

39:6A-10

LEGISLATIVE HISTORY CHECKLIST

(Auto Reparations Reform Act--amends to provide optional benefits to family)

NJSA 39:6A-10

LAWS 1981

CHAPTER 533

Bill No. A1853

Sponsor(s) Bornheimer and others

Date Introduced June 23, 1980

Committee: Assembly Banking and Insurance

Senate Labor, Industry & Professions

Amended during passage

Yes

~~No~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly Feb. 19, 1981

Senate Dec. 17, 1981

Date of approval Jan. 12, 1982

Following statements are attached if available:

Sponsor statement

Yes

~~No~~

Committee Statement: Assembly

Yes

~~No~~

Senate

Yes

~~No~~

Fiscal Note

~~Yes~~

No

Veto Message

~~Yes~~

No

Message on signing

~~Yes~~

No

Following were printed:

Reports

~~Yes~~

No

Hearings

~~Yes~~

No

6/22/81

1-12-82

[SECOND OFFICIAL COPY REPRINT]

ASSEMBLY, No. 1853

STATE OF NEW JERSEY

INTRODUCED JUNE 23, 1980

By Assemblymen BORNHEIMER, REMINGTON, KOSCO, T. GALLO
and ADUBATO

Referred to Committee on Banking and Insurance

AN ACT ******[concerning insurance, and amending section 10 of P. L. 1972, c. 70]****** *to amend and supplement the "New Jersey Automobile Repairation Reform Act," approved June 20, 1972 (P. L. 1972, c. 70).*******

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

1 1. Section 10 of P. L. 1972, c. 70 (C. 39:6A-10) is amended to
2 read as follows:

3 10. Additional personal injury protection coverage. Insurers
4 shall make available to the named insured covered under section 4,
5 ***and, at his option, to resident relatives in the household of the*
6 *named insured,*** suitable additional first-party coverage for income
7 continuation benefits, essential services benefits, ****[survivor]****
8 ***death*** benefits and funeral expense benefits******[. *This coverage*
9 *shall apply to the named insured and members of his family residing*
10 *in his household.]*** *, but the income continuation and essential*
11 *service benefits shall cease upon the death of the claimant, and shall*
12 *not operate to increase the amount of any death benefits payable*
13 *under section 4 and such additional first party coverage shall be*
14 *payable only to the extent that the claimant establishes that the*
15 *amount of loss sustained exceeds the coverage specified in section 4.*
16 *The additional coverage shall be offered by the insurer at least*
17 *annually on a form prescribed by the Commissioner of Insurance,*
18 *which shall be attached to or accompany all applications, initial*
19 *policies and renewal policies or renewal notices.*** Income con-
20 tinuation in excess of that provided for in section 4 must be pro-
21 vided as an option by insurers ****[to persons]**** for disabilities, as
22 long as the disability persists, up to an income level of \$35,000.00
23 per year, ****[with]**** ***provided that a.*** the excess between
24 \$5,200.00 and the amount of coverage contracted for ****[to]****

EXPLANATION—Metter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

25 ****shall**** be written on the basis of 75% of said difference******, and
26 *b. regardless of the duration of the disability, the benefits payable*
27 *shall not exceed the total maximum amount of income continuation*
27 *benefits contracted for*******. The Commissioner of Insurance is hereby
28 authorized and empowered to establish, by rule or regulations, the
29 amounts and terms of income continuation insurance to be provided
30 pursuant to this section.

1 ****2. (New section)** *The Commissioner of Insurance shall pre-*
2 *scribe and promulgate a form offering the additional coverage*
3 *described in section 1 of this act within 60 days after enactment of*
4 *this act.*******

1 ****[2.]**** ****3.**** This act shall take effect ****[immediately]****
2 ****[*90 days after enactment*]**** ****immediately and apply with**
3 *respect to all policies issued, delivered or renewed on or after 90*
4 *days from the date on which the form described in section 2 is*
5 *promulgated by the Commissioner of Insurance*******.

