

INSURANCE
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF INSURANCE

Special Rules for Effecting Coverage for Private Passenger Automobile Insurance

Proposed Amendment: N.J.A.C. 11:3-44.2

Authorized By: Holly C. Bakke, Commissioner, Department of Banking and Insurance

Authority: N.J.S.A. 17:1-8.1 and 15e, 17:33B-15 and 18 et seq.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal: PRN 2003 - 459

Submit comments by January 16, 2004 to:

Douglas Wheeler, Assistant Commissioner
Legislative and Regulatory Affairs
Department of Banking and Insurance
20 West State Street
P.O. Box 325
Trenton, New Jersey 08625-0325
Fax: (609) 292-0896
Email: Legsregs@dobi.state.nj.us

The agency proposal follows:

Summary

The Department of Banking and Insurance (Department) proposes to amend N.J.A.C. 11:3-44.2, the definitions section of the special rules for effecting coverage for private passenger automobile insurance. The current rule can be construed to imply that the owner of a newly acquired vehicle is required to register the vehicle before insurance coverage can be obtained. The Division of Motor Vehicles (DMV), however, requires an applicant for registration to provide proof of insurance in order to register a newly acquired vehicle. The proposed amendment will eliminate the confusion that can result when the rule's current text is construed in the manner indicated above.

The proposed amendment revises the definition of “completed written application.” It would delete the reference to such an application containing a copy of the vehicle registration of all vehicles insured under the policy, and replace it with text indicating that, with respect to all vehicles insured under the policy, satisfactory proof of ownership or a copy of the motor vehicle registration or of an application for the registration of each vehicle must be supplied.

The Department’s rule proposal provides for a comment period of 60 days, and, therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, is not subject to the provisions of N.J.A.C. 1:30-3.1 and 3.2 governing rulemaking calendars.

Social Impact

The proposed amendment will have a positive impact on New Jersey consumers by resolving the confusion that can occur as a result of the reference contained in the current rule, as described in the summary above. The proposed amendment will eliminate the inconvenience that occasionally resulted when consumers were placed in situations where an application to register a vehicle was delayed or denied because the applicant had not yet secured proof of insurance, and an application for insurance on the same vehicle was delayed or denied because the vehicle was unregistered.

Economic Impact

There will be no direct economic impact on insurers as a result of the proposed amendment. The amendment will, however, increase the efficiency with which applications for coverage on unregistered vehicles can be processed.

Federal Standards Statement

A Federal standards analysis is required when any State agency proposes to adopt, readopt, or amend State regulations that exceed any Federal standards or requirements.

The proposed amendment deals with insurance related issues, which are exclusively the subject of State law and are not subject to any Federal standards or requirements. Thus, no Federal standards analysis is required.

Jobs Impact

The Department does not anticipate that any jobs will be generated or lost as a result of the proposed amendment.

Agriculture Impact Statement

The Department does not anticipate any impact on agriculture from the proposed amendment.

Regulatory Flexibility Analysis

The Department believes that the proposed amendment will apply to "small businesses" as that term is defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., because some insurers may have fewer than 100 full-time employees. To the extent that the proposed amendment will apply to such small businesses, those businesses will be required to operate with the new definition of completed written application. The Department does not believe that the proposed amendment will impose additional costs on insurers. Also, the amendment does not impose any additional reporting, record keeping or compliance requirements.

Smart Growth Impact

The proposed amendment will have no impact on the achievement of smart growth and implementation of the State Development and Redevelopment Plan.

Full text of the proposal follows: additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

11:3-44.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

...

“Completed written application” means a signed written application that contains:

1. – 3. (No change.)

4. [A] **With respect to all vehicles to be insured under the policy, either a copy of the motor vehicle registration [of all vehicles insured under the policy] or satisfactory proof of ownership and a copy of an application for the registration of each vehicle;**

5. – 7. (No change.)

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