

# LEGISLATIVE HISTORY CHECKLIST

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## *LAWS of 1999*

**CHAPTER:** 52

**NJSA:**17:29A-51

(Clarifies auto insurance rate reduction)

**BILL NO:**S1801 (Substituted for A15)

**SPONSOR(S):**DiFrancesco

**DATE INTRODUCED:** March 18, 1999

**COMMITTEE:**

*ASSEMBLY:*-----

*SENATE:*-----

**AMENDED DURING PASSAGE:**No

**DATE OF PASSAGE:**

*ASSEMBLY:*March 29, 1999

*SENATE:*March 22, 1999

**DATE OF APPROVAL:**March 31, 1999

### THE FOLLOWING ARE ATTACHED IF AVAILABLE:

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**FINAL TEXT OF BILL:** *Yes*Original

(Amendments during passage denoted by superscript numbers)

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## **S1801**

**SPONSORS STATEMENT:** *Yes*(Begins on page 3 of original bill)

**COMMITTEE STATEMENT:**

*ASSEMBLY:*No

*SENATE:*No

**FLOOR AMENDMENT STATEMENTS:** *No*

**LEGISLATIVE FISCAL ESTIMATE:** *No*

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## A15

**SPONSORS STATEMENT:** *Yes*(Begins on page 3 of original bill)  
Bill and Sponsor's Statement identical to S1801

**COMMITTEE STATEMENT:**

**ASSEMBLY:** *No*

**SENATE:** *No*

**FLOOR AMENDMENT STATEMENTS:***No*

**LEGISLATIVE FISCAL ESTIMATE:** *No*

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### GOVERNOR'S ACTIONS

**VETO MESSAGE:** *No*

**GOVERNOR'S PRESS RELEASE ON SIGNING:** *Yes* (2)

[March 29, 1999](#)

[March 31, 1999](#)

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### THE FOLLOWING WERE PRINTED:

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(609) 278-2640 ext. 102 or [refdesk@njstatelib.org](mailto:refdesk@njstatelib.org)*

**REPORTS:** *No*

**HEARINGS:** *No*

**NEWSPAPER ARTICLES:** *Yes*

"Whitman signs 2<sup>nd</sup> bill to slash auto insurance," Bridgewater Courier News, 4-1-99, p.B1.

"Whitman signs law spelling out 15% cut in insurance rates," Philadelphia Inquirer, 4-1-99, p. B8.

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P.L. 1999, CHAPTER 52, *approved March 31, 1999*

Senate, No. 1801

1 AN ACT concerning automobile insurance and amending P.L.1998,  
2 c.21.

3

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

6

7 1. Section 67 of P.L.1998, c.21 (C.17:29A-51) is amended to read  
8 as follows:

9 67. a. Except for the plan established pursuant to section 1 of  
10 P.L.1970, c.215 (C.17:29D-1), every insurer writing private passenger  
11 automobile insurance in this State pursuant to P.L.1972, c.70  
12 (C.39:6A-1 et seq.) shall file rates with the Commissioner of Banking  
13 and Insurance which result in:

14 (1) a reduction of at least 25% from the personal injury protection  
15 territorial base rate applicable to medical expense benefits, at least  
16 10% of which shall reflect a reduction in the actuarial value of the  
17 medical expense benefits provided pursuant to section 4 of P.L.1972,  
18 c.70 (C.39:6A-4), within the policy limits provided for in that section;

19 (2) a reduction of at least 22% in the territorial base rate for bodily  
20 injury liability coverage applicable to named insureds to whom the  
21 Limitation on Lawsuit Option provided for in subsection a. of section  
22 8 of P.L.1972, c.70 (C.39:6A-8) applies;

23 (3) a reduction of at least 6% in the territorial base rate for  
24 collision coverage which shall reflect the provisions of section 64 of  
25 this amendatory and supplementary act; and

26 (4) after the reductions required pursuant to paragraphs (1), (2)  
27 and (3) of this subsection have been applied, an additional aggregate  
28 reduction of at least 3% in the territorial base rates for personal injury  
29 protection, bodily injury, property damage, comprehensive and  
30 collision coverages, as apportioned by the insurer and approved by the  
31 commissioner, which reduction is attributable to the effect of the  
32 enhanced insurance fraud provisions of this amendatory and  
33 supplementary act and of other such laws including, but not limited to  
34 P.L.1997, c.353 (C.2C:21-4.2 et seq.) and P.L.1997, c.151  
35 (C.17:33B-64 et al.).

