

17:29A-52

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2007 **CHAPTER:** 240
NJSA: 17:29A-52 (Eliminates requirements for private passenger automobile insurers and agents to provide certain information on premium options)
BILL NO: A3863

SPONSOR(S) Cohen and Others

DATE INTRODUCED: January 4, 2007

COMMITTEE: **ASSEMBLY:** Financial Institutions and Insurance

SENATE: Commerce

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** June 21, 2007

SENATE: December 10, 2007

DATE OF APPROVAL: January 3, 2008

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (Original version of bill enacted)

A3863

[SPONSOR'S STATEMENT:](#) (Begins on page 3 of original bill) [Yes](#)

COMMITTEE STATEMENT: **[ASSEMBLY:](#)** [Yes](#)

[SENATE:](#) [Yes](#)

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL NOTE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or <mailto:refdesk@njstatelib.org>.

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

P.L. 2007, CHAPTER 240, *approved January 3, 2008*
Assembly, No. 3863

1 AN ACT concerning provision of premium options for automobile
2 insurance and amending P.L.2003, c.89 and P.L.1990, c.8.

3

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

6

7 1. Section 43 of P.L.2003, c.89 (C.17:29A-52) is amended to
8 read as follows:

9 43. a. Every insurer writing private passenger automobile
10 insurance in this State shall provide each insured at least annually
11 and each applicant upon receipt of initial application with an
12 Automobile Insurance Consumer Bill of Rights. The Automobile
13 Insurance Consumer Bill of Rights shall contain information that
14 the Commissioner of Banking and Insurance establishes by
15 regulation as necessary, relevant or appropriate to improve the
16 understanding of the rights and responsibilities of consumers and
17 insurers regarding automobile insurance.

18 b. To further assist consumers in evaluating an automobile
19 insurer, the commissioner shall develop and disseminate an
20 Automobile Insurance Report Card. Those insurers with more than
21 50,000 insured private passenger automobiles writing private
22 passenger automobile insurance in this State shall maintain and
23 submit annually to the commissioner customer satisfaction data.
24 The commissioner shall establish by regulation the methodology
25 and criteria to be used in collecting the customer satisfaction data,
26 including, but not limited to, the use of a survey. This data,
27 including consumer complaint ratios and other relevant consumer
28 information designated by the commissioner, shall be included in
29 the Automobile Insurance Report Card. The Automobile Insurance
30 Report Card shall be available on the official website of the
31 Department of Banking and Insurance, and shall be updated
32 annually.

33 c. **[**Every insurer writing private passenger automobile
34 insurance in this State shall also provide each new applicant seeking
35 automobile insurance and each insured upon request, with three
36 premium scenarios demonstrating the effect of different coverage
37 choices. The commissioner shall establish by regulation the types
38 of coverage examples for which insurers shall provide premium
39 scenarios and the time in which such scenarios shall be provided.**]**
40 (Deleted by amendment, P.L. , c.)

41 d. If the commissioner finds, after notice and hearing, that an
42 insurer has a pattern and practice of failing to provide any of the
43 information required by this section, the commissioner may, after
44 notice and hearing, order the payment of a penalty not to exceed
45 \$1,000 for each offense. Each instance of a failure to provide

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 information to an insured, an applicant or the commissioner, as the
2 case may be, shall be a separate offense and subject to assessment
3 of a separate penalty. Penalties assessed pursuant to this section
4 shall be collected by the commissioner pursuant to the "Penalty
5 Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.).

6 (cf:P.L.2003, c.89, s.43)
7

8 2. Section 30 of P.L.1990, c.8 (C.17:33B-18) is amended to read
9 as follows:

10 30. a. A licensed insurance agent shall, as a condition of
11 licensure:

12 (1) **【Provide each eligible person seeking automobile insurance**
13 **premium quotations for the forms or types of automobile insurance**
14 **coverages which are offered by all insurers represented by the agent**
15 **or with which the agent places risks;】** (Deleted by amendment,
16 P.L. , c.)

17 (2) Not attempt to channel an eligible person away from an
18 insurer or insurance coverage with the purpose or effect of avoiding
19 an agent's obligation to submit an application or an insurer's
20 obligation to accept an eligible person; and

21 (3) Upon request, submit an application of the eligible person
22 for automobile insurance to the insurer selected by the eligible
23 person.

24 If a UEZ agent has a contract with a qualified insurer pursuant to
25 the provisions of section 22 of P.L.1997, c.151 (C.17:33C-4) and
26 the UEZ agent is unable to place an otherwise eligible person with
27 that qualified insurer because of the limitation on the number of
28 exposures imposed by that qualified insurer on the UEZ agent, the
29 UEZ agent shall be deemed to have met the requirements of this
30 subsection, provided that the limitation on the number of exposures
31 has been reached and the UEZ agent fulfills all applicable
32 regulatory requirements.

33 b. With respect to automobile insurance, an insurer shall not
34 penalize an agent by paying less than normal commissions or
35 normal compensation or salary because of the expected or actual
36 experience produced by the agent's automobile insurance business
37 or because of the geographic location of automobile insurance
38 business written by the agent.

