

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 557

STATE OF NEW JERSEY

ADOPTED JUNE 20, 1996

Sponsored by Senator MATHEUSSEN

1 AN ACT concerning the renewal of automobile insurance policies and
2 amending P.L.1988, c.119.

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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 26 of P.L.1988, c.119 (C.17:29C-7.1) is amended to
8 read as follows:

9 26. a. Notwithstanding the provisions of section 3 of P.L.1972,
10 c.70 (C.39:6A-3), a licensed insurer may, in accordance with
11 subsections b. and c. of this section, refuse to renew a policy of private
12 passenger automobile insurance that provides coverage required to be
13 maintained pursuant to P.L.1972, c.70 (C.39:6A-1 et seq.).

14 b. For each calendar year period, an insurer may issue notices of
15 intention not to renew an automobile insurance policy in the voluntary
16 market in an amount not to exceed 2% of the total number of
17 voluntary market automobile insurance policies of the insurer, rounded
18 to the nearest whole number, which are in force at the end of the
19 previous calendar year in each of the insurer's rating territories in use
20 in this State, subject to a fair and nondiscriminatory formula developed
21 by rule or regulation of the commissioner.

22 c. For every two newly insured automobiles which an insurer
23 voluntarily writes in each territory during each calendar year period,
24 the insurer shall be permitted to refuse to renew one additional policy
25 of automobile insurance in that territory in excess of the 2% limitation
26 established by subsection b. of this section, subject to a fair and
27 nondiscriminatory formula developed by rule or regulation of the
28 commissioner. [For the purposes of this section, "voluntarily writes"
29 shall not include any exposure voluntarily written by or assigned to an
30 insurer to meet any quota established pursuant to section 26 of
31 P.L.1983, c.65 (C.17:30E-14)] The nonrenewal provisions of this
32 subsection shall be permitted only in rating territories in which the

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

Matter underlined thus is new matter.

1 insurer experiences growth in the aggregate number of in-force
2 exposures.

3 d. The provisions of this section shall not apply to any cancellation
4 made pursuant to subsection (A) of section 2 of P.L.1968, c.158
5 (C.17:29C-7).

6 e. [The commissioner shall monitor the implementation and
7 operation of this section and shall report his findings, including any
8 legislative proposals, to the Senate Labor, Industry and Professions
9 Committee and the Assembly Insurance Committee, or their
10 successors, within three years of the effective date of this act.]
11 (Deleted by amendment, P.L. , c. .)

12 f. Notwithstanding the provisions of subsections a., b. and c. of
13 this section to the contrary, no insurer shall refuse to renew any
14 policies pursuant to subsections b. and c. of this section: (1) in an
15 amount in excess of 10% of the entire automobile insurance book of
16 business of any one producer in force at the end of the previous
17 calendar year; or (2) in which the insured has been insured by the
18 insurer or one or more affiliated insurers for 10 or more years, has not
19 experienced more than one at-fault accident within the immediately
20 preceding 10 years which resulted in the payment by the insurer of at
21 least twice the insurance premium paid for the automobile during the
22 policy year in which the accident occurred, has not accumulated more
23 than four automobile insurance eligibility points, exclusive of any
24 automobile insurance eligibility points for at-fault accidents, during the
25 immediately preceding three-year period, and is not otherwise eligible
26 for automobile insurance coverage pursuant to section 1 of P.L. 1970,
27 c. 215 (C.17:29D-1). For purposes of this subsection, “producer”
28 means a licensed insurance producer who earned \$7,500 or more in
29 compensation from the insurer in the prior calendar year. The
30 commissioner shall monitor the implementation and operation of this
31 subsection and may promulgate regulations to effectuate the purposes
32 of this subsection and may by regulation expand the definition of an
33 insured who shall not be eligible to be nonrenewed pursuant to
34 paragraph (2) of this subsection.

35 (cf: P.L.1988, c.119, s.26)

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37 2. This act shall take effect immediately.

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42 Modifies “2 for 1” and “2%” rules for nonrenewal of automobile
43 insurance policies to protect producers.