

[First Reprint]

SENATE, No. 481

STATE OF NEW JERSEY
220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

Sponsored by:

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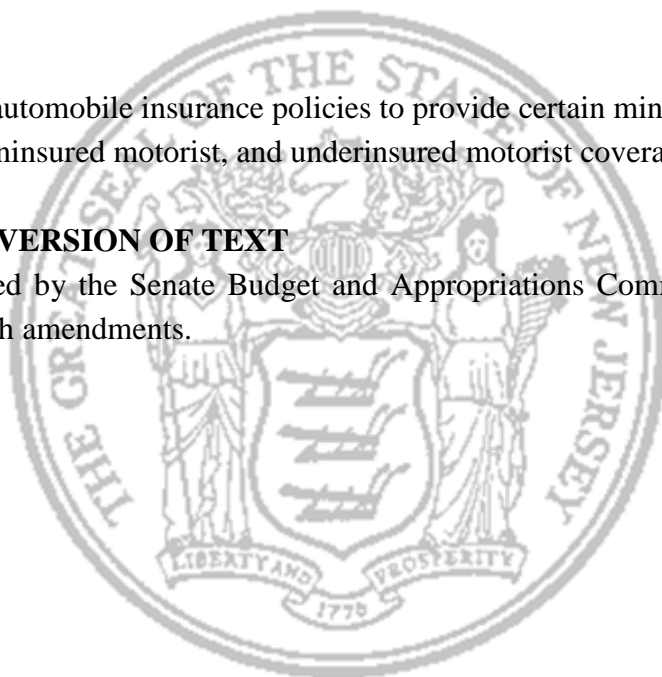
Senator Diegnan and Assemblywoman Tucker

SYNOPSIS

Requires automobile insurance policies to provide certain minimum amounts of liability, uninsured motorist, and underinsured motorist coverage.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on June 27, 2022, with amendments.



(Sponsorship Updated As Of: 6/29/2022)

1 AN ACT concerning automobile insurance and amending P.L.1968,
2 ¹**[c.35 and] c.385,**¹ P.L.1972, c.197 ¹, and P.L.1972, c.170¹.

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

6
7 1. Section 2 of P.L.1968, c.385 (C.17:28-1.1) is amended to
8 read as follows:

9 2. a. Except for a basic automobile insurance policy, no motor
10 vehicle liability policy or renewal of such policy of insurance,
11 including a standard liability policy for an automobile as defined in
12 section 2 of P.L.1972, c.70 (C.39:6A-2), insuring against loss
13 resulting from liability imposed by law for bodily injury or death,
14 sustained by any person arising out of the ownership, maintenance
15 or use of a motor vehicle, shall be issued in this State with respect
16 to any motor vehicle registered or principally garaged in this State
17 unless it includes coverage in limits for bodily injury or death as
18 follows:

19 (1) an amount or limit of **[\$15,000.00]** ¹**[\$50,000]** \$15,000 for
20 plans issued or renewed prior to January 1, 2023, \$25,000 for plans
21 issued or renewed on or after January 1, 2023 but prior to January
22 1, 2026, and \$35,000 for plans issued or renewed on or after
23 January 1, 2026¹, exclusive of interest and costs, on account of
24 injury to, or death of, one person, in any one accident, and

25 (2) an amount or limit, subject to such limit for any one person
26 so injured or killed, of **[\$30,000.00]** ¹**[\$100,000]** \$30,000 for
27 plans issued or renewed prior to January 1, 2023, \$50,000 for plans
28 issued or renewed on or after January 1, 2023 but prior to January
29 1, 2026, and \$70,000 for plans issued or renewed on or after
30 January 1, 2026¹, exclusive of interest and costs, on account of
31 injury to or death of more than one person, in any one accident,
32 under provisions approved by the Commissioner of Banking and
33 Insurance, for payment of all or part of the sums which the insured
34 or his legal representative shall be legally entitled to recover as
35 damages from the operator or owner of an uninsured motor vehicle,
36 underinsured motor vehicle, or hit and run motor vehicle, as defined
37 in section 18 of P.L.1952, c.174 (C.39:6-78), because of bodily
38 injury, sickness or disease, including death resulting therefrom,
39 sustained by the insured, caused by accident and arising out of the
40 ownership, maintenance, operation or use of such uninsured ,
41 underinsured or hit and run motor vehicle anywhere within the
42 United States or Canada; except that uninsured motorist coverage
43 shall provide that in order to recover for non-economic loss, as
44 defined in section 2 of P.L.1972, c.70 (C.39:6A-2), for accidents to

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted June 27, 2022.

