

SENATE, No. 1678

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 18, 1996

By Senators CAFIERO, GORMLEY, Connors, Palaia, Bennett,
Ciesla and Kyrillos

1 AN ACT concerning homeowners insurance in certain parts of New
2 Jersey.

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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. Within 180 days of the effective date of this act, every insurer
8 writing homeowners insurance in this State shall insure its share of the
9 homeowners insurance market in the shore area on the basis of its
10 historical Statewide market share. For the purpose of this section,
11 "historical Statewide market share" means the average percentage of
12 the total homeowners insurance market insured by the insurer in 1989,
13 1990 and 1991.

14 The Commissioner of Banking and Insurance shall define the
15 geographical extent of the shore area and establish the methodology
16 by which the historical Statewide market share is determined. In
17 determining the historical Statewide market share, the commissioner
18 may consider the number of homeowners insurance policies issued, the
19 number of homeowners insurance policyholders, or the amount of net
20 premiums for homeowners insurance written, in 1989, 1990 and 1991.
21 The commissioner may order these insurers to complete a survey to
22 determine their historical Statewide market shares.

23 In implementing the provisions of this act, the commissioner may
24 rely upon information provided by insurance rating or advisory
25 organizations.

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27 2. This act shall take effect immediately.

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30 STATEMENT

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32 The characteristics of the homeowners insurance market changed
33 drastically in the aftermath of Hurricane Andrew in 1992. Insurers
34 substantially altered their marketing activities, resulting in a dislocation
35 in the homeowners insurance market in the shore area of this State.

36 However, this reaction is not reasonable, because writing

1 homeowners insurance in New Jersey coastal areas is far different than
2 writing homeowners insurance in Florida or North Carolina, for
3 example. Therefore, this bill requires insurers to write their share of
4 homeowners insurance in the shore area at the same volume that they
5 wrote homeowners insurance on a Statewide basis in the years of
6 1989, 1990 and 1991. This bill will assure that insurers which have
7 abandoned the New Jersey shore communities by nonrenewing or
8 canceling homeowners insurance policies do not receive a benefit for
9 their improper behavior.

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15 Requires insurers to write their share of homeowners insurance in the
shore area.