ASSEMBLY, No. 1853

STATE OF NEW JERSEY

INTRODUCED JUNE 23, 1980

By Assemblymen BORNHEIMER, REMINGTON, KOSCO, T. GALLO
and ADUBATO

Referred to Committee on Banking and Insurance

AN ACT concerning insurance, and amending section 10 of P. L.
1972, c. 70.

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

1 1. Section 10 of P. L. 1972, c. 70 (C. 39:6A-10) is amended to
2 read as follows:

3 10. Additional personal injury protection coverage. Insurers
4 shall make available to the named insured covered under section 4,
5 suitable additional first-party coverage for income continuation
6 benefits, essential services benefits, survivor benefits and funeral
7 expense benefits. *This coverage shall apply to the named insured*
8 *and members of his family residing in his household.* Income con-
9 tinuation in excess of that provided for in section 4 must be
10 provided as an option by insurers to persons for disabilities, as
11 long as the disability persists, up to an income level of \$35,000.00
12 per year, with the excess between \$5,200.00 and the amount of
13 coverage contracted for to be written on the basis of 75% of said
14 difference. The Commissioner of Insurance is hereby authorized
15 and empowered to establish, by rule or regulations, the amounts
16 and terms of income continuation insurance to be provided pur-
17 suant to this section.

1 2. This act shall take effect immediately.

STATEMENT

This legislation eliminates an inconsistency between sections 4 and 10 of P. L. 1972, c. 70 (the "New Jersey Automobile Reparation Reform Act"). Section 4 provides that all basic benefits under Personal Injury Protection coverage are payable to "the named insured and members of his family residing in his household." Section 10 benefits, however, which are optional benefits, are made available to the "named insured," without reference to members of his family. This bill corrects this oversight, making both sections consistent.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1853

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 29, 1980

This legislation amends section 10 of New Jersey's no-fault law (P. L. 1972, c. 70) to eliminate an inconsistency between sections 4 and 10 of the law. Section 4 provides for basic personal injury protection benefits, including income continuation benefits, essential services benefits, and funeral expense benefits. Section 10 provides for higher benefits in these categories which may be purchased as an option. While section 4 benefits are applicable to the named insured and the members of his family, the statutory language of section 10 is unclear with respect to the applicability of the section 10 benefits to members of the household as well as the named insured. This legislation makes the additional benefits available to both named insureds and members of their families residing in their household.

The Assembly Banking and Insurance Committee has changed the effective date of the act; as amended, the act would take effect 90 days after enactment.

SENATE LABOR, INDUSTRY AND PROFESSIONS
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 1853
with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 25, 1981

This bill amends section 10 of the "Automobile Reparation Reform Act" (no-fault) to provide that optional benefits be offered to the named insured and members of his family residing in his household.

This legislation is intended to eliminate an inconsistency between sections 4 and 10 of the New Jersey no-fault law. Section 4 provides for basic personal injury protection benefits, including income continuation benefits, essential services benefits, and funeral expense benefits. Section 10 provides for higher benefits in these categories which may be purchased as an option. While section 4 benefits are applicable to the named insured and the members of his family, the statutory language of section 10 is unclear with respect to the applicability of the section 10 benefits to members of the household as well as the named insured. This legislation makes the additional benefits available to both named insureds and members of their families residing in their household.

Amendments adopted by the Senate Labor, Industry, and Professions Committee would make it clear that an additional premium could be charged for the additional coverage provided for in the bill.

The amendments substitute the term "death benefit" for "survivor benefit", as "death benefit" is a more accurate description of the coverage provided under no-fault than is the term "survivor benefit."

The amendments provide that the optional income continuation benefits and essential services benefits would cease on the death of the claimant and would not operate to increase any basic death benefits provided for under section 4 of the no-fault law. This clarification is necessary in light of a recent court decision, *Muschette v. Gateway Ins. Co.*, 76 N. J. 560 (1978).

The amendments further provide that no income continuation benefits could be collected in excess of the net income normally received during the period in which the benefits are payable. This provision is intended to discourage the over-utilization of benefits.

The amendments would authorize the Commissioner of Insurance to prescribe, within 60 days of enactment, a form offering the additional coverage. The amended bill would apply to all policies issued, delivered, or renewed on or after 90 days from the date on which the form is prescribed.