

INSURANCE

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF PROPERTY AND CASUALTY

Automobile Insurance

Insurance Identification Cards

Proposed Amendments: N.J.A.C. 11:3-6.1

Proposed Repeals: N.J.A.C. 11:3-6.2, 6.3, and 6.4

Proposed New Rules: N.J.A.C. 11:3-6.2, 6.3, 6.4, and 6.5

Authorized By: Richard J. Badolato, Acting Commissioner, Department of Banking and Insurance.

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, and 39:3-29.1; and P.L. 2015, c. 54.

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

Proposal Number: PRN 2016-096.

Submit comments by August 19, 2016, to:

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The agency proposal follows:

Summary

The Department of Banking and Insurance (Department) is proposing to amend, repeal, and adopt new rules in its automobile insurance identification card rules at N.J.A.C. 11:3-6. The proposed amendments, repeals, and new rules continue to implement the State's compulsory automobile insurance laws and also implement P.L. 2015, c. 54, which amends N.J.S.A. 39:3-29 and 39:3-29.1, to permit operators of motor vehicles to provide proof of insurance electronically. The proposed amendments and new rules provide for an electronic form for the display of insurance identification cards, contain provisions designed to deter and detect counterfeit or fraudulent insurance identification cards while reducing insurer compliance obligations, and reorganize and streamline existing requirements. The proposed amendments and new rules require insurance companies to issue insurance identification cards to all named insureds; establish formats for permanent insurance identification cards and documents demonstrating temporary evidence of insurance; provide general guidelines regarding issuance, time restrictions, and replacement of insurance identification cards; and provide guidelines for electronic insurance identification cards.

The proposed amendments to N.J.A.C. 11:3-6.1 clarify that pursuant to N.J.S.A. 39:3-29, the rules specifically apply to motor vehicles and, therefore, the undefined term "auto" has been deleted and is replaced with the term "motor vehicle." In specifying the policies that the subchapter shall not apply to, the phrase "regulated by" is proposed to be deleted and replaced with "registered with" as the excluded motor vehicles register with, rather than are regulated by, the US Department of Transportation. The Department also proposes to add the Federal rule references under which those excluded motors vehicles register with the US Department of

Transportation. Finally, the reference to the New Jersey Board of Public Utilities is proposed to be deleted as such reference is outdated.

N.J.A.C. 11:3-6.2, 6.3, and 6.4 are proposed for repeal. Several of the current requirements in those rules are proposed to be restated and reorganized into proposed new N.J.A.C. 11:3-6.3, 6.4, and 6.5, as described below.

Proposed new N.J.A.C. 11:3-6.2 adds a definition section to the rules and provides definitions for the terms “insurer,” “electronic insurance identification card or E-card,” “insurance identification card,” and “motor vehicle.”

Proposed new N.J.A.C. 11:3-6.3 provides general requirements for all permanent insurance identification cards, which includes both paper and electronic insurance identification cards. It restates and reorganizes several requirements found in the existing N.J.A.C. 11:3-6.2 but provides that these requirements shall be applicable to both paper and electronic insurance identification cards.

Proposed new N.J.A.C. 11:3-6.3(a) through (d) provide that insurers shall: issue permanent insurance identification cards in paper and/or electronic format for each motor vehicle insured under an insurance policy; issue paper insurance identification cards upon the written or oral request of the insured; and issue replacement permanent insurance identification cards upon: the written or oral request of the insured if the card is lost or destroyed, renewal of the policy, the change of motor vehicle, the acquisition of additional motor vehicles, or the assignment of a new policy number.

Proposed new N.J.A.C. 11:3-6.3(e)1 through 7, 9, and 10 describe the information that all permanent insurance identification cards (both paper and electronic) shall display. These requirements are all required in the current law for paper insurance identification cards and are

equally applicable to electronic insurance identification cards. The required information includes: a heading reading “State of New Jersey Insurance Identification Card;” the name of the insurer (a group name is permitted if it identifies the specific insurance company involved); insurer logos; name and address of the insured; policy number; policy effective and expiration dates; motor vehicle description; insurer code; and the name and address of the insurer or office or agency issuing the insurance identification card.

Proposed new N.J.A.C. 11:3-6.3(e)8 states the guidelines previously established in the case of fleets, dealership, or leasing companies where the owner insures the motor vehicle. Specifically, in such instances, the make, year, and VIN need not be recorded. In lieu of that information, the insurer may insert “All OWNED MOTOR VEHICLES” or “FLEET.” If the lessee insures the motor vehicle, the insured’s name, as well as the name of the owner as on the motor vehicle registration must be shown on the insurance identification card.

