

SENATE, No. 2248

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 17, 1997

By Senator RICE

1 AN ACT concerning private passenger automobile insurance rates.

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3 BE IT ENACTED by the Senate and General Assembly of the State
4 of New Jersey:

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6 1. a. Notwithstanding any other provision of law to the contrary,
7 rates and premiums for private passenger automobile insurance shall
8 not be determined, in whole or in part, directly or indirectly, upon
9 territory.

10 b. An initial rate filing made by an insurer pursuant to subsection
11 a. of this section shall be revenue neutral for the insurer.

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13 2. This act shall take effect on January 1, 1998 and shall apply to
14 private passenger automobile insurance policies issued or renewed on
15 or after that date.

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STATEMENT

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19 This bill provides that rates and premiums for private passenger
20 automobile insurance shall not be determined, in whole or in part,
21 directly or indirectly, upon territory. Currently, automobile insurers
22 may use geographic areas referred to as rating territories as an
23 underwriting factor in determining an individual's automobile insurance
24 premium. As a result, individuals who reside in urban areas usually
25 pay higher automobile insurance rates than individuals who reside in
26 suburban areas. This bill would eliminate territory or geographic
27 location as a factor in determining an individual's automobile insurance
28 rate.

29 An initial rate filing made by an insurer pursuant to the provisions
30 of the bill shall be revenue neutral for the insurer.

31 The bill would become effective on January 1, 1998, and would
32 apply to automobile insurance policies issued or renewed on or after
33 that date.

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37 Prohibits use of territory in formulating automobile insurance rates.