

SENATE, No. 111

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator NIA H. GILL

District 34 (Essex and Passaic)

Senator M. TERESA RUIZ

District 29 (Essex)

Senator NILSA CRUZ-PEREZ

District 5 (Camden and Gloucester)

Senator NELLIE POU

District 35 (Bergen and Passaic)

Co-Sponsored by:

Senators Turner and Gopal

SYNOPSIS

Prohibits use of education, occupation, and credit score as rating factors in automobile insurance underwriting.

CURRENT VERSION OF TEXT

As reported by the Senate Commerce Committee with technical review.



(Sponsorship Updated As Of: 7/22/2020)

1 **AN ACT** concerning certain automobile insurance underwriting rules
2 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 no underwriting rule based on
15 motor vehicle violations shall be formulated in such a manner as to
16 assign any named insured to a rating tier other than the standard
17 rating tier applicable to the insured's territory solely on the basis of
18 accumulating four motor vehicle points or less. No underwriting
19 rule shall operate in such a manner as to assign a risk to a rating
20 plan on the basis of the territory in which the insured resides or any
21 other factor which the commissioner finds is a surrogate for
22 territory. No underwriting rule shall operate in such a manner as to
23 assign a risk to a rating plan on the basis of an insured holding a
24 standard motorcycle license or standard basic driver's license issued
25 pursuant to R.S.39:3-10, or standard probationary license issued
26 pursuant to section 4 of P.L.1950, c.127 (C.39:3-13.4). No
27 underwriting rule shall operate in such a manner as to assign a risk
28 to a rating plan on the basis of an insured's: (1) educational level;
29 (2) employment, trade, business, occupation or profession; or (3)
30 credit score, or any information derived from an insured's credit
31 report. An insurer which knowingly fails to transact automobile
32 insurance consistently with its underwriting rules shall be subject to
33 a fine of not less than \$1,000 for each violation.

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

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 c. An insurer with more than one rating plan for private
2 passenger automobile insurance policies providing identical
3 coverages shall not adopt underwriting rules which would permit a
4 person to be insured for private passenger automobile insurance
5 under more than one of the rating plans.
- 6 d. An insurer that revises its underwriting rules with respect to
7 the assignment of insureds to rating tiers based on the number of
8 accumulated motor vehicle points, as provided by subsection a. of
9 this section, as amended by P.L.2003, c.89, shall certify to the
10 commissioner that the revised rule will produce rates that are
11 revenue neutral based upon the insurer's current coverages and book
12 of business.
13 (cf: P.L.2019, c.271, s.19)
14
- 15 2. This act shall take effect on the 90th day following
16 enactment.