Proposed new N.J.A.C. 11:3-6.3(e)11 maintains the current requirement for motor vehicles required to have personal injury protection coverage. Specifically, the address for the filing of notification of the commencement of medical treatment by medical providers is required to be provided under the title “Address for Notification of Commencement of Medical Treatment.” This address may include a facsimile number and/or e-mail address.

Proposed new N.J.A.C. 11:3-6.3(f) provides that the order of this information as required by N.J.A.C. 11:3-6.3(e)1 through 11 may be rearranged to accommodate formats already established by an insurer. Similarly, proposed new N.J.A.C. 11:3-6.3(g) provides that additional information may be included below the information required by N.J.A.C. 11:3-6.3(e)1 through 11 provided it is appropriately captioned and is not at variance with the required information.

Proposed new N.J.A.C. 11:3-6.3(h) requires issuance of permanent insurance identification cards prior to the expiration of any 20-day temporary evidence of insurance document as proposed in new N.J.A.C. 11:3-6.5.

Proposed new N.J.A.C. 11:3-6.3(i) maintains the current requirement that servicing carriers of residual market mechanism shall issue permanent insurance identification cards.

Proposed new N.J.A.C. 11:3-6.3(j) changes the current requirement that permanent insurance identification cards shall be effective for no more than 14 months to 12 months.

Proposed new N.J.A.C. 11:3-6.3(k) simplifies the procedures by which insurers may implement anti-counterfeiting measures as required by N.J.S.A. 39:3-29.1. It provides that insurers may continue to use any anti-counterfeiting measures that have already been approved by the Department; however, insurers will no longer be required to make any filing or seek prior approval of the anti-counterfeiting measure(s). Specific to electronic insurance identification cards, insurers are required to implement at least one anti-counterfeiting measure that permits a State/government official to verify that the insurer issued a valid electronic insurance identification card.

Proposed new N.J.A.C. 11:3-6.4 sets forth the additional requirements for paper permanent insurance identification cards. These requirements are currently required by the rules and are merely being recodified here. Proposed new N.J.A.C. 11:3-6.4(a) states that the front of the card must include the information required in proposed new N.J.A.C. 11:3-6.3(e)1 through 10. The address for Notification of Commencement of Medical Treatment required by proposed new N.J.A.C. 11:3-6.3(e)11 may be printed on the reverse of the card. Proposed new N.J.A.C. 11:3-6.4(b) sets forth the existing size and paper-weight requirements for permanent paper insurance identification cards. Proposed new N.J.A.C. 11:3-6.4(c) states that additional

information can be printed on the reverse side of the insurance identification card, if it is properly captioned and not at variance with the required information.

Proposed new N.J.A.C. 11:3-6.5 sets forth the requirements for paper temporary evidence of insurance documents. This section replaces the prior provisions for temporary paper insurance identification cards to include the flexibility permitted by the Department in Bulletin No. 04-21, regarding the ability of insurers to issue temporary evidence of insurance by facsimile or e-mail that would expire in 20 days. As part of its review of the rule provisions and the passage of P.L. 2015, c. 54, permitting electronic insurance identification cards, the Department has determined to delete the existing rule provisions governing temporary insurance identification cards and incorporate some provisions of Bulletin No. 04-21 into the rule. The newly proposed N.J.A.C. 11:3-6.5 provides that insurers or their authorized producers may issue temporary evidence of insurance in person, by facsimile, e-mail, or by download to the insured's computer. The temporary evidence of insurance shall only provide paper proof of insurance for a period of 20 days to insureds who have coverage and are waiting for the issuance or reissuance of a permanent insurance identification card.

Proposed new N.J.A.C. 11:3-6.5 states that the information required by N.J.A.C. 11:3-6.3(e)1 through 11 must be included on the temporary evidence of insurance, but there is no requirement for the weight and size of the paper used for the document. The document must also include a heading that reads "State of New Jersey Temporary Evidence of Insurance" and a statement that "This Temporary Evidence of Insurance expires 20 days after the effective date shown above."

A 60-day comment period is provided for in this notice of proposal and, therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, the notice 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 new rules and amendments should have a beneficial impact on insurers, as they will no longer have to make prior approval filings of the anti-counterfeiting measures that they use on their insurance identification cards. Moreover, insurers will have flexibility to use anti-counterfeiting measures other than the pre-approved methods.

Furthermore, the proposed new rules and amendments will have a beneficial impact on insureds that maintain motor vehicle insurance through an insurer who provides electronic identification cards as an option. Those insureds will have convenient access to their insurance identification card through an electronic device.

