

**INSURANCE**

**DEPARTMENT OF BANKING AND INSURANCE**

**DIVISION OF PROPERTY AND CASUALTY**

**Automobile Insurance**

**Insurance Identification Cards**

**Proposed New Rules: N.J.A.C. 11:3-6.4, 6.6, and 6.7**

**Proposed Amendments: N.J.A.C. 11:3-6.2 and 6.4**

Authorized By: Kenneth E. Kobylowski, Acting Commissioner, Department of Banking and Insurance.

Authority: N.J.S.A. 17:1-8.1, 17:1-15e, and 39:3-29.1.

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

Proposal Number: PRN 2012-078.

Submit comments by July 20, 2012 to:

Robert Melillo, Chief  
Legislation and Regulation  
Department of Banking and Insurance  
20 West State Street  
PO Box 325  
Trenton, NJ 08625-0325  
Fax: 609-292-0896  
E-mail: [legsregs@dobi.state.nj.us](mailto:legsregs@dobi.state.nj.us)

The agency proposal follows:

## Summary

The New Jersey Department of Banking and Insurance (Department) is proposing amendments and new rules to its automobile insurance identification cards rules at N.J.A.C. 11:3-6. The Department seeks to reduce the compliance obligations of insurers and to incorporate a consumer-friendly provision as referenced in the Department's Bulletin 04-21.

The Department is proposing to amend N.J.A.C. 11:3-6.2(a)3vii to clarify the requirements with respect to what information must be included on an identification card for a leased vehicle. Where the lessee insures a leased vehicle, the insurance identification card should include the name of the registered owner and the name of the insured. The last phrase of the rule, "if the designation 'FLEET' is used without the VIN," is being deleted. N.J.A.C. 11:3-6.2(a)3ix is being amended to clarify that the code established by the New Jersey Motor Vehicle Commission is a three-digit code. The three-digit insurer identification code is only used in New Jersey. The Department, in consultation with the New Jersey Motor Vehicle Commission (MVC), in the future may amend its rules to recognize the identification of insurers by their nationally recognized five-digit National Association of Insurance Commissioners (NAIC) numbers.

In 2004, the Department issued Bulletin 04-21, which permitted insurers to fax or e-mail insureds a Temporary Evidence of Insurance document when coverage was bound by telephone or over the Internet. Insureds were increasingly able to obtain coverage by these methods but could not drive the car until the insurance identification card was received through regular mail. The Department recognized in Bulletin 04-21 that it was unfair for insureds who had secured coverage to have to wait to receive an identification card. The Temporary Evidence of Insurance is intended only to be shown to law enforcement personnel if the insured is stopped while

driving. It cannot be used at New Jersey Motor Vehicle Commission facilities as proof of insurance to obtain a registration or get a vehicle inspected.

The Department is incorporating the provisions of Bulletin 04-21 into the insurance identification card rules with some modifications. The Department is proposing a new N.J.A.C. 11:3-6.4, subsection (a) of which provides that the Temporary Evidence of Insurance document is not an insurance identification card and is intended only to be presented to law enforcement officers if the insured's vehicle is stopped. This provision also requires that upon request, insurers shall issue a Temporary Evidence of Insurance document to the insured by facsimile transmission or by e-mail when the insured has bound coverage by telephone or over the Internet, or when the insured has lost his or her insurance identification card and it is not possible for the insured to get an immediate temporary or permanent replacement identification card .

Proposed new N.J.A.C. 11:3-6.4(b) sets forth the information that must be included on a Temporary Evidence of Insurance document. This includes the information that is required to be on an insurance identification card by N.J.A.C. 11:3-6.2(a)3i, ii, iii, v, vi, ix, and x and 6.2(a)4. The proposed new rule provides that the Temporary Evidence of Insurance shall state on its face that it can only be used until the insured receives a temporary or permanent identification card issued in accordance with this subchapter. Additionally, the proposed rule requires that the Temporary Evidence of Insurance include the policy or binder number, whichever is available, an expiration date that provides sufficient time for the permanent or temporary Insurance ID card to be mailed but is not longer than 20 days, the telephone number for the insurer where coverage can be verified, a statement that the Temporary Evidence of Insurance document is not an identification card and should be destroyed upon receipt of the permanent insurance identification card is received, and a statement, set out prominently such as in larger bolded type, that the

Temporary Evidence of Insurance cannot be used as proof of insurance in transactions involving the New Jersey Motor Vehicle Commission such as registration or inspection of vehicles.

