

SENATE, No. 2422

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MAY 7, 2020

Sponsored by:

Senator RONALD L. RICE

District 28 (Essex)

Senator M. TERESA RUIZ

District 29 (Essex)

SYNOPSIS

Requires automobile insurers to issue credits reflecting reduced driving due to “stay-at-home” order during COVID-19 pandemic and reduce rates in consideration of financial hardships related thereto.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/14/2020)

1 AN ACT concerning certain credits and rate reductions for private
2 passenger automobile insurance related to the coronavirus disease
3 2019 pandemic.

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

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8 1. a. Every insurer writing private passenger automobile
9 insurance in this State shall issue to each insured with a policy in
10 effect on March 21, 2020 a credit as provided in subsection b. of this
11 section which reflects the actuarial value of the insurer's reduced risk
12 exposure resulting from the reduced driving experience and changing
13 driving habits of New Jersey insureds during the Public Health
14 Emergency and State of Emergency declared by the Governor in
15 Executive Order 103 of 2020, and specifically the "stay-at-home"
16 provisions of Executive Order 107 of 2020, which took effect on that
17 date.

18 b. The credit required by subsection a. of this section shall be
19 calculated retroactively to policies in effect on March 21, 2020. The
20 credit may be returned to the policyholder in the form of a direct
21 refund, or credit toward future premiums, and shall apply to both
22 fully paid and monthly billed policies. Policyholders shall not be
23 required take any action to receive the refund or credit. The refund
24 or credit shall be applied for the period beginning on March 21, 2020
25 and ending 90 days after the stay-at-home provisions of Executive
26 Order 107 of 2020 have been rescinded.

27
28 2. In addition to the credit required pursuant to section 1 of this
29 act, and after consultation with the Commissioner of Banking and
30 Insurance, every insurer writing private passenger automobile
31 insurance in this State shall file with the commissioner a
32 supplementary rate filing which reflects a reduction in rates for the
33 period beginning on March 21, 2020 and ending 90 days after the
34 stay-at-home provisions of Executive Order 107 of 2020 have been
35 rescinded, in consideration of the financial hardships that many
36 policyholders are experiencing, and will continue to experience for
37 an extended period of time, as a result of the coronavirus disease
38 2019 pandemic.

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40 3. This act shall take effect immediately and shall be retroactive
41 to March 21, 2020.

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44 STATEMENT

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46 This bill provides that every insurer writing private passenger
47 automobile insurance in this State shall issue a refund or credit to
48 each insured with a policy in effect on March 21, 2020 which reflects

1 the insurer's reduced risk exposure resulting from the reduced
2 driving experience and changing driving habits of New Jersey's
3 drivers during the Public Health Emergency and State of Emergency
4 declared by the Governor in Executive Order 103 of 2020, and
5 specifically the "stay-at-home" provisions of Executive Order 107 of
6 2020, which took effect on that date.

7 The credit shall be calculated retroactively to policies in effect on
8 March 21, 2020 and may be returned to the policyholder in the form
9 of a direct refund, or credit toward future premiums, and shall apply
10 to both fully paid and monthly billed policies. Policyholders shall
11 not be required take any action to receive the refund or credit. The
12 refund or credit shall be applied for the period beginning on March
13 21, 2020 and ending 90 days after the stay-at-home provisions of
14 Executive Order 107 of 2020 have been rescinded.

15 Additionally, the bill requires automobile insurers to consult with
16 the Commissioner of Banking and Insurance and file a supplementary
17 rate filing which reflects a reduction in rates for the period beginning
18 on March 21, 2020 and ending 90 days after the stay-at-home
19 provisions of Executive Order 107 of 2020 have been rescinded, in
20 consideration of the financial hardships that many policyholders are
21 experiencing, and will continue to experience for an extended period
22 of time, as a result of the coronavirus disease 2019 pandemic.