

SENATE, No. 1463

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 19, 1996

By Senators ADLER, SINAGRA, Lesniak, Casey and Lipman

1 AN ACT concerning cancellation of automobile insurance policies and
2 amending P.L.1968, c.158.

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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 2 of P.L.1968, c.158 (C.17:29C-7) is amended to read
8 as follows:

9 2. (A) A notice of cancellation of a policy shall be effective only
10 if it is based on one or more of the following reasons:

11 (a) Nonpayment of premium [or nonpayment of a residual market
12 equalization charge imposed pursuant to the provisions of section 20
13 of P.L.1983, c.65 (C.17:30E-8)] except that a notice of cancellation
14 for nonpayment of premium shall not be effective if payment of the
15 amount due is received by the insurer within five business days of the
16 effective date of that notice; or

17 (b) The driver's license or motor vehicle registration of the named
18 insured or of any other operator who either resides in the same
19 household or customarily operates an automobile insured under the
20 policy has been under suspension or revocation during the policy
21 period or, if the policy is a renewal, during its policy period.

22 (B) This section shall not apply to any policy or coverage which
23 has been in effect less than 60 days at the time notice of cancellation
24 is mailed or delivered by the insurer unless it is a renewal policy.

25 (C) Modification of automobile physical damage coverage by the
26 inclusion of a deductible not exceeding \$100.00 shall not be deemed
27 a cancellation of the coverage or of the policy.

28 (D) This section shall not apply to nonrenewal.

29 (cf: P.L.1988, c.119, s.27)

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31 2. This act shall take effect immediately.

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

Matter underlined thus is new matter.

1 STATEMENT

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3 This bill provides that the cancellation of an automobile insurance
4 policy for nonpayment of premium shall not be effective if payment of
5 the amount due is received within five business days of the effective
6 date of notice of cancellation.

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11 Provides five-day grace period before cancellation of automobile
12 insurance policy for nonpayment of premium becomes effective.