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ASSEMBLY PASSES GREENWALD AUTO INSURANCE ACCESS BILL

*Assemblyman=s >New Jersey Automobile Insurance Competition and Choice Act=
Would Stabilize Market, Protect Consumers from Insurance Company Flight*

(TRENTON) -- The General Assembly today passed legislation Assemblyman Louis D. Greenwald sponsored to make changes in the state's auto insurance system so more carriers will sell policies to New Jersey drivers.

"This new reform effort centers on improving driver access to auto insurance," said Greenwald (D-Camden). "The long-term goal is to improve the auto insurance marketplace through greater competition that will ultimately provide savings for consumers."

Greenwald's measure -- the New Jersey Automobile Insurance Competition and Choice Act (A-2625) -- seeks to address a frustration shared by thousands of New Jersey drivers: the inability to find insurance companies that will take on new motor vehicle policyholders.

Under current state law, all drivers are required to carry automobile insurance. But a rising number of insurers have stopped selling auto policies or have left the state entirely, forcing drivers to find coverage from shrinking pool of insurance underwriters.

"The auto insurance challenge in this state has evolved from one of affordability to one of access," said Greenwald. "The sad fact of the matter is that thousands of drivers in this state can't get insurance at any price.

"Good drivers with spotless driving records are being denied coverage because the state's remaining insurers cannot afford to write new policies. Clearly, the market is in crisis and the system needs to be changed."

The measure incorporates a series of reforms proposed by Governor James E. McGreevey, including provisions to crack down on fraud and require insurers to provide their customers with three different premium options.

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Greenwald said the bill would simplify and modernize the state's much-maligned auto insurance regulatory system by promoting a competitive auto insurance environment and reducing unnecessary and ineffective regulations.

"The changes we are making will put New Jersey motorists in the driver's seat for a healthier, more-stable auto insurance market," said Greenwald.

Over the past 10 years, more than 20 auto insurers have either ceased operations in New Jersey or filed for withdrawal. Companies have claimed that New Jersey regulations make it impossible for auto insurers to make a reasonable profit in such a tightly controlled market. For example, New Jersey requires insurers to write policies for even the worst drivers -- yet requires insurers to charge these drivers a below-market rate.

"If five of the top 10 insurance firms in the nation will not write policies in New Jersey, we have to face facts and make some productive changes," said Greenwald. "This bill is designed to simplify the regulatory process and provide incentives for insurers to do business in the state."

Under the bill, stricter informational criteria would be established regarding company profits. The measure also would provide drivers with a "Consumers Bill of Rights" and an "Automobile Insurance Report Card" which would include customer satisfaction surveys and complaint ratios. The state's banking and insurance commissioner would be empowered to impose penalties if insurers fail to comply with the requirements.

"Motorists will benefit if more companies can be encouraged to underwrite policies in New Jersey," said Greenwald.

The Assembly passed the bill unanimously. It now goes to the Governor, who may sign it, veto it, or modify it in the form of a conditional veto.