

PUBLIC NOTICE

BANKING AND INSURANCE
DIVISION OF INSURANCE
OFFICE OF PROPERTY AND CASUALTY

Notice of Receipt of Petition for Rulemaking

Automobile Physical Damage Insurance Inspection Procedures

N.J.A.C. 11:3-36.4

Petitioner: Property Casualty Insurers Association of America

Take notice that on April 20, 2009, the Department of Banking and Insurance (Department) received a petition for rulemaking from the above petitioner requesting that the Department amend its rules regarding Automobile Physical Damage Insurance Inspection Procedures. Specifically, the petitioner requests the Department amend N.J.A.C.11:3-36.4(b), which sets forth the circumstances under which an insurer may waive a mandatory inspection of a vehicle, to reflect current conditions and changes in the automobile insurance marketplace.

The petition seeks to add new paragraphs 3, 4, 5 and 6, modify paragraph 7, delete paragraph 8 and recodify the remaining paragraphs as appropriate. The following are the specific amendments requested in the petition:

New Paragraph 3

“When the automobile was insured for physical damage coverage under a private passenger auto policy issued by a different New Jersey insurance carrier, and there was a continuous coverage or a lapse in coverage of less than 30 days.”

New Paragraph 4

“When the insurer orders a vehicle history report on any prior losses or claims involving that vehicle.”

New Paragraph 5

“When the automobile is purchased used from a licensed auto dealership and the insurer is provided a bill of sale which contains the vehicle identification number.”

New Paragraph 6

“When the policyholder meets the insurer’s preferred tier or preferred rating criteria.”

Modified Paragraph (b) 7 (recodified as 11)

“When the named insured has been continuously insured for automobile insurance with the same insurer, or an affiliate of the insurer, for more than one policy period.”

Delete Paragraph 8

Paragraph 8 permits an insurer to waive a physical inspection if the individual insured’s coverage is being transferred by an independent insurance agent to a new insurer and the previous insurer provides the new insurer with a copy of the inspection report.

The Automobile Insurance Reform Act, P.L.1990, c. 8, § 48, N.J.S.A.17:33B-40, provides the Commissioner the authority to implement the provisions regarding the physical inspection report, and to, by regulation, exempt or defer the physical inspection requirements referenced in N.J.S.A. 33:34-36.

The petitioner noted that this request to update N.J.A.C.11:3-36.4 to reflect current technology and changes in the marketplace is the result of significant improvements in the technology that allows insurers to track automobile damage through a vehicle history report and the industry's accumulated experience that merits certain limited changes to the regulations.

In accordance with N.J.A.C.11:1-15.3(b), the Department shall subsequently mail to the petitioner, and file with the Office of Administrative Law, a notice of action on the petitioner's request.

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