

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 557**

STATE OF NEW JERSEY

DATED: JUNE 20, 1996

The Senate Commerce Committee reports favorably Senate Committee Substitute for Senate Bill No. 557.

This bill modifies section 26 of P.L. 1988, c. 119 (C.17:29C-7.1), which currently allows an insurer to nonrenew every year up to 2% of its total number of voluntary market automobile insurance policies in each of its rating territories in this State and, in addition, to nonrenew one policy of automobile insurance in a rating territory for every two newly insured automobiles written in that territory, by: (1) prohibiting an insurer from refusing to renew policies in an amount in excess of 10% of the entire automobile insurance book of business of any one producer in-force at the end of the previous calendar year; (2) permitting nonrenewals under subsection c. (the "2 for 1 rule") only in rating territories in which the insurer experiences growth in the aggregate number of in-force exposures; (3) providing that all nonrenewals pursuant to this section of law are made in a fair and nondiscriminatory manner; and (4) providing that an insured cannot be nonrenewed pursuant to this section if the insured has been insured by the insurer or one or more affiliated insurers for 10 or more years, has not experienced more than one at-fault accident within the immediately preceding 10 years which resulted in the payment by the insurer of at least twice the insurance premium paid for the automobile during the policy year in which the accident occurred, has not accumulated more than four automobile insurance eligibility points, exclusive of any automobile insurance eligibility points for at-fault accidents, during the immediately preceding three-year period, and is not otherwise eligible for automobile insurance coverage pursuant to section 1 of P.L.1970, c.215 (C.17:29D-1) (the commissioner may expand these criteria by regulation).

The bill also eliminates subsection e. of the section which required the Commissioner of Insurance to monitor the implementation and operation of these nonrenewal provisions and to report his findings, including any legislative proposals, to the appropriate legislative committees within three years. The original law was effective on January 1, 1989 and no such report has been made.