36 b. For the purposes of an insurer's rate filing made pursuant to  
37 subsection a. of this section, in order that the filing result in an overall  
38 rate reduction of 15%, the insurer may satisfy the requirements of  
39 paragraphs (1) through (4) of subsection a. by filing a rating plan that  
40 either:

41 (1) provides: (a) for policies applicable to named insureds to whom

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

**Matter underlined thus is new matter.**

1 the Limitation on Lawsuit Option provided for in subsection a. of  
2 section 8 of P.L. 1972, c.70 (C.39:6A-8) applies, a 15% reduction by  
3 coverage in the territorial base rates and expense fees for personal  
4 injury protection coverage, property damage liability coverage,  
5 uninsured and underinsured motorist coverage, collision coverage,  
6 comprehensive coverage, and bodily injury liability coverage, and (b)  
7 for policies applicable to named insureds to whom the No Limitation  
8 on Lawsuit Option provided for in subsection b. of section 8 of  
9 P.L.1972, c.70 (C.39:6A-8) applies, a 15% reduction by coverage in  
10 the territorial base rates and expense fees for personal injury  
11 protection coverage, property damage liability coverage, collision  
12 coverage and comprehensive coverage, and a 3% reduction in the  
13 territorial base rates and a 15% reduction in the expense fees for  
14 bodily injury liability coverage and uninsured and underinsured  
15 motorist coverage; or

16 (2) provides, for policies applicable to named insureds to whom the  
17 Limitation on Lawsuit Option provided for in subsection a. of section  
18 8 of P.L.1972, c.70 (C.39:6A-8) applies: (a) at least a 15% reduction  
19 in the aggregate premium for policies that contain only personal injury  
20 protection coverage, bodily injury liability coverage, property damage  
21 liability coverage, uninsured and underinsured motorist coverage; and  
22 (b) a reduction in accordance with the insurer's overall 15% rate  
23 reduction provided for in this subsection, for policies that contain  
24 personal injury protection coverage, property damage liability  
25 coverage, uninsured and underinsured motorist coverage, bodily injury  
26 liability coverage, collision coverage and comprehensive coverage,  
27 provided that the application of such overall rate reduction to  
28 individual policies shall not result in a deviation of more than 2% from  
29 that overall reduction.

30 c. The rate filings reflecting these reductions shall apply to policies  
31 issued or renewed on or after 90 days following:

32 (1) the establishment by the commissioner of basic benefits  
33 required to be provided pursuant to section 4 of P.L.1972, c.70  
34 (C.39:6A-4); or

35 (2) the adoption by rule of the professional boards of the  
36 designation of valid diagnostic tests pursuant to the provisions of  
37 section 12 of P.L.1998, c.21 (C.39:6A-4.7);

38 whichever is later.

39 (cf: P.L.1998, c.21, s.67)

40

41 2. This act shall take effect immediately and apply to any rate  
42 reduction filing required to be effective by March 22, 1999 pursuant  
43 to the provisions of P.L.1998, c.21 (C.39:6A-1.1 et al.).

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STATEMENT

This bill clarifies that the intent of the Legislature in enacting the "Automobile Insurance Cost Reduction Act," P.L.1998, c.21 (C.39:6A-1.1 et al.), is that private passenger automobile insurance rates be reduced an overall 15% so that the public immediately receives the benefits of the cost reduction and coverage change provisions of the act. This bill establishes additional rating methodologies to be used by insurers to effectuate a 15% overall rate reduction.

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Clarifies rate reduction in "Automobile Insurance Cost Reduction Act."

# SENATE, No. 1801

## STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED MARCH 18, 1999

**Sponsored by:**

**Senator DONALD T. DIFRANCESCO**

**District 22 (Middlesex, Morris, Somerset and Union)**

**Co-Sponsored by:**

**Assemblymen Collins, Doria, Bateman, Felice, DeCroce, Kramer, O'Toole,  
DiGaetano, Gregg, Bodine, Assemblywoman Murphy, Assemblymen  
Augustine, Asselta, LeFevre, Luongo and Thompson**

**SYNOPSIS**

Clarifies rate reduction in "Automobile Insurance Cost Reduction Act."

