

ASSEMBLY, No. 248

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman GARCIA and Assemblywoman GILL

1 **AN ACT** concerning automobile insurance coverage for eligible
2 persons and amending P.L.1990, c.8.

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

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7 1. Section 33 of P.L.1990, c.8 (C.17:33B-21) is amended to read
8 as follows:

9 33. If the commissioner determines that any person has violated
10 any provision of sections 26 through 30 of this 1990 amendatory and
11 supplementary act, he may impose a civil penalty in an amount of up
12 to[\$2,000] \$5,000 for the first violation [and], up to[\$5,000] \$10,000
13 for the second and up to \$25,000 for each subsequent violation,
14 collectible in an action brought in the name of the commissioner
15 pursuant to the provisions of "the penalty enforcement law,"
16 N.J.S.2A:58-1 et seq. For the purposes of this section, each
17 declination shall be deemed to constitute a separate violation.

18 (cf: P.L.1990, c.8, s.33)

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20 2. This act shall take effect immediately.

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STATEMENT

25 There is a concern that motorists who live in certain geographic
26 areas may have difficulty obtaining automobile insurance coverage
27 because the geographic areas in which those motorists live are
28 considered to be "high risk" areas. The practice of refusing to write
29 business in certain geographic areas is known as "redlining."

Under current law, insurers are required to provide automobile insurance coverage to any "eligible person," regardless of where the person lives, unless the insurer is in an unsafe or unsound financial

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 condition, as determined by the Commissioner of Insurance. Current
2 law provides for civil penalties to be imposed by the commissioner for
3 violations of this law in amounts up to \$2,000 for the first violation
4 and \$5,000 for the second and each subsequent violation.

5 If enacted, this bill will serve as a further deterrent to redlining
6 practices by increasing the maximum civil penalties: from \$2,000 to
7 \$5,000 for the first violation; from \$5,000 for the second and
8 subsequent violations to \$10,000 for the second violation; and
9 imposing an increased maximum penalty of \$25,000 for each
10 subsequent violation.

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15 Increases civil penalties imposed on auto insurers that fail to provide
16 coverage to eligible persons.