

17:29C-8 and 17:29C-10

LEGISLATIVE HISTORY CHECKLIST

(Automobile insurance--cancellation for nonpayment--require 5-day grace period after effective date of notice)

NJSA 17:29C-8 and 17:29C-10

LAWS 1980

CHAPTER 165

Bill No. A1418

Sponsor(s) Bornheimer and others

Date Introduced April 14, 1980

Committee: Assembly Banking and Insurance

Senate Labor, Industry and Professions

Amended during passage Yes ~~No~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly April 28, 1980

Senate Oct. 9, 1980

Date of approval Dec. 10, 1980

Following statements are attached if available:

Sponsor statement	Yes	No (Below)
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

Sponsor's statement:

This legislation provides that a notice of cancellation for non-payment of premium shall not be effective if payment of the amount due is received by the insurer within 5 business days of the effective date of the notice and prescribes the means by which notices of cancellation shall be sent to the insured.

6/22/81

(over)

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Case mentioned in Senate committee statement:
Weathers v. Hartford, 77 NJ 228 (1978)

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ASSEMBLY, No. 1418

STATE OF NEW JERSEY

INTRODUCED APRIL 14, 1980

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

Referred to Committee on Banking and Insurance

AN ACT to amend "An act concerning cancellation and nonrenewal of automobile liability, physical damage or collision insurance policies," approved July 12, 1968 (P. L. 1968, c. 158).

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

1 ***[**1. Section 2 of P. L. 1968, c. 158 (C. 17:29C-7) is amended to
2 read as follows:

3 2. (A) A notice of cancellation of a policy shall be effective only
4 if it is based on one or more of the following reasons:

5 (a) Nonpayment of premium; *provided that a notice of can-*
6 *cancellation for nonpayment of premium shall not be effective*
7 *if payment of the amount due is received by the insurer within*
8 *5 business days of the effective date of such notice; or*

9 (b) The driver's license or motor vehicle registration of
10 the named insured or of any other operator who either re-
11 sides in the same household or customarily operates an auto-
12 mobile insured under the policy has been under suspension
13 or revocation during the policy period or, if the policy is a
14 renewal, during its policy period.

15 (B) This section shall not apply to any policy or coverage which
16 has been in effect less than 60 days at the time notice of cancellation
17 is mailed or delivered by the insurer unless it is a renewal policy.

18 (C) Modification of automobile physical damage coverage by
19 the inclusion of a deductible not exceeding \$100.00 shall not be
20 deemed a cancellation of the coverage or of the policy.

21 (D) This section shall not apply to nonrenewal.]*

1 *1. Section 3 of P. L. 1968, c. 158 (C. 17:29C-8) is amended to
2 read as follows:

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

3 3. No notice of cancellation of a policy to which section 2 applies
 4 shall be effective unless mailed or delivered by the insurer to the
 5 named insured at least 20 days prior to the effective date of can-
 6 cellation; provided, however, that where cancellation is for non-
 7 payment of premium at least ~~10~~ 15 days' notice of cancellation
 8 accompanied by the reason therefor shall be given. Unless the
 9 reason accompanies or is included in the notice of cancellation, the
 10 notice of cancellation shall state or be accompanied by a statement
 11 that upon written request of the named insured, mailed or delivered
 12 to the insurer not less than 15 days prior to the effective date of
 13 cancellation, the insurer will specify the reason for such cancella-
 14 tion.

15 This section shall not apply to nonrenewal.*

1 2. Section 5 of P. L. 1968, c. 158 (C. 17:29C-10) is amended to
 2 read as follows:

3 5. ~~Proof of mailing of notice of cancellation, or of intention not~~
 4 ~~to renew or of reasons for cancellation, to the named insured at~~
 5 ~~the address shown in the policy, shall be sufficient proof of notice.]~~

6 *No written notice of cancellation or of intention not to renew*
 7 *sent by an insurer to an insured in accordance with the provisions*
 8 *of an automobile insurance policy shall be effective unless a. (1)*
 9 *it is sent by certified mail**[, return receipt requested, and proof*
 10 *of mailing is accompanied by a return receipt signed by the policy-*
 11 *holder or a member of his household]** or (2) at the time of the*
 12 *mailing of said notice, by regular mail, the insurer has obtained*
 13 *from the Post Office Department a date stamped proof of mailing*
 14 *showing the name and address of the insured and b. the insurer*
 15 *has retained a duplicate copy of the mailed notice which is certified*
 16 *to be a true copy.*

1 3. This act shall take effect 90 days after its enactment.

