

SENATE, No. 1041

STATE OF NEW JERSEY

INTRODUCED MAY 2, 1996

By Senator LIPMAN

1 AN ACT concerning the representation of certain private passenger  
2 automobile insurers by producers and supplementing Title 17 of the  
3 Revised 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. As used in this act:

9 "Insurer" means an insurer writing private passenger automobile  
10 insurance in this State, except for insurers which market private  
11 passenger automobile insurance primarily through employees who are  
12 paid on a salary basis.

13 "Producer" means an insurance producer licensed pursuant to  
14 P.L.1987, c.293 (C.17:22A-1 et seq.) with the authority for  
15 property/casualty.

16 "Producer contract" means a contract between an insurer and a  
17 producer for the appointment of the producer as a representative of  
18 the insurer to solicit and negotiate policies of private passenger  
19 automobile insurance for the insurer.

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21 2. a. Each insurer shall have in effect a producer contract for every  
22 500 private passenger automobile non-fleet exposures written by the  
23 insurer, or increments thereof, as of January 1, 1997, and for January  
24 1 of each succeeding year.

25 b. The ratio of producers to private passenger automobile non-fleet  
26 exposures of the insurer in any one rating territory shall equal the ratio  
27 of producers to private passenger automobile non-fleet exposures of  
28 that insurer in the State, or as otherwise adjusted by the Commissioner  
29 of Insurance.

30 c. Seventy-five percent of the producers who solicit and negotiate  
31 private passenger automobile insurance policies for an insurer shall  
32 have been licensed as property/casualty producers in this State for not  
33 less than five years.

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35 3. This act shall take effect 60 days after enactment.

STATEMENT

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This bill requires automobile insurers to have a minimum number of licensed property/casualty insurance producers in New Jersey based on the insurer's share of the automobile insurance market. It is the sponsor's sense that certain rating territories in this State are underrepresented by insurance producers authorized to write automobile insurance. This in turn makes it difficult for persons seeking automobile insurance for their vehicles, because there are so few insurance producers located within their area.

This bill would address this situation by requiring every insurer to have one producer for every 500 private passenger automobile non-fleet exposures written by the insurer as of January 1, 1997, and for January 1 of each succeeding year. In addition, the bill also requires that the ratio of producers to private passenger automobile non-fleet exposures of the insurer in any one rating territory must equal the ratio of producers to private passenger automobile non-fleet exposures of that insurer in the State, or as otherwise adjusted by the Commissioner of Insurance. In this way, producers will be geographically located in areas representative of the insureds of a particular insurer.

Finally, in order to ensure that insureds have access to seasoned and experienced insurance producers, the bill provides that seventy-five percent of the producers who solicit and negotiate automobile insurance policies for an insurer shall have been licensed as property/casualty producers in this State for at least five years.

The provisions of the bill do not apply to insurers who conduct business as direct writers.

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Requires insurers to have minimum number of producers based on share of automobile insurance market.