

**SENATE, No. 2268**

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**STATE OF NEW JERSEY**

**212th LEGISLATURE**

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INTRODUCED OCTOBER 16, 2006

**Sponsored by:**

**Senator NIA H. GILL**

**District 34 (Essex and Passaic)**

**Senator RONALD L. RICE**

**District 28 (Essex)**

**Assemblyman NEIL M. COHEN**

**District 20 (Union)**

**Assemblyman LOUIS M. MANZO**

**District 31 (Hudson)**

**Assemblyman DOUGLAS H. FISHER**

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

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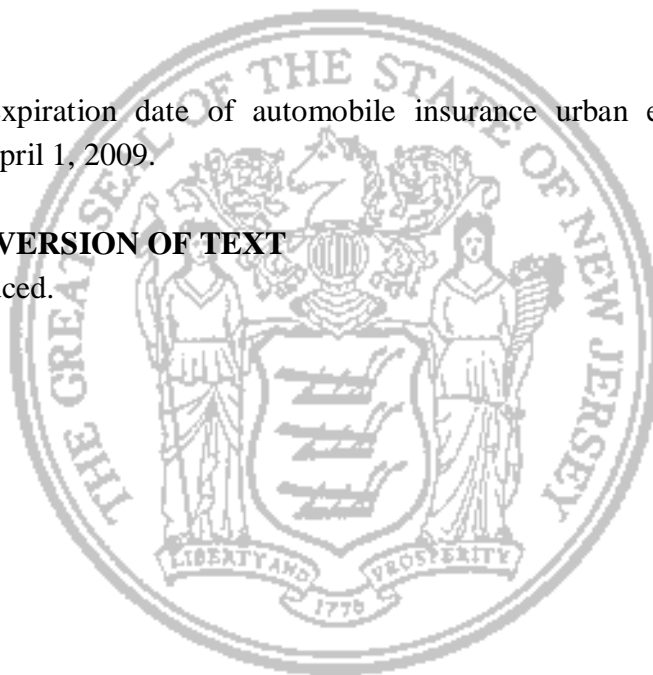
**Assemblywoman Cruz-Perez**

**SYNOPSIS**

Extends expiration date of automobile insurance urban enterprise zone program to April 1, 2009.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 12/15/2006)**

1 AN ACT concerning automobile insurance urban enterprise zones  
2 and amending P.L.1970, c.215.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. Section 1 of P.L.1970, c.215 (C.17:29D-1) is amended to read  
8 as follows:

9 1. The Commissioner of Banking and Insurance may adopt,  
10 issue and promulgate rules and regulations establishing a plan for  
11 the providing and apportionment of insurance coverage for  
12 applicants therefor who are in good faith entitled to, but are unable  
13 to procure the same, through ordinary methods. Every insurer  
14 admitted to transact and transacting any line, or lines, of insurance  
15 in the State of New Jersey shall participate in such plan and provide  
16 insurance coverage to the extent required in such rules and  
17 regulations.

18 The governing board of any plan established pursuant to the  
19 commissioner's rules and regulations shall continue to exercise such  
20 administrative authority, subject to the commissioner's oversight  
21 and as provided in any rules and regulations promulgated pursuant  
22 to this section, as is necessary to ensure the plan's efficient  
23 operation, including, but not limited to, the authority to investigate  
24 complaints and hear appeals from applicants, insureds, producers,  
25 servicing carriers or participants about any matter pertaining to the  
26 plan's proper administration, as well as the authority to appoint  
27 subcommittees to hear such appeals. Any determination of an  
28 appeal by a plan's governing board shall be subject to review by the  
29 commissioner on the record below, and shall not be considered a  
30 contested case under the "Administrative Procedure Act," P.L.1968,  
31 c.410 (C.52:14B-1 et seq.). The commissioner's determination shall  
32 be a final order and shall be subject to review by the Superior  
33 Court.

