

ASSEMBLY, No. 2183

STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED MARCH 6, 2000

Sponsored by:

Assemblyman DAVID W. WOLFE

District 10 (Monmouth and Ocean)

Assemblyman NICHOLAS ASSELTA

District 1 (Cape May, Atlantic and Cumberland)

Co-Sponsored by:

Assemblyman LeFevre

SYNOPSIS

Concerns homeowners insurance deductibles and rates; provides for consumer information brochure.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning certain homeowners insurance deductibles and
2 premium rates, and providing for a consumer information brochure.

3

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

6

7 1. For purposes of this act:

8 "Commissioner" means the Commissioner of Banking and
9 Insurance.

10 "Homeowners insurance" means personal lines insurance provided
11 against loss to real and personal property as defined in the standard
12 fire policy and extended coverage endorsement thereon, a dwelling
13 policy, the homeowners multiple peril policy, insurance against the
14 perils of vandalism, malicious mischief, burglary, or theft, or liability
15 insurance or any combination thereof, or any other such policy
16 delivered, issued or renewed or approved by the commissioner for
17 issuance, delivery or renewal in this State.

18

19 2. The commissioner shall establish by regulation uniform policy
20 language regarding the applicability of hurricane deductibles and the
21 form of notice to be provided to an insured under a homeowners
22 insurance policy by an insurer utilizing a hurricane deductible program
23 or programs.

24

25 3. a. A filer may use an expedited rate filing procedure to file for
26 a proposed alteration to its homeowners insurance rating system when
27 the filer requests an increase of no more than five percent in its
28 Statewide rate for homeowners insurance at any time during a calendar
29 year, with documentation supporting the increase no later than 30 days
30 prior to the effective date of the rate change, provided that the
31 increase shall not produce rates that are excessive, inadequate for the
32 safety and soundness of the insurer, or unfairly discriminatory.

33 b. The commissioner shall establish by regulation the
34 documentation which shall accompany the filing, which shall be
35 reasonable and in accordance with the nature of the filing, and upon
36 submission of the documentation required, the filing shall be deemed
37 complete. The rate change shall be effective no sooner than the 30th
38 day following the filing.

39 c. The commissioner may challenge a rate increase made pursuant
40 to subsection a. of this section within 30 days of the date the filing is
41 received, by notifying the filer in writing. The commissioner shall hear
42 the matter on an expedited basis and shall render a final determination
43 within four months of the date of the filing. The commissioner may,
44 for good cause, extend this four-month period up to an additional
45 three months.

46 d. Any increase in excess of the rate increases permitted by

1 subsection a. of this section shall be subject to the provisions of
2 P.L.1944, c.27 (C.17:29A-1 et seq.).

3 e. A filer shall not file more than one request in any 12-month
4 period for an increase in its homeowners insurance rates pursuant to
5 this section.

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7 4. a. No homeowners insurance policy shall be issued, delivered
8 or renewed in this State on or after the 90th day following the
9 effective date of this act unless the policy is accompanied by a
10 consumer information brochure which explains the insurer's hurricane
11 deductible program, if any, and which includes the information on
12 flood insurance required to be provided pursuant to P.L. , c.
13 (pending before the Legislature as the Assembly Committee Substitute
14 for Assembly, Nos. 436 and 494 of 2000).

15 b. The board of directors of the New Jersey Insurance
16 Underwriting Association established pursuant to P.L.1968, c.129
17 (C.17:37A-1 et seq.) shall prepare and disseminate a consumer
18 information brochure in accordance with the requirements of this
19 section.

20 c. An insurer shall provide a consumer information brochure to an
21 insured at least annually at the time of policy renewal, or as otherwise
22 ordered by the commissioner.

23

24 5. The commissioner shall promulgate regulations pursuant to the
25 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
26 seq.), necessary to effectuate the provisions of this act.

27

28 6. This act shall take effect immediately.

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STATEMENT

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33 This bill, which is based upon recommendations of the Task Force
34 on the Availability of Homeowners Insurance in the Coastal Region,
35 provides for the establishment of uniform policy language regarding
36 the applicability of hurricane deductibles under homeowners insurance
37 policies; establishes an expedited rate filing process for homeowners
38 insurers, which is designed to attract insurers to the New Jersey
39 homeowners insurance market; and requires insurers to provide
40 consumer information brochures to help insureds better understand
41 certain aspects of homeowners insurance.