39 (cf: P.L.1997, c.151, s.25)
40

41 3. This act shall take effect immediately.
42

43 STATEMENT

44
45 This bill eliminates certain requirements for insurers to provide
46 premium scenarios and insurance agents to provide premium
47 quotations in relation to offering private passenger automobile
48 insurance.

1 The bill eliminates the requirement for insurers writing private
2 passenger automobile insurance to provide each new applicant
3 seeking automobile insurance, and each insured upon request, with
4 three premium scenarios demonstrating the effect of different
5 coverage choices. Experience has shown that this requirement
6 offers very little benefit to consumers who tend to disregard these
7 hypothetical coverage scenarios that are often not based on the
8 consumer's individual circumstances.

9 The bill also eliminates the requirement for insurance agents to
10 provide each eligible person seeking insurance with premium
11 quotations for the forms or types of automobile insurance coverages
12 offered by all insurers represented by the agent or with which the
13 agent places risks. This requirement places an unnecessary
14 obligation on insurance agents and does not serve consumers
15 because it fails to take into account all factors that agents consider
16 when offering coverage options to consumers. Experience has
17 shown that it is inappropriate or impractical for an agent to provide
18 quotations from all companies that the agent represents. In many
19 situations the coverage offered is not appropriate for a consumer's
20 particular circumstances, a company is in financial difficulty, a
21 company offers the same coverage as another company but at a
22 higher premium, or a consumer asks to purchase insurance from a
23 specific insurance company. In addition, this requirement does not
24 benefit all consumers, since those who purchase automobile
25 insurance through a direct writer company or a captive agent
26 company are only provided with one quote for that sole company.

27

28

29

30

31 Eliminates requirements for private passenger automobile
32 insurers and agents to provide certain information on premium
33 options.

ASSEMBLY, No. 3863

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED JANUARY 4, 2007

Sponsored by:

Assemblyman NEIL M. COHEN

District 20 (Union)

Assemblyman JOHN S. WISNIEWSKI

District 19 (Middlesex)

Assemblyman CHRISTOPHER "KIP" BATEMAN

District 16 (Morris and Somerset)

Assemblywoman CHARLOTTE VANDERVALK

District 39 (Bergen)

Co-Sponsored by:

Assemblyman Greenwald

SYNOPSIS

Eliminates requirements for private passenger automobile insurers and agents to provide certain information on premium options.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/22/2007)

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2 insurance and amending P.L.2003, c.89 and P.L.1990, c.8.

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13 Insurance Consumer Bill of Rights shall contain information that
14 the Commissioner of Banking and Insurance establishes by
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16 understanding of the rights and responsibilities of consumers and
17 insurers regarding automobile insurance.

18 b. To further assist consumers in evaluating an automobile
19 insurer, the commissioner shall develop and disseminate an
20 Automobile Insurance Report Card. Those insurers with more than
21 50,000 insured private passenger automobiles writing private
22 passenger automobile insurance in this State shall maintain and
23 submit annually to the commissioner customer satisfaction data.
24 The commissioner shall establish by regulation the methodology
25 and criteria to be used in collecting the customer satisfaction data,
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27 including consumer complaint ratios and other relevant consumer
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33 c. **[**Every insurer writing private passenger automobile
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41 d. If the commissioner finds, after notice and hearing, that an
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43 information required by this section, the commissioner may, after
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24 higher premium, or a consumer asks to purchase insurance from a
25 specific insurance company. In addition, this requirement does not
26 benefit all consumers, since those who purchase automobile
27 insurance through a direct writer company or a captive agent
28 company are only provided with one quote for that sole company.

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3863

STATE OF NEW JERSEY

DATED: MAY 10, 2007

The Assembly Financial Institutions and Insurance Committee reports favorably Assembly Bill No. 3863.

This bill eliminates certain requirements for insurers to provide premium scenarios and insurance agents to provide premium quotations in relation to offering private passenger automobile insurance.

The bill eliminates the requirement for insurers writing private passenger automobile insurance to provide each new applicant seeking automobile insurance, and each insured upon request, with three premium scenarios demonstrating the effect of different coverage choices. Experience has shown that this requirement offers very little benefit to consumers who tend to disregard these hypothetical coverage scenarios that are often not based on the consumer's individual circumstances.

The bill also eliminates the requirement for insurance agents to provide each eligible person seeking insurance with premium quotations for the forms or types of automobile insurance coverages offered by all insurers represented by the agent or with which the agent places risks. This requirement places an unnecessary obligation on insurance agents and does not serve consumers because it fails to take into account all factors that agents consider when offering coverage options to consumers. Experience has shown that it is inappropriate or impractical for an agent to provide quotations from all companies that the agent represents. In many situations the coverage offered is not appropriate for a consumer's particular circumstances, a company is in financial difficulty, a company offers the same coverage as another company but at a higher premium, or a consumer asks to purchase insurance from a specific insurance company. In addition, this requirement does not benefit all consumers, since those who purchase automobile insurance through a direct writer company or a captive agent company are only provided with one quote for that sole company.

SENATE COMMERCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3863

STATE OF NEW JERSEY

DATED: DECEMBER 3, 2007

The Senate Commerce Committee reports favorably Assembly Bill No. 3863.

This bill eliminates certain requirements for insurers to provide premium scenarios and insurance agents to provide premium quotations in relation to offering private passenger automobile insurance.

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