1 which the benefits of section 4 (C.39:6A-4) of that act apply, the
2 tort option elected pursuant to section 8 (C.39:6A-8) of that act
3 shall apply to that injured person.

4 All motor vehicle liability policies, except basic automobile
5 insurance policies, shall also include coverage for the payment of
6 all or part of the sums which persons insured thereunder shall be
7 legally entitled to recover as damages from owners or operators of
8 uninsured and underinsured motor vehicles, other than hit and run
9 motor vehicles, because of injury to or destruction to the personal
10 property of such insured, with a limit in the aggregate for all
11 insurers involved in any one accident of ~~【\$5,000.00】~~ \$25,000 ¹for
12 plans issued or renewed on or after January 1, 2023¹, and subject,
13 for each insured, to an exclusion of the first \$500.00 of such
14 damages.

15 b. Uninsured and underinsured motorist coverage shall be
16 provided, as an option by an insurer to the named insured electing a
17 standard automobile insurance policy, up to at least the following
18 limits: \$250,000.00 each person and \$500,000.00 each accident for
19 bodily injury; \$100,000.00 each accident for property damage or
20 \$500,000.00 single limit, subject to an exclusion of the first \$500.00
21 of such damage to property for each accident, except that the limits
22 for uninsured and underinsured motorist coverage shall not exceed
23 the insured's motor vehicle liability policy limits for bodily injury
24 and property damage, respectively.

25 Rates for uninsured and underinsured motorist coverage for the
26 same limits shall, for each filer, be uniform on a Statewide basis
27 without regard to classification or territory.

28 c. Uninsured and underinsured motorist coverage provided for
29 in this section shall not be increased by stacking the limits of
30 coverage of multiple motor vehicles covered under the same policy
31 of insurance nor shall these coverages be increased by stacking the
32 limits of coverage of multiple policies available to the insured. If
33 the insured had uninsured motorist coverage available under more
34 than one policy, any recovery shall not exceed the higher of the
35 applicable limits of the respective coverages and the recovery shall
36 be prorated between the applicable coverages as the limits of each
37 coverage bear to the total of the limits.

38 d. Uninsured and underinsured motorist coverage shall be
39 subject to the policy terms, conditions and exclusions approved by
40 the Commissioner of Banking and Insurance, including, but not
41 limited to, unauthorized settlements, non-duplication of coverage,
42 subrogation and arbitration.

43 e. For the purpose of this section, (1) "underinsured motorist
44 coverage" means insurance for damages because of bodily injury
45 and property damage resulting from an accident arising out of the
46 ownership, maintenance, operation or use of an underinsured motor
47 vehicle. Underinsured motorist coverage shall not apply to an
48 uninsured motor vehicle. A motor vehicle is underinsured when the

1 sum of the limits of liability under all bodily injury and property
2 damage liability bonds and insurance policies available to a person
3 against whom recovery is sought for bodily injury or property
4 damage is, at the time of the accident, less than the applicable limits
5 for underinsured motorist coverage afforded under the motor
6 vehicle insurance policy held by the person seeking that recovery.
7 A motor vehicle shall not be considered an underinsured motor
8 vehicle under this section unless the limits of all bodily injury
9 liability insurance or bonds applicable at the time of the accident
10 have been exhausted by payment of settlements or judgments. The
11 limits of underinsured motorist coverage available to an injured
12 person shall be reduced by the amount he has recovered under all
13 bodily injury liability insurance or bonds;

14 (2) "uninsured motor vehicle" means:

15 (a) a motor vehicle with respect to the ownership, operation,
16 maintenance, or use of which there is no bodily injury liability
17 insurance or bond applicable at the time of the accident;

18 (b) a motor vehicle with respect to the ownership, operation,
19 maintenance, or use of which there is bodily injury liability
20 insurance in existence but the liability insurer denies coverage or is
21 unable to make payment with respect to the legal liability of its
22 insured because the insurer has become insolvent or bankrupt, or
23 the Commissioner of Banking and Insurance has undertaken control
24 of the insurer for the purpose of liquidation;

25 (c) a hit and run motor vehicle as described in section 18 of
26 P.L.1952, c.174 (C.39:6-78); or

27 (d) an automobile covered by a special automobile insurance
28 policy pursuant to section 45 of P.L.2003, c.89 (C.39:6A-3.3).

29 "Uninsured motor vehicle" shall not include an automobile
30 covered by a basic automobile insurance policy; an underinsured
31 motor vehicle; a motor vehicle owned by or furnished for the
32 regular use of the named insured or any resident of the same
33 household; a self-insurer within the meaning of any financial
34 responsibility or similar law of the state in which the motor vehicle
35 is registered or principally garaged; a motor vehicle which is owned
36 by the United States or Canada, or a state, political subdivision or
37 agency of those governments or any of the foregoing; a land motor
38 vehicle or trailer operated on rails or crawler treads; a motor vehicle
39 used as a residence or stationary structure and not as a vehicle; or
40 equipment or vehicles designed for use principally off public roads,
41 except while actually upon public roads.

42 f. Notwithstanding the provisions of this section or any other
43 law to the contrary, a motor vehicle liability policy or renewal of
44 such policy of insurance, insuring against loss resulting from
45 liability imposed by law for bodily injury or death, sustained by any
46 person arising out of the ownership, maintenance or use of a motor
47 vehicle, issued in this State to a corporate or business entity with
48 respect to any motor vehicle registered or principally garaged in this

1 State, shall not provide less uninsured or underinsured motorist
2 coverage for an individual employed by the corporate or business
3 entity than the coverage provided to the named insured under the
4 policy. A policy that names a corporate or business entity as a
5 named insured shall be deemed to provide the maximum uninsured
6 or underinsured motorist coverage available under the policy to an
7 individual employed by the corporate or business entity, regardless
8 of whether the individual is an additional named insured under that
9 policy or is a named insured or is covered under any other policy
10 providing uninsured or underinsured motorist coverage.

11 (cf: P.L.2007, c.163)

12

13 2. Section 1 of P.L.1972, c.197 (C.39:6B-1) is amended to read
14 as follows:

15 1. a. Every owner or registered owner of a motor vehicle
16 registered or principally garaged in this State shall maintain motor
17 vehicle liability insurance coverage, under provisions approved by
18 the Commissioner of Banking and Insurance, insuring against loss
19 resulting from liability imposed by law for bodily injury, death and
20 property damage sustained by any person arising out of the
21 ownership, maintenance, operation or use of a motor vehicle
22 wherein such coverage shall be at least in: (1) an amount or limit of
23 ~~【\$15,000.00】~~ ¹~~【\$50,000】~~ \$15,000 for plans issued or renewed prior
24 to January 1, 2023, \$25,000 for plans issued or renewed on or after
25 January 1, 2023 but prior to January 1, 2026, and \$35,000 for plans
26 issued or renewed on or after January 1, 2026¹, exclusive of interest
27 and costs, on account of injury to, or death of, one person, in any
28 one accident; and (2) an amount or limit, subject to such limit for
29 any one person so injured or killed, of ~~【\$30,000.00】~~ ¹~~【\$100,000】~~
30 \$30,000 for plans issued or renewed prior to January 1, 2023,
31 \$50,000 for plans issued or renewed on or after January 1, 2023 but
32 prior to January 1, 2026, and \$70,000 for plans issued or renewed
33 on or after January 1, 2026¹, exclusive of interest and costs, on
34 account of injury to or death of, more than one person, in any one
35 accident; and (3) an amount or limit of ~~【\$5,000.00】~~ ¹~~【\$25,000】~~
36 \$5,000 for plans issued or renewed on or after January 1, 2023¹, exclusive of
37 interest and costs, for damage to property in any one accident.