42 Under the bill, the Commissioner of Banking and Insurance shall
43 establish, by regulation, uniform policy language regarding the
44 applicability of hurricane deductibles and the form of notice to be
45 provided to an insured under a homeowners insurance policy by an
46 insurer utilizing a hurricane deductible program or programs.

1 The bill also provides, that as a means to attract additional insurers
2 to write homeowners insurance in New Jersey, that an insurer or rating
3 organization may use an expedited rate filing procedure to file for an
4 a proposed alteration to its homeowners insurance rating system when
5 the filer requests an increase of no more than five percent in its
6 Statewide rate for homeowners insurance at any time during a calendar
7 year. The bill provides that the rate change shall be effective no
8 sooner than the 30th day following the filing.

9 Under the bill, the commissioner may challenge a rate change made
10 under an expedited rate filing procedure within 30 days of the date the
11 filing is received, by notifying the filer in writing, and hearing the
12 matter on an expedited basis. The bill limits a filer to one increase
13 approval pursuant to this expedited process in any 12-month period.

14 Finally, the bill requires all homeowners insurers, including the New
15 Jersey Insurance Underwriting Association (FAIR Plan), to provide
16 their insureds with a consumer information brochure describing the
17 insurer's hurricane deductible program, if any, and including
18 information on the availability of flood insurance.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2183

STATE OF NEW JERSEY

DATED: MARCH 20, 2000

The Assembly Banking and Insurance Committee reports favorably Assembly Bill No. 2183.

This bill, which is based upon recommendations of the Task Force on the Availability of Homeowners Insurance in the Coastal Region, provides for the establishment of uniform policy language regarding the applicability of hurricane deductibles under homeowners insurance policies; establishes an expedited rate filing process for homeowners insurers, which is designed to attract insurers to the New Jersey homeowners insurance market; and requires insurers to provide consumer information brochures to insureds.

As provided in the bill, the Commissioner of Banking and Insurance shall establish, by regulation, uniform policy language regarding the applicability of hurricane deductibles and the form of notice to be provided to an insured under a homeowners insurance policy by an insurer utilizing a hurricane deductible program or programs.

The bill also provides that an insurer or rating organization may use an expedited rate filing procedure to file for an a proposed alteration to its homeowners insurance rating system when the filer requests an increase of no more than five percent in its Statewide rate for homeowners insurance at any time during a calendar year. The bill provides that the rate change shall be effective no sooner than the 30th day following the filing.

Under the bill, the commissioner may challenge a rate change made under an expedited rate filing procedure within 30 days of the date the filing is received, by notifying the filer in writing, and hearing the matter on an expedited basis. The bill limits a filer to one request pursuant to this expedited process in any 12-month period.

Finally, the bill requires all homeowners insurers, including the New Jersey Insurance Underwriting Association (FAIR Plan), to provide their insureds with a consumer information brochure describing the insurer's hurricane deductible program, if any, and including information on the availability of flood insurance.

SENATE COMMERCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2183

STATE OF NEW JERSEY

DATED: DECEMBER 14, 2000

The Senate Commerce Committee reports favorably Assembly Bill No. 2183.

This bill, which is based upon recommendations of the Task Force on the Availability of Homeowners Insurance in the Coastal Region, provides for the establishment of uniform policy language regarding the applicability of hurricane deductibles under homeowners insurance policies; establishes an expedited rate filing process for homeowners insurers, which is designed to attract insurers to the New Jersey homeowners insurance market; and requires insurers to provide consumer information brochures to insureds.

As provided in the bill, the Commissioner of Banking and Insurance shall establish, by regulation, uniform policy language regarding the applicability of hurricane deductibles and the form of notice to be provided to an insured under a homeowners insurance policy by an insurer utilizing a hurricane deductible program or programs.

The bill also provides that an insurer may use an expedited rate filing procedure to file for a proposed alteration to its homeowners insurance rating system when the filer requests an increase of no more than five percent in its Statewide rate for homeowners insurance at any time during a calendar year, with documentation supporting the increase filed no later than 30 days prior to the effective date of the rate change. The commissioner may challenge a rate change made under an expedited rate filing procedure within 30 days of the date the filing is received, by notifying the filer in writing, and hearing the matter on an expedited basis. The increase cannot produce rates that are excessive, inadequate for the safety and soundness of the insurer, or unfairly discriminatory. The bill limits a filer to one request pursuant to this expedited process in any 12-month period. Any rate increase that exceeds the 5 percent limit is subject to the current prior approval process.

