

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.

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

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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.

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11 second and each subsequent violation.

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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.

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18 4. This act shall take effect immediately.

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20 STATEMENT

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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.

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