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December 6, 2002

Editor, Letters to the Editor
Camden Courier-Post
P.O. Box 5300
Cherry Hill, NJ 08002

Dear Editor:

Recent letters to the editor ("Fix Insurance" and "Insurance Mess", Nov. 4) reflect the frustration many New Jersey drivers feel when they seek auto insurance in the state or when they open their current auto insurance bills. The writers, Maria Johnson and Elizabeth Hafner, called for courage in fixing the system that accounts for the highest auto insurance rates in the nation. I agree that it will take some courageous steps to rectify the problems plaguing the state's auto insurance system.

An editorial that same day asked for creative solutions to the auto insurance mess. It said the crisis is growing worse and that the Legislature had better get moving before we all have to ride horses or bikes to work.

I agree that creativity is a vital component to opening the auto insurance market to competition, thereby helping to reduce premiums.

I am the sponsor of bipartisan legislation (A-2625) that is unlike anything ever attempted before in New Jersey. The "New Jersey Automobile Insurance Competition and Choice Act" would encourage competition in the market over a four year period, attracting new companies to the state and giving current companies the confidence to remain here and make a profit.

The state's auto insurance market is admittedly overregulated. My bill would weed out the regulations that bog the system down and, at the same time, make it profitable for companies to do business in New Jersey.

During the transition period, the measure would establish a 13-member Commission for the Advancement of Insurance Competition to: assist the Commissioner of Banking and Insurance in identifying barriers to automobile insurers doing business in the state; develop activities necessary to encourage competition among insurers; and recommend ways to facilitate competition and inform consumers.

The measure would revise certain provisions pertaining to excess profits for automobile insurers, meaning these companies would be able to keep a greater portion of their earnings -- yet another way to help reduce rates. The bill also would provide premium tax credits to companies that write policies in tough-to-insure territories.

There is no doubt in my mind that the system, as it stands now, is broken. We are moving forward with courage and determination. I believe my legislation will make New Jersey attractive to companies, like Geico, which offer discounted auto insurance policies.

New Jersey may always have higher rates, due to being the most densely populated state in the country. But consumers need a choice of companies competing for their business, driving down rates while offering the best coverage available.

As legislators, we must never compromise the protection of motorists in an effort to reduce premiums. My bill will ensure the integrity of the system, open the market up to new business, increase profits for those companies currently writing policies, and -- of most importance to consumers -- drive rates down.

Sincerely,

Assemblyman Louis D. Greenwald
6th Legislative District