Finally, the bill requires all homeowners insurers, including the New Jersey Insurance Underwriting Association (FAIR Plan), to provide their insureds with a consumer information brochure describing the insurer's hurricane deductible program, if any, and including information on the availability of flood insurance.

P.L. 2001, CHAPTER 409, *approved January 8, 2002*
Assembly, No. 2183

1 **AN ACT** concerning certain homeowners insurance deductibles and
2 premium rates, and providing for a consumer information brochure.

3

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

6

7 1. For purposes of this act:

8 "Commissioner" means the Commissioner of Banking and
9 Insurance.

10 "Homeowners insurance" means personal lines insurance provided
11 against loss to real and personal property as defined in the standard
12 fire policy and extended coverage endorsement thereon, a dwelling
13 policy, the homeowners multiple peril policy, insurance against the
14 perils of vandalism, malicious mischief, burglary, or theft, or liability
15 insurance or any combination thereof, or any other such policy
16 delivered, issued or renewed or approved by the commissioner for
17 issuance, delivery or renewal in this State.

18

19 2. The commissioner shall establish by regulation uniform policy
20 language regarding the applicability of hurricane deductibles and the
21 form of notice to be provided to an insured under a homeowners
22 insurance policy by an insurer utilizing a hurricane deductible program
23 or programs.

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25 3. a. A filer may use an expedited rate filing procedure to file for
26 a proposed alteration to its homeowners insurance rating system when
27 the filer requests an increase of no more than five percent in its
28 Statewide rate for homeowners insurance at any time during a calendar
29 year, with documentation supporting the increase no later than 30 days
30 prior to the effective date of the rate change, provided that the
31 increase shall not produce rates that are excessive, inadequate for the
32 safety and soundness of the insurer, or unfairly discriminatory.

33 b. The commissioner shall establish by regulation the
34 documentation which shall accompany the filing, which shall be
35 reasonable and in accordance with the nature of the filing, and upon
36 submission of the documentation required, the filing shall be deemed
37 complete. The rate change shall be effective no sooner than the 30th
38 day following the filing.

39 c. The commissioner may challenge a rate increase made pursuant
40 to subsection a. of this section within 30 days of the date the filing is
41 received, by notifying the filer in writing. The commissioner shall hear
42 the matter on an expedited basis and shall render a final determination
43 within four months of the date of the filing. The commissioner may,

1 for good cause, extend this four-month period up to an additional
2 three months.

3 d. Any increase in excess of the rate increases permitted by
4 subsection a. of this section shall be subject to the provisions of
5 P.L.1944, c.27 (C.17:29A-1 et seq.).

6 e. A filer shall not file more than one request in any 12-month
7 period for an increase in its homeowners insurance rates pursuant to
8 this section.

9

10 4. a. No homeowners insurance policy shall be issued, delivered
11 or renewed in this State on or after the 90th day following the
12 effective date of this act unless the policy is accompanied by a
13 consumer information brochure which explains the insurer's hurricane
14 deductible program, if any, and which includes the information on
15 flood insurance required to be provided pursuant to P.L. , c.
16 (pending before the Legislature as the Assembly Committee Substitute
17 for Assembly, Nos. 436 and 494 of 2000).

18 b. The board of directors of the New Jersey Insurance
19 Underwriting Association established pursuant to P.L.1968, c.129
20 (C.17:37A-1 et seq.) shall prepare and disseminate a consumer
21 information brochure in accordance with the requirements of this
22 section.

23 c. An insurer shall provide a consumer information brochure to an
24 insured at least annually at the time of policy renewal, or as otherwise
25 ordered by the commissioner.

26

27 5. The commissioner shall promulgate regulations pursuant to the
28 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
29 seq.), necessary to effectuate the provisions of this act.

30

31 6. This act shall take effect immediately.

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STATEMENT

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36 This bill, which is based upon recommendations of the Task Force
37 on the Availability of Homeowners Insurance in the Coastal Region,
38 provides for the establishment of uniform policy language regarding
39 the applicability of hurricane deductibles under homeowners insurance
40 policies; establishes an expedited rate filing process for homeowners
41 insurers, which is designed to attract insurers to the New Jersey
42 homeowners insurance market; and requires insurers to provide
43 consumer information brochures to help insureds better understand
44 certain aspects of homeowners insurance.

45 Under the bill, the Commissioner of Banking and Insurance shall
46 establish, by regulation, uniform policy language regarding the

1 applicability of hurricane deductibles and the form of notice to be
2 provided to an insured under a homeowners insurance policy by an
3 insurer utilizing a hurricane deductible program or programs.

