

ASSEMBLY, No. 2830

STATE OF NEW JERSEY

INTRODUCED MARCH 20, 1997

By Assemblyman GREENWALD, Assemblywomen POU, Quigley,  
Assemblyman Steele, Assemblywoman Weinberg,  
Assemblyman Gusciora, Assemblywomen Turner, Allen,  
Frischia, Gill, Assemblymen Dalton, Caraballo, Roberts,  
Charles, DeSopo, Blee, Arnone, Zisa, Assemblywoman Cruz-  
Perez, Assemblymen Doria, Garcia, Romano, Barnes,  
Wisniewski, R.Smith, Stanley, Jones and Geist

1 AN ACT concerning regulation of the insurance industry by the  
2 Department of Banking and Insurance, supplementing Title 17 of  
3 the Revised Statutes and Title 17B of the New Jersey Statutes.

4

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

7

8 1. a. When the Department of Banking and Insurance receives  
9 complaints with respect to policies which represent five percent or  
10 more of an insurer's entire book of business in New Jersey, regarding  
11 that insurer's practices and procedures in the handling of applications,  
12 claims or any other business practice or procedure, the department  
13 shall conduct an examination of the insurer and investigate the nature  
14 of the complaints.

15 b. If, as a result of the examination and investigation, the  
16 department finds evidence of a violation of any law or regulation, the  
17 insurer shall have 90 days to correct the violation.

18 c. At the end of 90 days, the department shall reexamine the  
19 insurer to determine whether the violation has been corrected.  
20 Notwithstanding any provision of law to the contrary, if the insurer has  
21 not corrected the violation, the insurer shall be subject to the penalties  
22 provided by law, including but not limited to a civil penalty in an  
23 amount of up to \$2,000 for the first violation and up to \$5,000 for the  
24 second and each subsequent violation.

25

26 2. a. When the Department of Banking and Insurance receives  
27 complaints with respect to policies which represent five percent or  
28 more of an insurer's entire book of business in New Jersey, regarding  
29 that insurer's practices and procedures in the handling of applications,  
30 claims or any other business practice or procedure, the department  
31 shall conduct an examination of the insurer and investigate the nature

1 of the complaints.

2 b. If, as a result of the examination and investigation, the  
3 department finds evidence of a violation of any law or regulation, the  
4 insurer shall have 90 days to correct the violation.

5 c. At the end of 90 days, the department shall reexamine the  
6 insurer to determine whether the violation has been corrected.  
7 Notwithstanding any provision of law to the contrary, if the insurer has  
8 not corrected the violation, the insurer shall be subject to the penalties  
9 provided by law, including but not limited to a civil penalty in an  
10 amount of up to \$2,000 for the first violation and up to \$5,000 for the  
11 second and each subsequent violation.

12

13 3. The Department of Banking and Insurance shall report to the  
14 Legislature at least annually the rate of complaints received with  
15 respect to the private passenger automobile insurance policies of each  
16 insurer writing those policies in New Jersey.

17

18 4. This act shall take effect immediately.

19

## 20 STATEMENT

21

22 This bill provides that the Department of Banking and Insurance  
23 shall investigate complaints received regarding the practices and  
24 procedures of insurers with respect to their handling of applications,  
25 claims or other business practices or procedures. The bill applies to  
26 both property/casualty insurers and life and health insurers when the  
27 department receives complaints with respect to policies which  
28 represent five percent or more of the insurer's entire book of business  
29 in New Jersey.

30 In addition, the bill provides that if, as a result of the department's  
31 examination and investigation, the department finds evidence of a  
32 violation of any law or regulation, the insurer shall have 90 days to  
33 correct the violation. If, at the end of 90 days, the insurer has not  
34 corrected the violation, the insurer shall be subject to the penalties  
35 provided by law, including but not limited to a civil penalty in an  
36 amount of up to \$2,000 for the first violation and up to \$5,000 for the  
37 second and each subsequent violation.

38 Finally, the bill requires the department to report to the Legislature  
39 at least annually on the rate of complaints received with respect to the  
40 private passenger automobile insurance policies of each insurer writing  
41 those policies in New Jersey.

42

43

44

45 Concerns certain practices of insurers; imposes civil penalties for  
46 violations.