

SENATE, No. 1378

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

SYNOPSIS

Requires certain insurers disclose information concerning automobile replacement parts.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT requiring certain insurers to disclose information
2 concerning automobile replacement parts and supplementing
3 P.L.1972, c.70 (C.39:6A-1 et seq.).
4

5 BE IT ENACTED by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. a. Every insurer writing private passenger automobile
9 insurance in this State shall provide each insured at least annually,
10 and each applicant upon receipt of initial application, with a written
11 disclosure informing consumers that automobile leasing companies
12 may require the use of original equipment manufacturer (OEM)
13 replacement parts for automobile repairs and whether the collision
14 and comprehensive coverage under the insured's private passenger
15 automobile insurance policy will reimburse the insured for 100
16 percent of the costs of OEM replacement parts, and if not, the
17 amount or percentage of the costs that will be the responsibility of
18 the insured if OEM replacement parts are used. This disclosure
19 shall be consistent with and contain the information deemed
20 necessary by the Commissioner of Banking and Insurance as
21 established by regulation, and may be included as part of the
22 buyer's guide required pursuant to section 17 of P.L.1983, c.362
23 (C.39:6A-23).

24 b. If the commissioner finds, after notice and hearing, that an
25 insurer has a pattern and practice of failing to provide the written
26 disclosure required by subsection a. of this section, the
27 commissioner may, after notice and hearing, order the payment of a
28 penalty not to exceed \$1,000 for each offense. Each instance of a
29 failure to provide the written disclosure to an insured or an
30 applicant, as the case may be, shall be a separate offense and
31 subject to assessment of a separate penalty. Penalties assessed
32 pursuant to this section shall be collected by the commissioner
33 pursuant to the "Penalty Enforcement Law of 1999," P.L.1999,
34 c.274 (C.2A:58-10 et seq.).
35

36 2. This act shall take effect on the 90th day next following
37 enactment, except that the Commissioner of Banking and Insurance
38 may take any anticipatory administrative action in advance as shall
39 be necessary for the implementation of this act.
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42 STATEMENT

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44 This bill requires every insurer writing private passenger
45 automobile insurance in this State to provide each insured at least
46 annually, and each applicant upon receipt of initial application, with
47 a written disclosure informing consumers that automobile leasing
48 companies may require the use of original equipment manufacturer

1 (OEM) replacement parts for automobile repairs and whether the
2 collision and comprehensive coverage under the insured's private
3 passenger automobile insurance policy will reimburse the insured
4 for 100 percent of the costs if OEM replacement parts are used, and
5 if not, the amount or percentage of the costs that will be the
6 responsibility of the insured if OEM replacement parts are used.

7 Automobile leasing companies often require the use of OEM
8 replacement parts for any automobile repairs, since non-OEM
9 replacement parts decrease the value of an automobile. However, it
10 is common practice for automobile insurance companies to
11 discourage the use of more expensive OEM replacement parts by
12 requiring the insured to pay for the difference in cost between the
13 non-OEM replacement parts, which may be specified in an
14 automobile repair estimate, and the OEM replacement parts that
15 may be used by choice of the insured.

16 This bill provides consumers with greater transparency and
17 information concerning the use of OEM replacement parts for
18 automobile repairs. The bill authorizes the Commissioner of
19 Banking and Insurance to impose penalties on an insurer who fails
20 to provide the written disclosure required by the provisions of the
21 bill.