Current N.J.A.C. 11:3-6.4 is being recodified as N.J.A.C. 11:3-6.5 and being amended to require that all temporary and permanent Insurance ID cards contain an anti-counterfeiting measure that prevents the card from being copied. This requirement makes it difficult to send insurance identification cards by email or fax.

Recodified N.J.A.C. 11:3-6.5(g) is also being amended to state that insurance identification cards shall contain at least one “approved” anti-counterfeiting measure.

The Department is proposing to delete the current provisions of N.J.A.C. 11:3-6.4(h). The Department will no longer require insurers to file a description of the anti-counterfeiting measures used on its identification cards if they use the approved anti-counterfeiting methods found in proposed N.J.A.C. 11:3-6.6.

N.J.A.C. 11:3-6.4(i) and (i)1 are proposed for deletion and replacement with new N.J.A.C. 11:3-6.5(h), which requires that insurers make informational filings with the Department when entering the market or changing a previously approved insurance identification card filing.

Proposed new N.J.A.C. 11:3-6.5(h)1 provides that the information filing shall state which of the approved anti-counterfeiting measures designated in N.J.A.C. 11:3-6.6 or approved as provided for in N.J.A.C. 11:3-6.7 the insurer uses and a description of the measure(s), for example, what the watermark is. Examples of descriptions are provided in proposed new N.J.A.C. 11:3-6.5(h)1i and ii.

Proposed new N.J.A.C. 11:3-6.5(h)2 states that the informational filing shall also include the date(s) on which the new or revised insurance identification cards will be issued or the date

that the previously used identification cards will no longer be valid.

N.J.A.C. 11:3-6.4(i)2, which requires that the information filing include an explanation of the insurer's policy number formats used by the insurer, is recodified as N.J.A.C. 11:3-6.5(h)3 with no change in text.

N.J.A.C. 11:3-6.4(j) is being recodified as N.J.A.C. 11:3-6.5(h)4 and amended to delete the phrase "by May 19, 2004 every insurer or group of insurers shall file with the Department an" and N.J.A.C. 11:3-6.4(j)1 is recodified as part of N.J.A.C. 11:3-6.5(h)4.

N.J.A.C. 11:3-6.4(j)2 is proposed to be deleted. If the insurer's verification phone number changes, the insurer will have to make an informational filing with the Department pursuant to N.J.A.C. 11:3-6.5(h).

N.J.A.C. 11:3-6.4(k) provides the address where filings under this section shall be made. The subsection is recodified as N.J.A.C. 11:3-6.5(i) and the Department is proposing to amend this provision to reference the informational filings described above and filings made pursuant to N.J.A.C. 11:3-6.7.

N.J.A.C. 11:3-6.4(l) provides that filings under this section contain proprietary information and are not subject to public access pursuant to N.J.S.A. 47:1A-1 et seq. The subsection is recodified as N.J.A.C. 11:3-6.5(j) and the Department is proposing to amend it to reference the informational filings described above and the filings made pursuant to N.J.A.C. 11:3-6.7.

The Department is also proposing a new rule N.J.A.C. 11:3-6.6, which lists the approved anti-counterfeiting measures. Review of identification card filings by insurers since 2004 has identified the most common anti-counterfeiting measures, which are listed in the proposed new rule. They are watermarks, void or other pantographs and reverse pantographs, embedded text or

images, embedded microfibers, and coin reactive validation.

The Department is also proposing a new rule N.J.A.C. 11:3-6.7 which provides a procedure for insurers to make a filing to get an anti-counterfeiting measure not listed in N.J.A.C. 11:3-6.6 approved.

A 60-day comment period is provided for this notice of proposal, and, therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, the proposal is not subject to the provisions of N.J.A.C. 1:30-3.1 and 3.2 governing rulemaking calendars.

### **Social Impact**

The Department's proposed new rules and amendments will have a beneficial impact on insureds who lease vehicles and their insurers, since the ambiguity in the current N.J.A.C. 11:3-6.2(a)3 has caused some insurance identification cards to be rejected inappropriately. The Department notes that although the three-digit code is unique to New Jersey, it will have no impact in and of itself on insurers.

The proposed new rules and amendments on anti-counterfeiting measures will have a beneficial impact on insurers, as they will no longer have to make prior approval filings of the anti-counterfeiting devices that they use on their insurance identification cards and will have flexibility to use anti-counterfeiting measures other than the pre-approved methods. Additionally, these amendments will have a beneficial social impact on insurers by further simplifying the process whereby they notify the Department of changes in their contact information.

