

INSURANCE

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

Renewal, Nonrenewal and Cancellation Notice Requirements; Buyers Guide; Coverage Selection Form; Automobile Insurance Consumer Bill of Rights for Standard and Basic Policies; Notice to Insureds and Maintenance of Data

Adopted Amendments: N.J.A.C. 11:2-29.3; 11:3-15.1, 15.4, 15.5 and 15.6; and 11:25-2.3

Adopted Repeals: N.J.A.C. 11:25-2.6 and N.J.A.C. 11:25 Appendix.

Adopted New Rule: N.J.A.C. 11:3-15 Appendix Exhibit 2

Proposed: September 7, 2010 at 42 N.J.R. 1981(a).

Adopted: May 11, 2011 by Thomas B. Considine, Commissioner, Department of Banking and Insurance.

Filed: May 12, 2011 as R. 2011 d. 166, **with substantive and technical changes** not requiring additional public notice and comment (see N.J.A.C. 1:30-6.3).

Authority: N.J.S.A. 17:1-8.1, 17:1-15(e) and 17:29E-1 et seq.

Effective Date: June 6, 2011.

Expiration Date: January 6, 2018, N.J.A.C. 11:2;

June 7, 2013, N.J.A.C. 11:3;

April 13, 2014, N.J.A.C. 11:25.

Summary of Public Comments and Agency Responses:

The Department of Banking and Insurance (Department) received written comments from the following: Alex Hageli, Director, Personal Lines Policy, Property Casualty Insurers Association of America; Donna Cunningham, CPIA, President of the Professional Insurance Agents of New Jersey; Rachael E. Moore, Director of the Insurance Council of New Jersey; and Deborah Wean, Esq., CPCU, Secretary of New Jersey Manufacturers Insurance Company.

COMMENT: One commenter supports the amendments which develop separate buyer's guides for personal and commercial coverage in order to help consumers better understand their coverage. The commenter also supports the repeals which simplify requirements imposed upon New Jersey automobile insurers.

RESPONSE: The Department appreciates the expression of support for the amendments and repeals.

COMMENT: One commenter supports the Department's efforts to clarify the automobile coverage selection form as well as the buyers' guides by removing references to outdated or inaccurate terminology, which increases the clarity of the important information sought to be communicated.

RESPONSE: The Department appreciates the expression of support for the amendments and repeals.

COMMENT: One commenter supports the repeals which eliminate for insurers the unnecessary and burdensome reporting requirements and redundant filings and further commends the

Department for amending the reporting requirements regarding the coverage selection forms and internal appeals.

RESPONSE: The Department appreciates the expression of support for the amendments and repeals.

COMMENT: One commenter requests clarification of the amendment to N.J.A.C.11:3-15.5 regarding utilization of the current buyer's guide and notices for private passenger automobiles that are rated using a commercial lines rating manual.

RESPONSE: The Department acknowledges that the current buyer's guide and notices are not applicable to private passenger automobiles that are rated using a commercial lines rating manual. The proposed amendments to N.J.A.C. 11:3-15.5 being adopted establish a buyer's guide for individually owned vehicles written on commercial policies in order to provide such insureds additional information with regard to their insurance coverage.

Summary of Agency-Initiated Changes:

As proposed, the amendment to N.J.A.C. 11:3-15.4(c) requires authorized private passenger automobile insurers to submit to the Department a Lawsuit Option rate differential certification. Upon adoption, subsection (c) is being changed to refer to the form of that certification. The form certification is also being added upon adoption to the subchapter as Appendix Exhibit 2 in order to ensure consistency amongst all insurers in the filing of the certification. New Appendix Exhibit 2 contains the insurer's certification that the Lawsuit

Option rate differentials in its Standard Policy Coverage Selection Form were calculated in accordance with N.J.A.C. 11:3-15.6(g)4, as was referenced in the proposed amendment to N.J.A.C. 11:3-15.4(c). The Basic Coverage Selection Form, current Exhibit 2 in the Appendix to Subchapter 15, is recodified as Exhibit 3, and references to current Exhibit 2 in N.J.A.C. 11:3-15.6 are updated to reflect the recodification. These changes may be made upon adoption because they do not enlarge or curtail who and what will be affected by the amended rule, do not change what is prescribed by the rule and do not enlarge or curtail the scope of the rule and the burden on those affected by it. See N.J.A.C. 1:30-6.3.

Federal Standards Statement

Executive Order No. 27 (1994) and P.L. 1995, c. 65 require State agencies that adopt, readopt or amend State regulations that exceed any Federal standards or requirements to include in the rulemaking document a comparison with Federal law. A Federal standards analysis is not required in this instance because there are no Federal standards or requirements applicable to the amendments, repeals and new rule being adopted.

Full text of the adopted amendments and new rule follows (additions to proposal indicated in boldface with asterisks ***thus***; deletions from proposal indicated in brackets with asterisks *[thus]*):

11:3-15.4 Compliance

(a) - (b) (No change from proposal.)

(c) As of **[the effective date of this amendment]** ***June 6, 2011***, each insurer that becomes authorized to write private passenger automobile insurance shall make a filing pursuant to N.J.A.C. 11:1-2. The filing shall consist of a certification ***in the form set forth in Exhibit 2 in the subchapter Appendix, incorporated herein by reference,*** that the Lawsuit Option rate differentials in its Standard Policy Coverage Selection Form were calculated in accordance with N.J.A.C. 11:3-15.6(g)4.

(d) (No change from proposal.)

11:3-15.6 Minimum standards for Coverage Selection Forms

(a) Each insurer shall have a separate Coverage Selection Form for the Standard Policy and for the Basic Policy using the text found in the Appendix, Exhibits 1 and **[2]** ***3*** incorporated herein by reference.

(b) – (c) (No change.)

(d) In addition to the required text, each Coverage Selection Form shall include space at the top for the consumer's name and any other necessary information such as policy number, etc. The bottom of each Coverage Selection Form shall have space for the consumer's signature and date.

1. Text in the Appendix, Exhibits 1 and **[2]** ***3*** in italics, thus, is instructions or options for the insurer and should not be printed in the Coverage Selection Form.

2. (No change.)

(e) – (g) (No change.)

APPENDIX

EXHIBIT 1 (No change.)

***EXHIBIT 2**

CERTIFICATION OF COMPLIANCE WITH N.J.A.C. 11:3-15.6(g)4

I hereby certify that the Lawsuit Option rate differentials in the Standard Policy Coverage Selection Form for _____ (Name of Insurance Company) were calculated in accordance with N.J.A.C. 11:3-15.6(g)4.

Signature

Print Name

Title

Telephone Number*

EXHIBIT *[2]* *3* (No change in text.)