insurance laws of this State and eligible surplus lines insurers from the consumer contract requirements under the bill. Consequently, these insurance companies and eligible surplus lines insurers could contractually require consumers to arbitrate disputes outside of this State. The bill does not apply to insurance companies duly licensed or authorized to transact business under the insurance laws of this State, or to any eligible surplus lines insurers allowed to conduct business in this State under section 11 of P.L.1960, c.32 (C.17:22-6.45).