### **Economic Impact**

Initially insurers will have to change their insurance identification cards in order to comply with the changes resulting from the new rules and amendments, which will involve some expense. However, the Department will give insurers adequate time to make these changes. The Department believes that over the long term, insurers will realize a savings based on the revised filing requirements.

The Department also 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 for approval, will simply have to make an informational filing identifying which qualifying anti-counterfeiting method they use. These proposed amendments and new rules will have no economic impact on insureds.

### **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.

The Department invites commenters to submit any data or studies about the jobs impact of these proposed rules and amendments together with their 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 and amendments 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 and amendments apply to small businesses, they will apply to New Jersey domiciled private passenger automobile insurers. The economic impacts and costs of compliance for these entities are set forth in the Economic Impact above. No professional services will need to be employed by small businesses in order to comply with the proposed new rules and amendments. The Department believes that the anti-fraud public policy considerations that underlie the rules that address private passenger automobile insurance identification card anti-counterfeiting measures do not vary based on business size. Accordingly, these proposed new rules and amendments 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 housing affordability because the proposed 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 proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

### SUBCHAPTER 3. INSURANCE IDENTIFICATION CARDS

#### 11:3-6.2 Permanent identification cards

(a) A permanent insurance identification card shall conform to the following specifications:

1. - 2. (No change.)

3. The front of the card shall include the following:

i. – vi. (No change)

vii. In the case of fleets, dealership or leasing companies where the owner insures the vehicles, the make, year and VIN need not be recorded. In lieu of the make, year and VIN, the insurer may insert "ALL OWNED VEHICLES" or "FLEET". If the lessee insures the vehicle(s), the name of the owner as shown on the motor vehicle registration must be shown on the I.D. card in addition to the name of the insured [if the designation "FLEET" is used without the VIN];

viii. (No change.)

ix. The **three-digit** insurance company code as established by the New Jersey Motor Vehicle Commission will be printed immediately preceding the insurance company name;

x. (No change.)

4. - 5. (No change.)

(b) (No change.)

#### **11:3-6.4 Temporary Evidence of Insurance**

**(a) The Temporary Evidence of Insurance document is not an insurance identification card and is intended only to be presented to law enforcement officers if the insured is stopped while driving. Upon request, the insurer shall send a Temporary Evidence of Insurance document to the insured by e-mail or facsimile transmission when:**

- 1. Coverage is bound by telephone or over the Internet; or**
- 2. The insured loses his or her insurance identification card and it is not**

**possible for the insured to get an immediate temporary or permanent replacement identification card.**

**(b) The Temporary Evidence of Insurance document shall contain the following information:**

**1. A statement on its face that the Temporary Evidence of Insurance document is to be used only until the insured receives a temporary or permanent identification card issued in accordance with this subchapter;**

**2. The information required by N.J.A.C. 11:3-6.2(a)3i, ii, iii, v, vi, ix, and x and 6.2(a)4;**

**3. The policy number or binder number, whichever is available;**

**4. An expiration date that provides sufficient time for the permanent identification cards to arrive in the mail but is not longer than 20 days;**

5. **The telephone number where coverage can be verified;**

6. **A statement that the Temporary Evidence of Insurance is not an insurance identification card and should be destroyed upon receipt of the permanent identification card; and**

7. **A statement, set out prominently such as in larger bolded type, that the Temporary Evidence of Insurance document cannot be used as proof of insurance for any transaction involving the New Jersey Motor Vehicle Commission including vehicle inspection, vehicle registration, or in response to a notice of proposed suspension for failure to carry mandatory insurance coverage.**

11:3-[6.4]**6.5** General provisions

(a) – (f) (No change.)

(g) The identification card shall contain at least one **approved** anti-counterfeiting measure [approved in accordance with (h) below] that makes it difficult to duplicate the card by photocopying, scanning or other means without detection.

[(h) By June 18, 2004, each insurer or group of insurers shall file for approval with the Department a description of its anti-counterfeiting measures and the information necessary for law enforcement and other authorized persons to determine that the card has not been counterfeited.

1. The filing shall be deemed approved if not affirmatively approved or disapproved within 30 days of the date of its receipt by the Department.]

