ASSEMBLY, No. 1047

STATE OF NEW JERSEY
216th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2014 SESSION

Sponsored by:
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District 36 (Bergen and Passaic)
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SYNOPSIS
Provides for appointment to board of directors of New Jersey Automobile Insurance Risk Exchange by Commissioner of Banking and Insurance.

CURRENT VERSION OF TEXT
Introduced Pending Technical Review by Legislative Counsel

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

1. Section 15 of P.L.1983, c.362 (C.39:6A-21) is amended to read as follows:

15. The New Jersey Automobile Insurance Risk Exchange; membership, board of directors.

There shall be created, within 45 days of the operative date of this act, an unincorporated association, to operate on a nonprofit-nonloss basis, to be known as the New Jersey Automobile Insurance Risk Exchange, with its headquarters to be located within the State of New Jersey. Every insurer licensed to transact private-passenger automobile insurance in this State shall be a member of the exchange and shall be bound by the rules of the exchange as a condition of the authority to transact insurance business in this State. Any insurer which ceases to transact automobile insurance business in this State shall remain liable for any amounts due to the exchange for business transacted prior to the effective date of its cessation of business in the State.

The exchange shall adopt a plan of operation which shall become effective upon approval by the Commissioner of Banking and Insurance. The business affairs of the exchange shall be governed by a board of directors to be comprised of 12 members. Nine members shall be appointed, from a list of names submitted by the Commissioner of Banking and Insurance, by the Governor, with the advice and consent of the Senate, of whom two shall represent the Property Casualty Insurers Association of America, or its successor organization; two shall represent the American Insurance Association, or its successor organization; two shall represent the independent companies; two shall represent New Jersey domiciled insurance companies as nominated to the commissioner by the exchange; and one shall be a public member. If no name is submitted by an aforementioned association or company to serve as its representative on the board of the exchange, the exchange shall submit to the commissioner the name of an individual employed by an insurer transacting automobile insurance in this State. Additionally, the Governor, the Speaker of the General Assembly and the President of the Senate shall each appoint one public member. The board shall elect a chairman who shall be a representative of an insurer domiciled in New Jersey. No insurer shall represent more than one organization on the board of

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.
directors of the exchange.

All appointments made on or after the effective date of this amendatory act shall be for five-year terms. A director shall serve until his successor is appointed. Vacancies on the board of directors of the exchange shall be filled for the remainders of the terms in the same manner as the original appointments. Public members shall be compensated in an amount to be determined by the commissioner, and shall be reimbursed for necessary expenses actually incurred in the performance of their duties. All expenses incurred by the board shall be payable from moneys collected by the exchange.

(cf: P.L.2007, c.72, s.1)

2. This act shall take effect immediately.

STATEMENT

This bill amends the manner in which members are appointed to the board of directors of the New Jersey Automobile Insurance Risk Exchange (NJAIRE).

NJAIRE was created to compensate automobile insurers doing business in New Jersey for claims paid and claims adjustment expenses due to the choice in tort thresholds permitted under private passenger automobile insurance policies issued in the State. Every insurer writing private passenger automobile insurance in the State is a member of the exchange and the board of directors governs the business affairs of the exchange. The board is comprised of both public members and insurance industry representatives.

The NJAIRE board is comprised of 12 directors. Three public members are appointed directly, one each by the Governor, the President of the Senate and the Speaker of the General Assembly. The remaining nine members are appointed by the Governor, with the advice and consent of the Senate, from a list of names submitted by the Commissioner of Banking and Insurance. Eight of these members represent New Jersey’s automobile insurers and trade associations.

This bill revises this current system by granting to the Commissioner of Banking and Insurance the authority to appoint directly the nine members currently appointed by the Governor from the list submitted by the commissioner. By amending the statute in this way, this bill would simplify and expedite the appointment process. The work of the board is very technical in nature, and a full complement of board members appointed in a timely manner from among individuals familiar with private passenger automobile insurance in New Jersey will greatly benefit its operations.