

**ASSEMBLY, No. 5240**

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**STATE OF NEW JERSEY**

**219th LEGISLATURE**

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INTRODUCED JANUARY 11, 2021

**Sponsored by:**

**Assemblyman JOHN F. MCKEON**

**District 27 (Essex and Morris)**

**Assemblyman PAUL D. MORIARTY**

**District 4 (Camden and Gloucester)**

**Assemblywoman ANNETTE QUIJANO**

**District 20 (Union)**

**SYNOPSIS**

Limits forum of consumer contract disputes to New Jersey.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 2/22/2021)**

1    **AN ACT** concerning the forum of certain consumer contracts and  
2    supplementing P.L.1980, c.125 (C.56:12-1 et seq.).

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

1. A term or condition in a consumer contract concerning venue, forum, or jurisdiction involving a resident of this State is valid only if that term or condition requires that the dispute is resolved within the State of New Jersey. This requirement may only be waived upon the advice of counsel as evidenced by counsel's signature on the contract.

Nothing in this section shall apply to insurance companies duly licensed or authorized to transact business under the insurance laws of this State, or to any eligible surplus lines insurers allowed to conduct business in this State under section 11 of P.L.1960, c.32 (C.17:22-6.45).

19       2. This act shall take effect on the first day of the fourth month  
20 next following enactment and apply to consumer contracts executed  
21 on or after that date.

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## STATEMENT

26 This bill prohibits terms and conditions in a consumer contract that  
27 require the dispute be resolved in a venue, forum, or jurisdiction  
28 outside of the State of New Jersey. This requirement could only be  
29 waived upon the advice of counsel.

30 This bill ensures that consumers are not forced by businesses to  
31 resolve their disputes in distant and costly forums. Consumer contracts  
32 increasingly contain forum-selection clauses that require litigation or  
33 arbitration to take place outside of New Jersey, making dispute  
34 resolution costly and difficult for consumers. These contracts are  
35 typically standardized forms drafted with no input from the consumer,  
36 and are offered on a take-it-or-leave-it basis. The consumer, often the  
37 less sophisticated party, agrees to the contract without the benefit of an  
38 attorney, and may not be able to afford to travel to resolve a dispute.

39 The bill also exempts insurance companies duly licensed or  
40 authorized to transact business under the insurance laws of this State  
41 and eligible surplus lines insurers from the consumer contract  
42 requirements under the bill. Consequently, these insurance companies  
43 and eligible surplus lines insurers could contractually require  
44 consumers to arbitrate disputes outside of this State.