**[(i) (h) [No later than April 19, 2004 and within 30 days of any change in the information each insurers shall file with the Department:] Within 30 days of the effective date of this rule, insurers that have had a filing approved in accordance with this subchapter since April 2004 shall make an informational filing of any change in the information in (h)1 through 4 below. Insurers that are entering the market on or after the effective date of this rule shall make an informational filing of the information in (h)1 through 4 below prior to writing private passenger automobile insurance business and thereafter shall make the same informational filing for any change in the information previously filed. Such filings shall specify the following information:**

1. **[An image of the front and back of each type of identification card used with sample policyholder information; and] Which of the approved anti-counterfeiting measures designated in N.J.A.C. 11:3-6.6 or approved as provided for in N.J.A.C. 11:3-6.7 the insurer uses on its identification cards and a description of the measure(s). It is not necessary to send images of the card itself. Examples of descriptions include, but are not limited to:**

**i. Anti-counterfeiting measures: watermark; pantograph; embedded image. Watermark paper contains the phrase "XXXX Insurance Group." Void will appear on front and back if copied or scanned. Background is blue and white with vertical and horizontal cross marks (X) in subdued white font; and**

**ii. Anti-counterfeiting measure: pantograph. Card contains a VOID pantograph on the front of the card that will appear in bold caps if copied or scanned. Background color is light blue;**

**2 The date(s) upon which the cards will be issued and/or the date that previously approved cards will no longer be valid;**

[2.] **3.** An explanation of the policy number formats used by the insurer, for example, the number of characters, the position and meaning of alpha and numeric characters[.]; **and**

[(j)] **4.** [By May 19, 2004, every insurer or group of insurers shall file with the Department an] **An** insurance verification phone number to which inquiries from law-enforcement personnel about the insurance status of a driver can be made.

[1.] The insurance verification phone number shall be staffed, at a minimum, during normal business hours.

[2. The Department shall be notified within one business day at the address in (k) below of any change in the insurance verification phone number.]

[(k)] **(i)** The **informational** filings in (h) [through (j)] above **and any filings made pursuant to N.J.A.C. 11:3-6.7** shall be made to:

New Jersey Department of Banking and Insurance

Insurance Identification Card Unit

PO Box 329

Trenton, NJ 08625-0329

E-mail: [autoidcards@dobi.state.nj.us](mailto:autoidcards@dobi.state.nj.us)

[(l)] **(j)** The **informational** filings in (h) [though (j)] above **and the filings made pursuant to N.J.A.C. 11:3-6.7** contain proprietary commercial information and are not subject

to public access pursuant to N.J.S.A. 47:1A-1 et seq., but may be provided to the Office of the Insurance Fraud Prosecutor and other law enforcement agencies to assist in the identification of fraudulent insurance identification cards.

[11:3-6.5 (Reserved)]

### **11:3-6.6 Approved anti-counterfeiting methods**

**(a) The following anti-counterfeiting methods are approved to be used on insurance identification cards:**

**1. Watermarks. These can be embedded company logos, repeating patterns of objects like diamonds, circles or a chain link fence that cannot be copied or scanned;**

**2. Void or other pantographs and reverse pantographs. On pantographs, the term VOID or other text, phrases, and images appear when the card is copied or scanned. On reverse pantographs, the term or phrase disappears when the card is copied or scanned;**

**3. Embedded text or images. The text or image is always visible on actual cards, but very difficult to see unless viewed at an angle. Color is usually off-white or light yellow. Examples include SECURITY PAPER; KANT KOPY; AUTHORIZED; etc;**

**4. Embedded microfibers. These are usually blue, green, and/or red lines embedded in the paper. Length is usually 1/16 inch and width is usually 1/128 inch; and**

**5. Coin reactive validation. Valid cards contain a phrase or image that appears when a coin is rubbed across the designated area. Chemicals in the paper react to the metal in the coin.**

**11:3-6.7 Approval of additional anti-counterfeiting method**

(a) If an insurer wishes to use an anti-counterfeiting method not designated as approved in N.J.A.C. 11:3-6.6, the insurer shall make a filing with the Department at the address in N.J.A.C. 11:3-6.5(i). The filing shall explain the anti-counterfeiting method and include a sample insurance identification card that shows the anti-counterfeiting feature.

(b) The Department shall approve or disapprove of the filing within 60 days. In determining whether to approve such an anti-counterfeiting measure, the Department shall consider the extent to which it is evident that, upon an attempt being made to copy the sample identification card, the copy can be clearly recognized as not genuine.