

INSURANCE

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF PROPERTY AND CASUALTY

Automobile Insurance

Insurance Identification Cards

Adopted Amendment: N.J.A.C. 11:3-6.1

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

Adopted New Rule: N.J.A.C. 11:3-6.5

Proposed: June 20, 2016, at 48 N.J.R. 1046(a).

Adopted: November 21, 2016, by Richard J. Badolato, Commissioner, Department of Banking and Insurance.

Filed: November 22, 2016, as R.2016 d.183, **without change**.

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

Effective Date: December 19, 2016.

Expiration Date: December 3, 2020.

Summary of Public Comments and Agency Responses:

The Department of Banking and Insurance (Department) received comments from NJM Insurance Group, Property Casualty Insurers, Professional Insurance Agents – New Jersey, and Jean Publice.

COMMENT: One commenter stated that the driver/owner/insured (person paying the bill) should always have a paper copy of their insurance I.D. card. The commenter contends that “just electronic notification is not enough.”

RESPONSE: The Department disagrees and does not believe it is necessary for the rules to mandate that an insurer, which provides electronic insurance identification cards, also automatically provide a paper permanent insurance identification card to its insureds. The Department notes that insurers are required to provide the paper permanent insurance identification cards to insureds who request it.

COMMENT: One commenter wanted to confirm that the implementation of electronic identification cards is optional, rather than mandatory for the insurance carrier since some may wish to move in that direction but may not have the ability to offer this feature at this time.

RESPONSE: The use of electronic insurance identification cards is not mandated. The Department notes that if an insurer offers electronic insurance identification cards, insurers are still required to provide the paper permanent insurance identification cards to insureds who wish to use paper instead of electronic insurance identification cards.

COMMENT: One commenter expressed concern with the proposed amendments to N.J.A.C. 11:3-6.3(e)8, which provides ... in the case of fleet, dealership, or leasing companies where the owner insures the motor vehicle, the make, year, and VIN need not be recorded. In lieu of that information, the insurer may insert "ALL OWNED MOTOR VEHICLES" or "FLEET."

The commenter suggested that in addition to being able to insert "ALL OWNED MOTOR VEHICLES" or "FLEET," it also should be permitted to insert "ALL DEALER PLATES." The commenter stated that if a vehicle is leased and the lessee insures the motor vehicle, the insured's name, as well as the name of the owner, on the motor vehicle registration must be shown on the insurance identification card.

The commenter is concerned that listing the insured's name, as well as the name of the owner(s) of the motor vehicle, could result in insurance identification cards becoming cluttered

and unwieldy. The commenter contends that in some leasing situations, ownership can be shared by multiple parties, which would create the requirement of listing three or four entities on the insurance identification card in addition to the information required pursuant to proposed N.J.A.C. 11:3-6.3(e).

RESPONSE: The Department disagrees that listing multiple parties would result in unwieldy or cluttered cards in the event of leases. The existing rule, effective April 19, 2004, contains the same fleet and lease language as the proposed rule. As of April 19, 2004, the Department actively reviewed all identification cards subject to N.J.A.C. 11:3-6 and found no instances in which cards became cluttered or unwieldy; nor is the Department aware of an insurer experiencing difficulty in populating an identification card under these circumstances.

The Department does not believe that “ALL DEALER PLATES” should be added to the proposed rule because such vehicles are owned by the dealership, and are thus addressed by the existing and proposed language that permits use of the phrase “ALL OWNED MOTOR VEHICLES.”

COMMENT: One commenter expressed concern with the language at N.J.A.C. 11:3-6.3(k)3, which states that “insurers shall implement at least one anti-counterfeiting measure that permits a State or government official to verify that the insurer issued a valid electronic insurance identification card (E-Card) to the insured’s electronic device.” The commenter stated that they did not know what this language means and because they do not know what it means, the commenter said they are concerned it may result in effectively blocking the offering of E-cards to policyholders in New Jersey.

The commenter suggested that the Department include in the regulations a pre-approved format that satisfies this requirement. The commenter recommended that the Department require

a time stamp on an E-card that is stored on a motorist's smartphone and require that the image be refreshed no less frequently than every 30 days. Such a requirement would have the benefit of reinforcing the need to maintain coverage because, without maintenance of coverage, a motorist would be unable to access his or her account in order to refresh the E-card.

The commenter further added that certain insurers already offer their policyholders the ability to store an E-card offline on their smartphone and refresh the card when they log into their account. The commenter stated that the ability to store an E-card on a smartphone is imperative, because it allows a motorist to be able to access the E-card even when the phone has no signal. Without the ability to access an E-card without a signal, motorists are unlikely to avail themselves of the option of using an E-card for fear they will be unable to access it if they are stopped in an area where their phone lacks a signal. The commenter contends that this would have the effect of undercutting the purpose of the legislation allowing for E-cards.

RESPONSE: The Department does not believe that a defined, pre-approved E-card format is practicable because of systems and platform variability among insurers that may favor some companies over others in terms of cost, efficiency, and availability. The commenter has outlined a possible E-card anti-counterfeit measure that includes an image of an identification card that is refreshed every 30 days, as well as a feature that permits the image to be stored on a device in the event that connectivity problems impede real-time access to a company's network or online systems. These may in fact serve as viable anti-counterfeit measures if implemented in a manner that permits proper verification.

Federal Standards Statement

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

Full text of the adoption follows:

TEXT