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/30/1999)**

S1801 DIFRANCESCO

2

1 AN ACT concerning automobile insurance and amending P.L.1998,  
2 c.21.

3

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

6

7 1. Section 67 of P.L.1998, c.21 (C.17:29A-51) is amended to read  
8 as follows:

9 67. a. Except for the plan established pursuant to section 1 of  
10 P.L.1970, c.215 (C.17:29D-1), every insurer writing private passenger  
11 automobile insurance in this State pursuant to P.L.1972, c.70  
12 (C.39:6A-1 et seq.) shall file rates with the Commissioner of Banking  
13 and Insurance which result in:

14 (1) a reduction of at least 25% from the personal injury protection  
15 territorial base rate applicable to medical expense benefits, at least  
16 10% of which shall reflect a reduction in the actuarial value of the  
17 medical expense benefits provided pursuant to section 4 of P.L.1972,  
18 c.70 (C.39:6A-4), within the policy limits provided for in that section;

19 (2) a reduction of at least 22% in the territorial base rate for bodily  
20 injury liability coverage applicable to named insureds to whom the  
21 Limitation on Lawsuit Option provided for in subsection a. of section  
22 8 of P.L.1972, c.70 (C.39:6A-8) applies;

23 (3) a reduction of at least 6% in the territorial base rate for  
24 collision coverage which shall reflect the provisions of section 64 of  
25 this amendatory and supplementary act; and

26 (4) after the reductions required pursuant to paragraphs (1), (2)  
27 and (3) of this subsection have been applied, an additional aggregate  
28 reduction of at least 3% in the territorial base rates for personal injury  
29 protection, bodily injury, property damage, comprehensive and  
30 collision coverages, as apportioned by the insurer and approved by the  
31 commissioner, which reduction is attributable to the effect of the  
32 enhanced insurance fraud provisions of this amendatory and  
33 supplementary act and of other such laws including, but not limited to  
34 P.L.1997, c.353 (C.2C:21-4.2 et seq.) and P.L.1997, c.151  
35 (C.17:33B-64 et al.).

36 b. For the purposes of an insurer's rate filing made pursuant to  
37 subsection a. of this section, in order that the filing result in an overall  
38 rate reduction of 15%, the insurer may satisfy the requirements of  
39 paragraphs (1) through (4) of subsection a. by filing a rating plan that  
40 either:

41 (1) provides: (a) for policies applicable to named insureds to whom  
42 the Limitation on Lawsuit Option provided for in subsection a. of  
43 section 8 of P.L. 1972, c.70 (C.39:6A-8) applies, a 15% reduction by

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

**Matter underlined thus is new matter.**

1 coverage in the territorial base rates and expense fees for personal  
2 injury protection coverage, property damage liability coverage,  
3 uninsured and underinsured motorist coverage, collision coverage,  
4 comprehensive coverage, and bodily injury liability coverage, and (b)  
5 for policies applicable to named insureds to whom the No Limitation  
6 on Lawsuit Option provided for in subsection b. of section 8 of  
7 P.L.1972, c.70 (C.39:6A-8) applies, a 15% reduction by coverage in  
8 the territorial base rates and expense fees for personal injury  
9 protection coverage, property damage liability coverage, collision  
10 coverage and comprehensive coverage, and a 3% reduction in the  
11 territorial base rates and a 15% reduction in the expense fees for  
12 bodily injury liability coverage and uninsured and underinsured  
13 motorist coverage; or

14 (2) provides, for policies applicable to named insureds to whom the  
15 Limitation on Lawsuit Option provided for in subsection a. of section  
16 8 of P.L.1972, c.70 (C.39:6A-8) applies: (a) at least a 15% reduction  
17 in the aggregate premium for policies that contain only personal injury  
18 protection coverage, bodily injury liability coverage, property damage  
19 liability coverage, uninsured and underinsured motorist coverage; and  
20 (b) a reduction in accordance with the insurer's overall 15% rate  
21 reduction provided for in this subsection, for policies that contain  
22 personal injury protection coverage, property damage liability  
23 coverage, uninsured and underinsured motorist coverage, bodily injury  
24 liability coverage, collision coverage and comprehensive coverage,  
25 provided that the application of such overall rate reduction to  
26 individual policies shall not result in a deviation of more than 2% from  
27 that overall reduction.

