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BULLETIN NO. 11-24

**TO: ALL INSURERS TRANSACTING PRIVATE PASSENGER
AUTOMOBILE INSURANCE IN THIS STATE**

FROM: THOMAS B. CONSIDINE, COMMISSIONER

**RE: ACCEPTANCE, RENEWAL, NONRENEWAL AND
CANCELLATION OF PRIVATE PASSENGER AUTOMOBILE
INSURANCE**

The Department of Banking and Insurance (Department) recently adopted amendments to N.J.A.C. 11:3-8 regarding the acceptance, renewal, nonrenewal and cancellation of private passenger automobile (PPA) insurance policies. See 42 N.J.R. 194(a) and 43 N.J.R. 2524(a). The purpose of the amendments was: 1) to conform the nonrenewal rule to the applicable statutes by incorporating the concept of “eligible” and “ineligible” insureds pursuant to N.J.S.A. 17:33B-13 and N.J.A.C. 11:3-34.4; and (2) to give insurers the flexibility to nonrenew the policies of insureds who no longer meet their acceptance criteria by defining such insureds as ineligible persons.

In response to certain comments received on the proposal, the Department stated that while it agreed with them, the suggested changes in the comments could not be made upon adoption. Accordingly, the Department will soon propose amendments to the rules as follows (proposed additions indicated in boldface; deletions in brackets):

11:3-8.5 Standards for nonrenewals--ineligible persons

(a) (No change.)

(b) [The following shall apply to insureds who are ineligible pursuant to N.J.A.C. 11:3-34.4:

1.] For the purpose of determining whether a person is an eligible person **pursuant to N.J.A.C. 11:3-34.4**, an insurer shall consider those accidents and violations accrued only in the [36-month period ending 90 days prior to the expiration of the current policy or the failure to meet other renewal acceptance criteria] **experience period set forth in its acceptance criteria for renewal business established in accordance with N.J.A.C. 11:3-8.12(a)**.

[2. An insurer shall not issue a notice of nonrenewal for the reason that a member of the insurer's household is not an eligible person unless the member of the insured's household usually accounts for 10 percent or more of the use of the vehicle insured. For the purposes of this section:

i. Any driver who is the principal driver of an automobile shall be presumed not to account for 10 percent or more of the use of any other automobile in the household.

ii. Except when there are more automobiles than drivers in the household, a person shall be presumed not to be the principal driver of more than one automobile.]

(c) (No change.)

11:3-8.12 Acceptance criteria

(a) (No change.)

(b) An insurer is prohibited from using any of the following in its acceptance criteria:

1. - 4. (No change.)

5. Criteria based on whether the insured or a member of the insured's household purchases or continues to purchase other insurance or services from the insurer or its affiliates, agents or other companies [under common management or ownership], except that this provision shall not prohibit a rate discount; and

6. (No change.)

(c) - (g) (No change.)

The purpose of this Bulletin is to advise insurers that, consistent with the Common Sense Principles for Rulemaking pronounced in Governor Christie's Executive Order No. 2, until the above amendments are adopted, the Department will not enforce the provisions in the rules that will be proposed to be deleted. In addition, acceptance criteria and standards for nonrenewals of private passenger automobile insurance that are in conformity with the changes outlined above shall be deemed to satisfy the rules pending the adoption of the soon to be proposed amendments.

October 24, 2011
Date



Thomas B. Considine
Commissioner

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