

Office of the Governor
NEWS RELEASE

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Whitman Conditionally Vetoes S-3

Gov. Christie Whitman tonight issued a conditional veto of S-3, a bill that would amend New Jersey's system of automobile insurance, and recommended changes that would improve the bill.

The conditional veto would provide greater consumer choices, mandate that any changes to territorial caps be revenue neutral, establish set criteria for the delineation of new rating territories, and preserve rate caps for seniors citizens and drivers who select the basic policy.

The Governor also recommended technical changes to assist in the efficient implementation of the bill. Among those changes are locating the office of the insurance ombudsman in the Department of Banking and Insurance and maintaining the status of criminal investigators as confidential employees.

"Senate Bill Number 3 is our opportunity to end twenty- six years of frustration dealing with auto insurance that costs too much money and gives too few choices. It is our best chance to end a system that puts special interests and scam artists ahead of consumers," Gov. Whitman said.

"This conditional veto was the result of weeks of hard work by the members of both Houses and both parties. It is my hope that the veto will be immediately concurred with by the Senate and that Assembly action will soon follow," the Governor said.

"As conditionally vetoed, the bill would eliminate many of the costs inherent in our insurance system. It tightens the lawsuit threshold and clamps down on fraud by establishing peer review, medical protocols, and a fraud prosecutor.

"Importantly, the bill permits parents and others in multi-car households to significantly cut their insurance costs by specifically naming those drivers that will be permitted to use certain vehicles," she said.

Under the "named driver exclusion," for example, a youthful driver could be assigned to a car that is less expensive to insure. Currently all drivers in a household must be covered on all vehicles garaged at the home.

"The bill requires an immediate rate reduction of 15 percent for most drivers. And, as an option, the bill would allow drivers the opportunity to purchase a 'basic policy'," she said.

"The pricing of the basic policy should help to ensure that there is no reason for people to be driving without insurance in the Garden State. My conditional veto would provide that the basic policy would have optional levels of coverage, both of which will be affordable for drivers across the state," she said.

A copy of the Governor's conditional veto and the veto message is attached.