ASSEMBLY, No. 1418

STATE OF NEW JERSEY

INTRODUCED APRIL 14, 1980

By Assemblymen BORNHEIMER, T. GALLO, MAYS, ORECHIO,
REMLINGTON, KOSCO and ADUBATO

Referred to Committee on Banking and Insurance

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4 if it is based on one or more of the following reasons:

5 (a) Nonpayment of premium; *provided that a notice of can-*
6 *cancellation for nonpayment of premium shall not be effective*
7 *if payment of the amount due is received by the insurer within*
8 *5 business days of the effective date of such notice; or*

9 (b) The driver's license or motor vehicle registration of
10 the named insured or of any other operator who either re-
11 sides in the same household or customarily operates an auto-
12 mobile insured under the policy has been under suspension
13 or revocation during the policy period or, if the policy is a
14 renewal, during its policy period.

15 (B) This section shall not apply to any policy or coverage which
16 has been in effect less than 60 days at the time notice of cancellation
17 is mailed or delivered by the insurer unless it is a renewal policy.

18 (C) Modification of automobile physical damage coverage by
19 the inclusion of a deductible not exceeding \$100.00 shall not be
20 deemed a cancellation of the coverage or of the policy.

21 (D) This section shall not apply to nonrenewal.

1 2. Section 5 of P. L. 1968, c. 158 (C. 17:29C-10) is amended to
2 read as follows:

3 5. [Proof of mailing of notice of cancellation, or of intention not
4 to renew or of reasons for cancellation, to the named insured at

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

5 the address shown in the policy, shall be sufficient proof of notice.】

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7 *sent by an insurer to an insured in accordance with the provisions*
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9 *it is sent by certified mail, return receipt requested, and proof of*
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11 *holder or a member of his household or (2) at the time of the*
12 *mailing of said notice, by regular mail, the insurer has obtained*
13 *from the Post Office Department a date stamped proof of mailing*
14 *showing the name and address of the insured and b. the insurer*
15 *has retained a duplicate copy of the mailed notice which is certified*
16 *to be a true copy.*

1 3. This act shall take effect 90 days after its enactment.

STATEMENT

This legislation provides that a notice of cancellation for non-payment of premium shall not be effective if payment of the amount due is received by the insurer within 5 business days of the effective date of the notice and prescribes the means by which notices of cancellation shall be sent to the insured.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1418

STATE OF NEW JERSEY

DATED: MARCH 19, 1980

This bill provides that no insurance policy may be cancelled for non-payment of premium if the amount due is made prior to the effective date of the cancellation notice. The bill also provides that cancellation notices sent to policyholders will not be effective unless sent by certified mail, return receipt requested, and proof of mailing is accompanied by a return receipt signed by the policyholder or a member of his household, or unless the insurer has obtained a date stamped proof of mailing showing the name and address of the insured, and the insurer has retained a duplicate copy of the mailed notice which is certified to be a true copy.

The committee has amended the legislation to amend a different section of the law with respect to cancellation, providing for 15 days' notice instead of 10 days.

ASSEMBLY COMMITTEE AMENDMENT TO
ASSEMBLY, No. 1418

STATE OF NEW JERSEY

ADOPTED APRIL 14, 1980

Amend page 1, section 1, lines 1-21, omit in entirety, insert:

“1. Section 3 of P. L. 1968, c. 158 (C. 17:29C-8) is amended to read as follows:

3. No notice of cancellation of a policy to which section 2 applies shall be effective unless mailed or delivered by the insurer to the named insured at least 20 days prior to the effective date of cancellation; provided, however, that where cancellation is for nonpayment of premium at least **[10]** 15 days' notice of cancellation accompanied by the reason therefor shall be given. Unless the reason accompanies or is included in the notice of cancellation, the notice of cancellation shall state or be accompanied by a statement that upon written request of the named insured, mailed or delivered to the insurer not less than 15 days prior to the effective date of cancellation, the insurer will specify the reason for such cancellation.

This section shall not apply to nonrenewal.”.

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

[SENATE REPRINT]
ASSEMBLY, No. 1418
[OFFICIAL COPY REPRINT]

with Senate committee amendment adopted June 9, 1980

STATE OF NEW JERSEY

INTRODUCED APRIL 14, 1980

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

Referred to Committee on Banking and Insurance

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9 (b) The driver's license or motor vehicle registration of
10 the named insured or of any other operator who either re-
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14 renewal, during its policy period.

