

[Second Reprint]

**ASSEMBLY, No. 3721**

**STATE OF NEW JERSEY**  
**217th LEGISLATURE**

INTRODUCED MAY 19, 2016

**Sponsored by:**

**Assemblywoman ANNETTE CHAPARRO**

**District 33 (Hudson)**

**Assemblyman RAJ MUKHERJI**

**District 33 (Hudson)**

**Assemblywoman ANGELA V. MCKNIGHT**

**District 31 (Hudson)**

**Co-Sponsored by:**

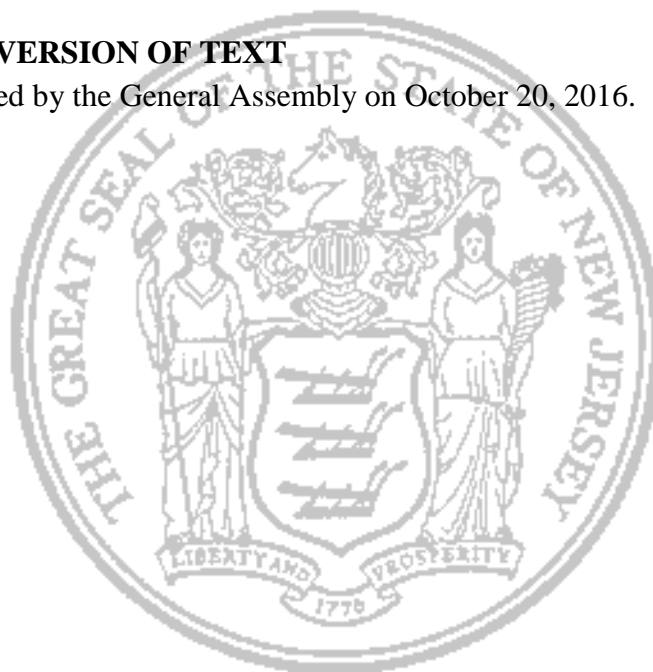
**Assemblywoman Jimenez**

**SYNOPSIS**

Prohibits use of gap in automobile insurance coverage as rating factor in automobile insurance underwriting under certain circumstances.

**CURRENT VERSION OF TEXT**

As amended by the General Assembly on October 20, 2016.



**(Sponsorship Updated As Of: 11/22/2016)**

1 AN ACT concerning private passenger automobile insurance rating  
2 plans and amending P.L.1997, c.151.

3

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

6

7 1. Section 15 of P.L. 1997, c.151 (C.17:29A-46.2) is amended  
8 to read as follows:

9 15. a. Insurers shall put in writing all underwriting rules  
10 applicable to each rate level utilized pursuant to section 14 of  
11 P.L.1997, c.151 (C.17:29A-46.1). An insurer may take into account  
12 factors, including, but not limited to, driving record characteristics  
13 appropriate for underwriting and classification in formulating its  
14 underwriting rules; provided that:

15 (1) no underwriting rule based on motor vehicle violations shall  
16 be formulated in such a manner as to assign any named insured to a  
17 rating tier other than the standard rating tier applicable to the  
18 insured's territory solely on the basis of accumulating four motor  
19 vehicle points or less **[. No]**;

20 (2) no underwriting rule shall operate in such a manner as to  
21 assign a risk to a rating plan on the basis of the territory in which  
22 the insured resides or any other factor which the commissioner  
23 finds is a surrogate for territory; and

24 (3) no underwriting rule shall operate in such a manner as to  
25 assign a risk to a rating plan on the basis that <sup>2</sup>**[an applicant has not**  
26 **been]** a previously insured applicant has had a lapse as <sup>2</sup>**a named**  
27 **insured under an automobile insurance policy for** <sup>1</sup>**[a] any** <sup>1</sup>**period**  
28 **of** <sup>1</sup>**[up to six months] time** <sup>1</sup>.

29 An insurer which knowingly fails to transact automobile  
30 insurance consistently with its underwriting rules shall be subject to  
31 a fine of not less than \$1,000 for each violation.

32 b. All underwriting rules applicable to each rate level as  
33 provided for in section 14 of P.L.1997, c.151 (C.17:29A-46.1) shall  
34 be filed with the commissioner and shall be subject to his prior  
35 approval. All underwriting rules shall be subject to public  
36 inspection. Except as provided in subsection d. of section 27 of  
37 P.L.1990, c.8 (C.17:33B-15), insurers shall apply their underwriting  
38 rules uniformly and without exception throughout the State, so that  
39 every applicant or insured conforming with the underwriting rules  
40 will be insured or renewed, and so that every applicant not  
41 conforming with the underwriting rules will be refused insurance.

42 c. An insurer with more than one rating plan for private  
43 passenger automobile insurance policies providing identical

**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.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly AFI committee amendments adopted October 6, 2016.

<sup>2</sup>Assembly floor amendments adopted October 20, 2016.

1 coverages shall not adopt underwriting rules which would permit a  
2 person to be insured for private passenger automobile insurance  
3 under more than one of the rating plans.

4 d. An insurer that revises its underwriting rules with respect to  
5 the assignment of insureds to rating tiers based on the number of  
6 accumulated motor vehicle points, as provided by subsection a. of  
7 this section, as amended by P.L.2003, c.89, shall certify to the  
8 commissioner that the revised rule will produce rates that are  
9 revenue neutral based upon the insurer's current coverages and book  
10 of business.

11 (cf: P.L.2003, c.89, s.40)

12

13 2. This act shall take effect on the 90<sup>th</sup> day next following  
14 enactment.