34 Any plan established pursuant to this section to provide  
35 insurance for automobiles, as defined in section 2 of P.L.1972, c.70  
36 (C.39:6A-2), shall provide:

37 a. For a rating system which shall produce rates for each  
38 coverage which are adequate for the safeness and soundness of the  
39 plan, and are not excessive nor unfairly discriminatory with regard  
40 to risks in the plan involving essentially the same hazards and  
41 expense elements, which rates may be changed from time to time by  
42 a filing with the commissioner in a manner and form approved by  
43 the commissioner;

44 b. For rates charged to plan insureds which shall be sufficient  
45 to meet the plan's expenses and the plan's losses on an incurred  
46 basis, including the establishment and maintenance of actuarially

**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 sound loss reserves to cover all future costs associated with the  
2 exposure;
- 3 c. For a limited assignment distribution system permitting  
4 insurers to enter into agreements with other mutually agreeable  
5 insurers or other qualified entities to transfer their applicants and  
6 insureds under such plan to such insurers or other entities, including  
7 applicants and insureds who may be covered by special automobile  
8 insurance policies issued pursuant to section 45 of P.L.2003, c.89  
9 (C.39:6A-3.3);
- 10 d. That it shall not provide insurance coverage for more than  
11 10 percent of the aggregate number of private passenger automobile  
12 non-fleet exposures being written in the total private passenger  
13 automobile insurance market in this State. The plan shall provide  
14 for the cessation of the acceptance of applications or the issuance of  
15 new policies to eligible persons at any time it reaches 10 percent of  
16 marketshare, as certified by the commissioner, until such time that  
17 the commissioner certifies that the plan is insuring less than 10  
18 percent of the aggregate number of private passenger automobile  
19 non-fleet exposures being written in the total private passenger  
20 automobile insurance market in this State;
- 21 e. Except for risks written in automobile insurance urban  
22 enterprise zones pursuant to subsection i., or risks written pursuant  
23 to subsection j. of this section, that it shall not provide coverage to  
24 an eligible person as defined pursuant to section 25 of P.L.1990, c.8  
25 (C.17:33B-13);
- 26 f. (Deleted by amendment, P.L.1997, c.151.)
- 27 g. That the plan shall not be subsidized by any source external  
28 to the plan;
- 29 h. That a qualified insurer who writes automobile insurance  
30 risks in those automobile insurance urban enterprise zones  
31 designated by the commissioner pursuant to section 20 of P.L.1997,  
32 c.151 (C.17:33C-2) shall receive assigned risk credits for voluntary  
33 risks written in those designated automobile insurance urban  
34 enterprise zones as a direct writer or through a UEZ agent or agents  
35 or through any agent with whom the insurer has an in-force contract  
36 as of the effective date of P.L.1997, c.151 (C.17:33B-64 et al.).  
37 The commissioner shall establish by regulation the manner in which  
38 any qualified automobile insurer may utilize the provisions of this  
39 subsection. In no event shall that credit apply to reduce an insurer's  
40 obligations under subsection i. of this section;
- 41 i. (1) For a voluntary rating tier to accommodate eligible  
42 persons, as defined in section 25 of P.L.1990, c.8 (C.17:33B-13),  
43 residing in automobile insurance urban enterprise zones, designated  
44 by the commissioner pursuant to section 20 of P.L.1997, c.151  
45 (C.17:33C-2), to provide increased availability and encourage the  
46 voluntary writing of eligible persons residing in those zones;

1       (2) The rates utilized in this voluntary rating tier shall be the  
2 voluntary market rates in use by the insurer to whom the risk is  
3 assigned in that territory;

4       (3) The voluntary rating tier shall not provide insurance  
5 coverage for more than five percent of the aggregate number of  
6 private passenger automobile non-fleet exposures being written in  
7 the total private passenger automobile insurance market in this  
8 State, and the number of exposures written in the voluntary rating  
9 tier shall be included for computing the maximum number of  
10 exposures permitted to be written in the plan;

11       (4) The plan shall distribute risks submitted by qualified  
12 producers to insurers authorized to write automobile insurance in  
13 this State pursuant to a fair and nondiscriminatory formula  
14 established by the commissioner. The formula shall provide that  
15 insurers which have, and maintain, an aggregate voluntary  
16 automobile insurance marketshare in automobile insurance urban  
17 enterprise zones, which is reasonably equal to the insurer's  
18 voluntary Statewide marketshare excluding risks written in  
19 automobile insurance urban enterprise zones, shall be exempt from  
20 these distributions;