15 (B) This section shall not apply to any policy or coverage which
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7 *sent by an insurer to an insured in accordance with the provisions*
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9 *it is sent by certified mail**[, return receipt requested, and proof*
10 *of mailing is accompanied by a return receipt signed by the policy-*
11 *holder or a member of his household]** or (2) at the time of the*
12 *mailing of said notice, by regular mail, the insurer has obtained*
13 *from the Post Office Department a date stamped proof of mailing*
14 *showing the name and address of the insured and b. the insurer*
15 *has retained a duplicate copy of the mailed notice which is certified*
16 *to be a true copy.*

1 3. This act shall take effect 90 days after its enactment.

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ASSEMBLY, No. 1418

STATE OF NEW JERSEY

INTRODUCED APRIL 14, 1980

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11 *holder or a member of his household or (2) at the time of the*
12 *mailing of said notice, by regular mail, the insurer has obtained*
13 *from the Post Office Department a date stamped proof of mailing*
14 *showing the name and address of the insured and b. the insurer*
15 *has retained a duplicate copy of the mailed notice which is certified*
16 *to be a true copy.*

1 3. This act shall take effect 90 days after its enactment.

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO
ASSEMBLY, No. 1418
with Senate committee amendments

STATE OF NEW JERSEY

DATED: JUNE 9, 1980

This bill would amend section 3 of P. L. 1968, c. 158, to provide that a notice of cancellation of an automobile liability, physical damage, or collision policy for nonpayment of premium must be mailed or delivered by the insurer 15 days prior to the effective date of cancellation, and that the reason for cancellation must be given.

To be effective, cancellation notices must be sent by certified mail, return receipt requested, and proof of mailing must be accompanied by a return receipt signed by the policyholder or a member of this household or, the insurer must obtain from the Post Office Department a date stamped proof of mailing showing the name and address of the insured, and must retain a copy of the mailed notice which is certified to be a true copy.

A recent court decision, *Weathers v. Hartford*, argued in the Supreme Court on April 24, 1973, cast some doubt on the sufficiency of the proof of mailing requirement of P. L. 1968, c. 158 (C. 17:29C-10). This bill is designed to make the proof of mailing requirement more explicit.

In addition, the bill would allow 15 days' notice of cancellation, rather than 10, for non-payment of premium.

The Senate Labor, Industry and Professions Committee amended the bill to eliminate the requirement that cancellation notices sent by certified mail be "return receipt requested."

SENATE COMMITTEE AMENDMENT TO
ASSEMBLY, No. 1418
[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

ADOPTED JUNE 9, 1980

Amend page 2, section 2, lines 9-11, after "mail", omit remainder of line 9, all of line 10 and "holder or a member of his household", on line 11.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

DECEMBER 11, 1980

PATRICK SWEENEY

Governor Brendan Byrne has signed the following bills:

S-1266, sponsored by Senator Steven P. Perskie (D-Atlantic), which provides for the expungement of adjudications of juvenile delinquency.

Under former juvenile law, those records could be sealed, but there was no provision for expunging them. (Sealed records can be maintained by an agency and used internally; expunged records must be removed from the agency's files and placed under the control of a designated custodian who is barred from releasing the records, except as provided by law).

A-1261, sponsored by Assemblyman James W. Bornheimer (D-Middlesex), which authorizes counties to compensate a municipality for vacating or relinquishing any rights which the municipality may have in streets within a county public park or recreational facility in excess of 500 acres. Middlesex County and East Brunswick need this enabling legislation in order to complete their agreement in the James Park acquisition.

A-1418, sponsored by Assemblyman Bornheimer, which governs the cancellation of automobile insurance policies. The bill requires that an insurer send a notice of cancellation or intention not to renew a policy by one of two methods: (1) by certified mail; or (2) by regular mail, but only if the insurer obtains a Postal Service proof of mailing certificate and the insurer has retained a true, certified copy of the mailed notice. The bill also requires insurers to give a 15 day notice of cancellation for non-payment of a premium where the cancellation is accompanied by a notice of the reasons for the cancellation.

A-1530, sponsored by Assemblyman Richard Van Wagner (D-Monmouth), which would exempt hearings in the Division of Taxation from the "contested case" provisions of the Administrative Procedure Act. This bill will eliminate the possibility of duplicative formal hearings.