Economic Impact

The use of electronic insurance identification cards is not mandated. The Department anticipates that those insurers that choose to offer insureds electronic identification cards will save costs of printing and mailing. However, all insurers will be required to continue to provide paper permanent insurance identification cards upon the request of the insured.

Moreover, the Department believes that the new rules and amendments on filings will have a positive impact on insurers who, instead of having to file their insurance identification cards with the Department for approval, will simply be able to implement a previously approved anti-counterfeiting measure. Beyond those savings, the Department does not anticipate any

economic impact on insureds or insurers as a result of these proposed amendments and new rules.

Federal Standards Statement

A Federal standards analysis is not required because the proposed new rules and amendments are not subject to any Federal requirements or standards.

Jobs Impact

The Department does not anticipate that any jobs will be generated or lost as a result of the proposed new rules and amendments. However, to the extent that the rules in this subchapter help promote a healthy insurance marketplace in New Jersey, the climate for business and job growth is improved.

The Department invites interested parties to submit any data or studies concerning the jobs impact of the proposed new rules and amendments together with their written comments on other aspects of the proposal.

Agriculture Industry Impact

The proposed new rules and amendments will not have any impact on the agriculture industry in New Jersey.

Regulatory Flexibility Analysis

These proposed new rules will impose reporting, recordkeeping, and compliance requirements on “small businesses,” as that term is defined in the Regulatory Flexibility Act,

N.J.S.A. 52:14B-16 et seq. To the extent the proposed new rules apply to small businesses, they will apply to New Jersey domiciled private passenger automobile insurers. No professional services will need to be employed by small businesses in order to comply with the proposed amendments and new rules. N.J.S.A. 39:3-29.1 requires the Department to promulgate rules and regulations concerning the issuance, design, and content of the insurance identification cards. Accordingly, the proposed amendments and new rules provide no differentiation in compliance requirements based on business size.

Housing Affordability Impact Analysis

The proposed new rules and amendments will not have any impact on the affordability of housing and there is an extreme unlikelihood that the rules would evoke a change in the average costs with housing because the new rules and amendments relate to insurance identification cards.

Smart Growth Development Impact Analysis

The Department believes that there is an extreme unlikelihood that these new rules and amendments would evoke a change in housing production in Planning Areas 1 and 2, or with the designated centers, under the State Development and Redevelopment Plan in New Jersey because the proposed new rules and amendments address insurance identification cards.

Full text of the rules proposed for repeal may be found in the New Jersey Administrative Code at N.J.A.C. 11:3-6.2, 6.3, and 6.4.

Full text of the proposed amendments and new rules follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

SUBCHAPTER 6. INSURANCE IDENTIFICATION CARDS

11:3-6.1 Scope

In accordance with N.J.S.A. 39:3-29.1, this subchapter concerns the issuance, design, and content of [auto] insurance identification cards **for motor vehicles** issued by [insurance companies] **insurers** in this State. This subchapter shall not apply to policies covering [commercial] motor vehicles [regulated by] **registered with** the U.S. Department of Transportation [or the New Jersey Board of Public Utilities] **pursuant to 49 CFR Parts 300-399.**

11:3-6.2 Definitions

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

“Electronic insurance identification card or E-card” means the display of an electronic image on a cellular phone or any other type of portable electronic device if the device has sufficient functionality and display capability to enable the user to display the required information as clearly as a paper insurance identification card issued by the insurer.

“Insurance identification card” means proof of insurance coverage by means of a paper card or an electronic image that meets the requirement of this subchapter.

“Insurer” or “insurance company” means any person or persons, corporation, association, partnership, company, reciprocal exchange, risk retention group, or other legal

entity authorized or admitted to transact private passenger automobile insurance, motor vehicle liability, or physical damage insurance in this State. Insurer does not include an entity that is self-insured pursuant to N.J.S.A. 39:6-52.

“Motor vehicle” means a vehicle as described in N.J.S.A. 39:1-1, required to be registered with the New Jersey Motor Vehicle Commission, but does not include trailers or semi-trailers.

11:3-6.3 General requirements for all permanent insurance identification cards

(a) Insurers shall issue permanent insurance identification cards in paper and/or electronic format for each motor vehicle insured under an insurance policy.

(b) If an insurer issues electronic insurance identification cards, the insurer, at a minimum, shall also issue paper insurance identification cards upon the written or oral request of the insured that meet all requirements in N.J.A.C. 11:3-6.4.

(c) Insurers shall issue replacement permanent insurance identification cards at the written or oral request of the insured in the event the card is lost or destroyed.