21       (5) Qualified producers may submit eligible person risks from  
22 automobile insurance urban enterprise zones to the plan for  
23 coverage in the voluntary rating tier. As used in this subsection i.: a  
24 "qualified producer" means a UEZ agent, as defined in section 19 of  
25 P.L.1997, c.151 (C.17:33C-1), who has met any limit on exposures  
26 that may be written in accordance with the UEZ agent's agreement  
27 with the appointing insurer pursuant to section 22 of P.L.1997,  
28 c.151 (C.17:33C-4); and a producer who: is duly licensed with  
29 property/casualty authority for the three years immediately  
30 preceding the effective date of P.L.1997, c.151 (C.17:33B-64 et  
31 al.); has no affiliation with a voluntary market insurer for the  
32 placement of automobile insurance; had an affiliation with a  
33 voluntary market insurer for the placement of automobile insurance  
34 that was terminated by the insurer in the last three years;  
35 demonstrates to the plan his competency, efficiency and  
36 effectiveness in the solicitation, negotiation and effectuation of  
37 automobile insurance as evidenced by any history of disciplinary  
38 actions or complaints against the producer, and other relevant  
39 factors; conducts his business in an office in an automobile  
40 insurance urban enterprise zone; and meets such other requirements  
41 as may be established by the commissioner by regulation. For  
42 purposes of this subsection i., **["insurer"]** "insurer" means an  
43 insurer or group of affiliated insurers admitted or authorized to  
44 transact the business of automobile insurance in this State;

45       (6) This subsection shall expire on **["the first day of the 97th**  
46 month after the first policy using the voluntary rating tier required  
47 by this subsection was issued to a risk, as certified by the  
48 commissioner**"]** April 1, 2009;

1 j. For a voluntary rating tier to accommodate eligible persons,  
2 as defined in section 25 of P.L.1990, c.8 (C.17:33B-13), denied or  
3 refused renewal of automobile insurance in a rating territory by an  
4 insurer granted relief pursuant to subsection d. of section 27 of  
5 P.L.1990, c.8 (C.17:33B-15);

6 k. That an insurer granted relief pursuant to subsection d. of  
7 section 27 of P.L.1990, c.8 (C.17:33B-15) shall receive assigned  
8 risk credits for voluntary risks written in excess of the percentage  
9 growth standard established by that subsection d. The commissioner  
10 shall establish by regulation the manner in which such an insurer  
11 may utilize the provisions of this subsection. In no event shall that  
12 credit apply to reduce an insurer's obligations under subsection i. of  
13 this section; and

14 l. That an insurer granted relief pursuant to subsection d. of  
15 section 27 of P.L.1990, c.8 (C.17:33B-15) shall also receive  
16 assigned risk credits for the voluntary first renewal of an eligible  
17 person written pursuant to subsection j. of this section.

18 Prior to the adoption or amendment of such rules and  
19 regulations, the commissioner shall consult with such members of  
20 the insurance industry as he deems appropriate. Such consultation  
21 shall be in addition to any otherwise required public hearing or  
22 notice with regard to the adoption or amendment of rules and  
23 regulations.

24 The governing body administering the plan shall report annually  
25 to the Legislature and the Governor on the activities of the plan.  
26 The report shall contain an actuarial analysis regarding the  
27 adequacy of the rates for each coverage for the safeness and  
28 soundness of the plan.

29 (cf: P.L.2003, c.89, s.39)

30  
31 2. This act shall take effect immediately.  
32  
33

#### 34 STATEMENT

35  
36 This bill extends the expiration date of the State's automobile  
37 insurance urban enterprise zone program until April 1, 2009. The  
38 program is set to expire in November, 2006.

39 The program, established pursuant to sections 19 through 23 of  
40 P.L.1997, c.151 (C.17:33C-1 et seq.), is designed to make private  
41 passenger automobile insurance more available in urban areas  
42 where the Commissioner of Banking and Insurance has found that  
43 consumers would benefit from increased access to automobile  
44 insurance. In these designated automobile insurance urban  
45 enterprise zones, private passenger automobile insurers must insure  
46 risks in proportion to their Statewide marketshare in the voluntary  
47 market.