4 The bill also provides, that as a means to attract additional insurers
5 to write homeowners insurance in New Jersey, that an insurer or rating
6 organization may use an expedited rate filing procedure to file for an
7 a proposed alteration to its homeowners insurance rating system when
8 the filer requests an increase of no more than five percent in its
9 Statewide rate for homeowners insurance at any time during a calendar
10 year. The bill provides that the rate change shall be effective no
11 sooner than the 30th day following the filing.

12 Under the bill, the commissioner may challenge a rate change made
13 under an expedited rate filing procedure within 30 days of the date the
14 filing is received, by notifying the filer in writing, and hearing the
15 matter on an expedited basis. The bill limits a filer to one increase
16 approval pursuant to this expedited process in any 12-month period.

17 Finally, the bill requires all homeowners insurers, including the New
18 Jersey Insurance Underwriting Association (FAIR Plan), to provide
19 their insureds with a consumer information brochure describing the
20 insurer's hurricane deductible program, if any, and including
21 information on the availability of flood insurance.

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26 _____
27 Concerns homeowners insurance deductibles and rates; provides for
consumer information brochure.

CHAPTER 409

AN ACT concerning certain homeowners insurance deductibles and premium rates, and providing for a consumer information brochure.

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

C.17:36-5.33 Definitions relative to homeowners insurance deductibles premium rates.

1. For purposes of this act:

"Commissioner" means the Commissioner of Banking and Insurance.

"Homeowners insurance" means personal lines insurance provided against loss to real and personal property as defined in the standard fire policy and extended coverage endorsement thereon, a dwelling policy, the homeowners multiple peril policy, insurance against the perils of vandalism, malicious mischief, burglary, or theft, or liability insurance or any combination thereof, or any other such policy delivered, issued or renewed or approved by the commissioner for issuance, delivery or renewal in this State.

C.17:36-5.34 Uniform policy language concerning hurricane deductible.

2. The commissioner shall establish by regulation uniform policy language regarding the applicability of hurricane deductibles and the form of notice to be provided to an insured under a homeowners insurance policy by an insurer utilizing a hurricane deductible program or programs.

C.17:36-5.35 Expedited rate filing procedure, certain.

3. a. A filer may use an expedited rate filing procedure to file for a proposed alteration to its homeowners insurance rating system when the filer requests an increase of no more than five percent in its Statewide rate for homeowners insurance at any time during a calendar year, with documentation supporting the increase no later than 30 days prior to the effective date of the rate change, provided that the increase shall not produce rates that are excessive, inadequate for the safety and soundness of the insurer, or unfairly discriminatory.

b. The commissioner shall establish by regulation the documentation which shall accompany the filing, which shall be reasonable and in accordance with the nature of the filing, and upon submission of the documentation required, the filing shall be deemed complete. The rate change shall be effective no sooner than the 30th day following the filing.

c. The commissioner may challenge a rate increase made pursuant to subsection a. of this section within 30 days of the date the filing is received, by notifying the filer in writing. The commissioner shall hear the matter on an expedited basis and shall render a final determination within four months of the date of the filing. The commissioner may, for good cause, extend this four-month period up to an additional three months.

d. Any increase in excess of the rate increases permitted by subsection a. of this section shall be subject to the provisions of P.L.1944, c.27 (C.17:29A-1 et seq.).

e. A filer shall not file more than one request in any 12-month period for an increase in its homeowners insurance rates pursuant to this section.

C.17:36-5.36 Consumer information brochure on hurricane deductibles required for issuance of homeowners policy.

4. a. No homeowners insurance policy shall be issued, delivered or renewed in this State on or after the 90th day following the effective date of this act unless the policy is accompanied by a consumer information brochure which explains the insurer's hurricane deductible program, if any, and which includes the information on flood insurance required to be provided pursuant to P.L.2001, c.84.

b. The board of directors of the New Jersey Insurance Underwriting Association established pursuant to P.L.1968, c.129 (C.17:37A-1 et seq.) shall prepare and disseminate a consumer information brochure in accordance with the requirements of this section.

c. An insurer shall provide a consumer information brochure to an insured at least annually at the time of policy renewal, or as otherwise ordered by the commissioner.

C.17:36-5.37 Regulations.

5. The commissioner shall promulgate regulations pursuant to the "Administrative

Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), necessary to effectuate the provisions of this act.

6. This act shall take effect immediately.

Approved January 8, 2002.