(d) Insurers shall issue replacement permanent insurance identification cards upon renewal of the policy and upon any of the following occurrences: the change of a motor vehicle, the acquisition of additional motor vehicle(s), or upon assignment of a new policy number.

(e) All permanent insurance identification cards, whether paper or electronic, shall display the following information:

1. The heading, which shall read: **State of New Jersey Insurance Identification Card**;

2. The name of the insurer. A group name may be shown instead if it identifies the specific insurance company involved. Insurer logos are permitted;

3. The name of the insured. The surname of the insured must agree with the surname shown on the insured motor vehicle's current motor vehicle registration as issued by the New Jersey Motor Vehicle Commission;

4. The address of the named insured;

5. The complete policy number;

6. The effective date and expiration date of the policy in month, day, and year format;

7. A description of the motor vehicle, including the year, make, and motor vehicle identification number (VIN). The model of the motor vehicle may be shown as the make. The make of the motor vehicle may be abbreviated, but the complete VIN must be shown;

8. In the case of fleets, dealership, or leasing companies where the owner insures the motor vehicle, the make, year, and VIN need not be recorded. In lieu of the make, year, and VIN, the insurer may insert "ALL OWNED MOTOR VEHICLES" or "FLEET." If the lessee insures the motor vehicle, the name of the owner as shown on the motor vehicle registration must be shown on the insurance identification card in addition to the name of the insured;

9. The insurance company code as established by the New Jersey Motor Vehicle Commission shall immediately precede the insurer's name;

10. The name and address of the insurer or the office or agency issuing the insurance identification card; and

11. For motor vehicles that are required to have Personal Injury Protection coverage pursuant to N.J.S.A. 39:6A-3.1, 39:6A-4, or 39:6A-4.3, the address established by the insurer for the filing of notification of the commencement of medical treatment by treating medical providers under N.J.A.C. 11:3-25. The address may include a facsimile number and/or e-mail address. This information shall be provided under the following title: “ADDRESS FOR NOTIFICATION OF COMMENCEMENT OF MEDICAL TREATMENT.”

(f) The order of the information required in (e) above may be rearranged to accommodate formats already established by an insurer.

(g) Additional information may be included below the information required by (e) above, provided it is appropriately captioned and is not at variance with the information required in (e) above.

(h) Insurers shall issue permanent insurance identification cards prior to the expiration of any 20-day temporary evidence of insurance document issued pursuant to N.J.A.C. 11:3-6.5.

(i) Servicing carriers of any residual market mechanism authorized by statute shall issue permanent insurance identification cards in accordance with (e) above. The cards shall indicate that coverage is being issued by the servicing carrier on behalf of the residual market mechanism.

(j) Each permanent insurance identification card shall be effective for no more than 12 months from the effective date indicated on its face.

(k) Each permanent insurance identification card shall contain at least one anti-counterfeiting measure prior to being issued in this State.

1. Insurers may continue to use any anti-counterfeiting measures that have already been approved by the Department.

2. Insurers are not required to make any filing with or seek prior approval from the Department of their anti-counterfeiting measure(s).

3. With regard to E-cards, insurers shall implement at least one anti-counterfeiting measure that permits a State or government official to verify that the insurer issued a valid E-card to the insured's electronic device.

11:3-6.4 Additional requirements for paper permanent insurance identification cards

(a) The front of the card shall include the information provided in N.J.A.C. 11:3-6.3(e)1 through 10. The address for Notification of Commencement of Medical Treatment required by N.J.A.C. 11:3-6.3(e)11 may be printed on the reverse of the card.

(b) The card shall meet the following specifications:

1. The minimum size shall be three inches by five inches, and the maximum size shall be 5 1/2 inches by 8 1/2 inches; and

2. The weight shall not be lighter than 20 pounds white bond.

(c) Additional information may be printed on the reverse side of the insurance identification cards, provided the additional information is appropriately captioned and is not at variance with the information required.

11:3-6.5 Requirements for paper temporary evidence of insurance

(a) The paper temporary evidence of insurance document shall include the information required by N.J.A.C. 11:3-6.3(e), except as noted below:

1. The heading on the document shall read: “State of New Jersey Temporary Evidence of Insurance”;

2. There are no requirements for the weight or size of the paper for the document and it can be sent to the insured by facsimile or e-mail, or downloaded from an insurer’s website;

3. The policy number shall be indicated, if available. Otherwise, the application or binder number is acceptable; and

4. The document shall contain the following statement: “This Temporary Evidence of Insurance expires 20 days after the effective date shown above.”