

ASSEMBLY CONSUMER AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5240

STATE OF NEW JERSEY

DATED: MARCH 8, 2021

The Assembly Consumer Affairs Committee reports favorably Assembly Bill No. 5240.

As reported by the committee, this bill prohibits terms and conditions in a consumer contract that require the dispute be resolved in a venue, forum, or jurisdiction outside of the State of New Jersey. This requirement could only be waived upon the advice of counsel.

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

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