28 c. The rate filings reflecting these reductions shall apply to policies  
29 issued or renewed on or after 90 days following:

30 (1) the establishment by the commissioner of basic benefits  
31 required to be provided pursuant to section 4 of P.L.1972, c.70  
32 (C.39:6A-4); or

33 (2) the adoption by rule of the professional boards of the  
34 designation of valid diagnostic tests pursuant to the provisions of  
35 section 12 of P.L.1998, c.21 (C.39:6A-4.7);

36 whichever is later.

37 (cf: P.L.1998, c.21, s.67)

38

39 2. This act shall take effect immediately and apply to any rate  
40 reduction filing required to be effective by March 22, 1999 pursuant  
41 to the provisions of P.L.1998, c.21 (C.39:6A-1.1 et al.).

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#### STATEMENT

44

45 This bill clarifies that the intent of the Legislature in enacting the  
46 "Automobile Insurance Cost Reduction Act," P.L.1998, c.21



**S1801 DIFRANCESCO**

1 (C.39:6A-1.1 et al.), is that private passenger automobile insurance  
2 rates be reduced an overall 15% so that the public immediately  
3 receives the benefits of the cost reduction and coverage change  
4 provisions of the act. This bill establishes additional rating  
5 methodologies to be used by insurers to effectuate a 15% overall rate  
6 reduction.

**ASSEMBLY, No. 15**

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**STATE OF NEW JERSEY**

**208th LEGISLATURE**

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INTRODUCED MARCH 25, 1999

**Sponsored by:**

**Assemblyman JACK COLLINS**

**District 3 (Salem, Cumberland and Gloucester)**

**Assemblyman JOSEPH V. DORIA, JR.**

**District 31 (Hudson)**

**Co-Sponsored by:**

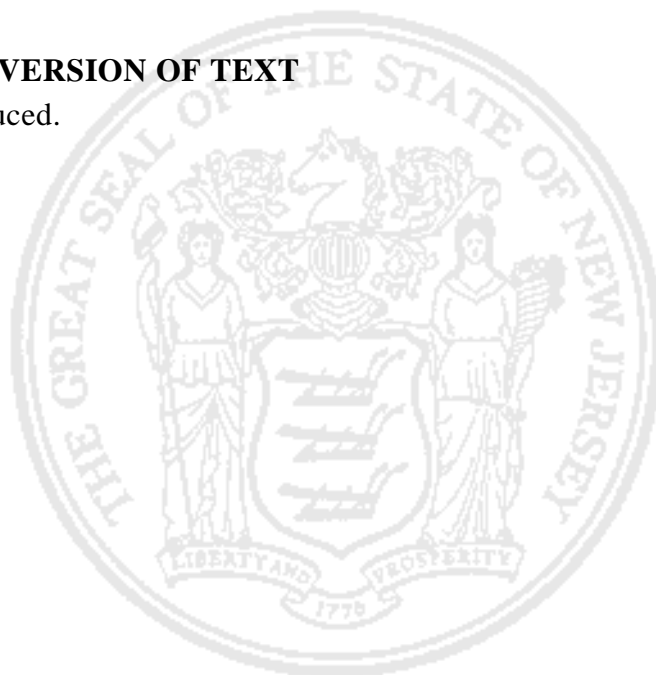
**Assemblymen Bateman, Felice, DeCroce, Kramer, O'Toole, DiGaetano,  
Gregg, Bodine, Assemblywoman Murphy, Assemblymen Augustine,  
Asselta, LeFevre, Luongo and Thompson**

**SYNOPSIS**

Clarifies rate reduction in "Automobile Insurance Cost Reduction Act."

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/30/1999)**

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24 collision coverage which shall reflect the provisions of section 64 of  
25 this amendatory and supplementary act; and

26 (4) after the reductions required pursuant to paragraphs (1), (2)  
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31 commissioner, which reduction is attributable to the effect of the  
32 enhanced insurance fraud provisions of this amendatory and  
33 supplementary act and of other such laws including, but not limited to  
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19 liability coverage, uninsured and underinsured motorist coverage; and  
20 (b) a reduction in accordance with the insurer's overall 15% rate  
21 reduction provided for in this subsection, for policies that contain  
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23 coverage, uninsured and underinsured motorist coverage, bodily injury  
24 liability coverage, collision coverage and comprehensive coverage,  
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35 section 12 of P.L.1998, c.21 (C.39:6A-4.7);

36 whichever is later.

