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District 20 (Union)
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Assemblywomen Timberlake, Speight, Assemblymen Giblin, Spearman, Conaway and Assemblywoman McKnight

SYNOPSIS
Prohibits use of education, occupation, and credit score as rating factors in automobile insurance underwriting.

CURRENT VERSION OF TEXT
Introduced Pending Technical Review by Legislative Counsel.

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

1. Section 15 of P.L.1997, c.151 (C.17:29A-46.2) is amended to read as follows:

15. a. Insurers shall put in writing all underwriting rules applicable to each rate level utilized pursuant to section 14 of P.L.1997, c.151 (C.17:29A-46.1). An insurer may take into account factors, including, but not limited to, driving record characteristics appropriate for underwriting and classification in formulating its underwriting rules; provided that no underwriting rule based on motor vehicle violations shall be formulated in such a manner as to assign any named insured to a rating tier other than the standard rating tier applicable to the insured's territory solely on the basis of accumulating four motor vehicle points or less. No underwriting rule shall operate in such a manner as to assign a risk to a rating plan on the basis of the territory in which the insured resides or any other factor which the commissioner finds is a surrogate for territory. No underwriting rule shall operate in such a manner as to assign a risk to a rating plan on the basis of an insured's: (1) educational level; (2) employment, trade, business, occupation or profession; or (3) credit score, or any information derived from an insured’s credit report. An insurer which knowingly fails to transact automobile insurance consistently with its underwriting rules shall be subject to a fine of not less than $1,000 for each violation.

b. All underwriting rules applicable to each rate level as provided for in section 14 of P.L.1997, c.151 (C.17:29A-46.1) shall be filed with the commissioner and shall be subject to his prior approval. All underwriting rules shall be subject to public inspection. Except as provided in subsection d. of section 27 of P.L.1990, c.8 (C.17:33B-15), insurers shall apply their underwriting rules uniformly and without exception throughout the State, so that every applicant or insured conforming with the underwriting rules will be insured or renewed, and so that every applicant not conforming with the underwriting rules will be refused insurance.

c. An insurer with more than one rating plan for private passenger automobile insurance policies providing identical coverages shall not adopt underwriting rules which would permit a person to be insured for private passenger automobile insurance under more than one of the rating plans.

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

Matter underlined thus is new matter.
d. An insurer that revises its underwriting rules with respect to the assignment of insureds to rating tiers based on the number of accumulated motor vehicle points, as provided by subsection a. of this section, as amended by P.L.2003, c.89, shall certify to the commissioner that the revised rule will produce rates that are revenue neutral based upon the insurer's current coverages and book of business.

(cf: P.L.2003, c.89, s.40)

2. (New section) No insurer shall inquire of an insured or applicant for insurance, or of a third-party concerning an insured or applicant, as to the: (1) educational level; (2) employment, trade, business, occupation or profession; or (3) credit score, or any information derived from the credit report, of an insured or applicant.

3. This act shall take effect on the 90th day following enactment.

STATEMENT

This bill prohibits automobile insurers from assigning an insured or prospective insured to a rating tier based upon that person’s: (1) educational level; (2) employment, trade, business, occupation or profession; or (3) credit score, or any information derived from an insured’s credit report. The bill also prohibits automobile insurers from inquiring of an insured or applicant for insurance, or of a third-party concerning an insured or applicant, as to these factors.