38 b. Notwithstanding the provisions of subsection a. of this
39 section, an owner or registered owner of an automobile, as defined
40 in section 2 of P.L.1972, c.70 (C.39:6A-2), registered or primarily
41 garaged in the State may satisfy the requirements of subsection a. of
42 this section by maintaining a basic automobile insurance policy
43 containing coverages provided pursuant to subsections a. and b. of
44 section 4 of P.L.1998, c.21 (C.39:6A-3.1).

45 c. Notwithstanding the provisions of subsection a. of this
46 section, an owner or registered owner of an automobile, as defined
47 in section 2 of P.L.1972, c.70 (C.39:6A-2), registered or primarily

1 garaged in the State may satisfy the requirements of subsection a. of
2 this section by maintaining a special automobile insurance policy
3 containing coverages provided pursuant to subsection b. of section
4 45 of P.L.2003, c.89 (C.39:6A-3.3).

5 ¹d. Upon the renewal of a policy of insurance that, under its
6 original policy limits, would no longer meet the minimum
7 requirements established pursuant to this section, an insurer shall
8 notify the named insured that the policy limits have been increased
9 to meet the requirements established pursuant to this section. Notice
10 provided pursuant to this subsection shall specify the limit or limits
11 that have been increased to meet the requirements established
12 pursuant to this section. Notwithstanding the provisions of any law,
13 rule, or regulation to the contrary, an insurer shall not be required to
14 receive a signed coverage selection form pursuant to N.J.A.C.11:3-
15 15.7, to increase a policy's limits pursuant to this section.¹

16 (cf: P.L.2003, c.89, s.60)

17

18 ¹3. Section 3 of P.L.1972, c.170 (C.39:6A-3) is amended to read
19 as follows:

20 3. Compulsory automobile insurance coverage; limits. Except
21 as provided by section 4 of P.L.1998, c.21 (C.39:6A-3.1), every
22 owner or registered owner of an automobile registered or
23 principally garaged in this State shall maintain automobile liability
24 insurance coverage, under provisions approved by the
25 Commissioner of Banking and Insurance, insuring against loss
26 resulting from liability imposed by law for bodily injury, death and
27 property damage sustained by any person arising out of the
28 ownership, maintenance, operation or use of an automobile wherein
29 such coverage shall be at least in:

30 a. an amount or limit of \$15,000.00 for plans issued or renewed
31 prior to January 1, 2023, \$25,000 for plans issued or renewed on or
32 after January 1, 2023 but prior to January 1, 2026, and \$35,000 for
33 plans issued or renewed on or after January 1, 2026, exclusive of
34 interest and costs, on account of injury to, or death of, one person,
35 in any one accident; and

36 b. an amount or limit, subject to such limit for any one person
37 so injured or killed, of \$30,000.00 for plans issued or renewed prior
38 to January 1, 2023, \$50,000 for plans issued or renewed on or after
39 January 1, 2023 but prior to January 1, 2026, and \$70,000 for plans
40 issued or renewed on or after January 1, 2026, exclusive of interest
41 and costs, on account of injury to or death of, more than one person,
42 in any one accident; and

43 c. an amount or limit of **[\$5,000.00]** \$25,000 for plans issued
44 or renewed on or after January 1, 2023, exclusive of interest and
45 costs, for damage to property in any one accident.

46 No licensed insurance carrier shall refuse to renew the required
47 coverage stipulated by this act of an eligible person as defined in
48 section 25 of P.L.1990, c.8 (C.17:33B-13) except in accordance

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7

1 with the provisions of section 26 of P.L.1988, c.119 (C.17:29C-7.1)
2 or with the consent of the Commissioner of Banking and Insurance.
3 (cf: P.L.1998, c.21, s.3)¹

4

5 ¹**[3.]** 4.¹ This act shall take effect immediately.