37 (cf: P.L.1998, c.21, s.67)

38

39 2. This act shall take effect immediately and apply to any rate  
40 reduction filing required to be effective by March 22, 1999 pursuant  
41 to the provisions of P.L.1998, c.21 (C.39:6A-1.1 et al.).

1 STATEMENT

2

3 This bill clarifies that the intent of the Legislature in enacting the  
4 "Automobile Insurance Cost Reduction Act," P.L.1998, c.21  
5 (C.39:6A-1.1 et al.), is that private passenger automobile insurance  
6 rates be reduced an overall 15% so that the public immediately  
7 receives the benefits of the cost reduction and coverage change  
8 provisions of the act. This bill establishes additional rating  
9 methodologies to be used by insurers to effectuate a 15% overall rate  
10 reduction.

*Office of the Governor*  
**NEWS RELEASE**

PO BOX 004  
TRENTON, NJ 08625

CONTACT: Jayne O'Connor  
609-777-2600

RELEASE: March 29, 1999

## **Whitman Hails Assembly Bill on Mandatory 15 Percent Auto Insurance Rate Cut**

Gov. Christie Whitman today issued the following statement on the passage of legislation by the General Assembly to clarify that her auto insurance reform law guarantees a 15% rate reduction:

"The Legislature and I were very clear last year when we enacted the most meaningful automobile insurance reform this state has seen in more than a quarter-century that most drivers are guaranteed a rate reduction of at least 15% on their auto insurance policies.

"Unfortunately, there are some chiropractors and medical doctors who want to cling to the old system that encouraged fraud and abuse by practitioners and drove up insurance rates. They continue to take legal action to prevent motorists from obtaining reductions in their auto insurance premiums.

"I am pleased that the Assembly took action today, on behalf of the state's motorists, to clarify once and for all that auto insurance rates must be reduced by a minimum of 15%."

## **Governor Signs Auto Bill Insuring 15% Rate Reduction**

Gov. Christie Whitman today signed legislation that clarifies the intent of the auto insurance reform she enacted last spring. The bill requires an overall premium reduction of 15%, ensuring that drivers will immediately receive the benefits of the cost reduction and coverage changes that were part of the law.

S-1801, sponsored by Senate President Don DiFrancesco (R- Middlesex/Morris/ Somerset/Union), Speaker of the Assembly Jack Collins (R-Salem/Cumberland/ Gloucester) and Assembly Minority Leader Joseph V. Doria Jr. (D-Hudson), establishes additional rating methods to be used by insurers to provide the 15% overall rate reduction. The bill codifies the Department of Banking and Insurance's most recent order to the insurance industry to effect a 15% overall rate reduction.

"When I said last May that car insurance would be reduced by 15% I meant it. Despite the efforts of special interest groups who have their own interests in mind, we have succeeded in providing relief to New Jerseyans who were tired of paying high auto insurance," said Governor Whitman. "The intent of the bill was to provide an overall rate reduction of 15% and that was made very clear. Unfortunately, some special interests have tried to prevent the reduction from going into effect."

"I am very pleased that the court let the reform go forward," said the Governor. "I am equally happy that the legislature moved so quickly to ensure that no group out to better position themselves could attempt to derail our efforts for a 15% reduction on behalf of New Jersey's drivers. I am confident that further efforts to stall this reduction will fail and that New Jersey drivers will benefit from the most meaningful insurance reform the state has seen in more than a quarter-century."

Specifically, the bill says if an insurer does not reach an overall rate reduction of 15% by filing rates that are reduced by coverage as specified in AICRA (Auto Insurance Cost Reduction Act), they can file rates that are:

Reduced 15% "across the board" on each coverage provided, with the exception of bodily injury liability coverage for those insureds who have the no limitation on lawsuit option; or

For those who have the limitation on lawsuit threshold, reduced 15% in the aggregate premium for policies that provide mandatory coverages only, or reduced 13% for policies that provide collision and comprehensive coverage.