

ASSEMBLY, No. 2913

STATE OF NEW JERSEY

INTRODUCED MAY 5, 1997

By Assemblyman BARNES and Assemblywoman BUONO

1 AN ACT providing automobile insurance premium discounts for certain
2 insureds.

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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. a. Not later than 180 days after the effective date of this act,
8 every insurer transacting private passenger automobile insurance
9 business in this State shall file rates for private passenger automobile
10 insurance which shall contain a 10 percent premium reduction for
11 personal injury protection coverage, bodily injury liability coverage,
12 property damage coverage, and physical damage coverage for the
13 named insured who has had his private passenger automobile insurance
14 with the same insurer for a period of at least five years and who has
15 not accumulated any automobile insurance eligibility points during the
16 five-year period immediately preceding renewal.

17 b. The Commissioner of Banking and Insurance may suspend an
18 insurer's obligation to provide the premium reduction required
19 pursuant to subsection a. of this section, if the commissioner, in her
20 discretion, determines that compliance with this requirement will result
21 in an insurer's financial condition becoming unsafe or unsound. In
22 making this determination, the commissioner shall consider the
23 following factors:

24 (1) The insurer's ratio of annual net premiums written to surplus as
25 to policyholders; and

26 (2) Whether the insurer, in issuing a premium reduction in
27 compliance with subsection a. of this section, would experience:

28 (a) an adverse change in its rating by A.M. Best and Company,
29 Dun and Bradstreet, Moody's or Standard and Poor's;

30 (b) financial ratios outside the acceptable ranges as established by
31 the National Association of Insurance Commissioners or the chief
32 financial officer of the Department of Banking and Insurance of this
33 State; or

34 (c) a net reduction to the insurer's surplus as to policyholders
35 greater than 25% during a period of two years or less.

36 c. Any suspension pursuant to this section shall continue until the
37 commissioner, upon the commissioner's own motion or upon request

1 by the insurer or any other interested party, after providing
2 opportunity for a hearing, orders its revocation.

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4 2. This act shall take effect immediately.

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STATEMENT

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9 This bill provides for a 10 percent premium reduction for personal
10 injury protection coverage, bodily injury liability coverage, property
11 damage coverage, and physical damage coverage for an insured who
12 has had his private passenger automobile insurance with the same
13 insurer for a period of five years or more and who has not accumulated
14 any automobile insurance eligibility points during the five-year period
15 immediately preceding renewal. This discount is to be utilized as a
16 reward to drivers who exhibit safe driving patterns over an extended
17 period of time.

18 The bill provides an exemption for an insurer from providing this
19 premium discount, if it is determined, based upon criteria enumerated
20 in the bill, that it would result in the insurer's financial condition
21 becoming unsafe or unsound.

22 The bill requires all insurers transacting private passenger
23 automobile insurance business in this State to make a rate filing to
24 reflect this premium discount within 180 days of the enactment date.

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29 Requires 10 percent premium discount for good drivers who are with
30 same insurer five or more years.