

AUTOMOBILE INSURANCE CONSUMER BILL OF RIGHTS

You have the right to purchase insurance:

You can never be denied auto insurance based on your gender, race, or ethnicity. In most circumstances, a company cannot refuse to sell you insurance based on where you live as long as you meet the company's acceptance criteria*.

If you are denied auto insurance coverage, the agent or company must state a reason. Common reasons include:

- . You do not meet any of the company's acceptance criteria*.
- . The insurer is a "membership company" that only covers certain categories of drivers.
- . The Department of Banking and Insurance has permitted the insurer to stop writing new policies.

You have the right to cancel or change insurance:

You can shop for cheaper auto insurance at any time -- not just when your policy is up for renewal. If you find a better price, you can cancel your old policy and seek a refund of your unused premium. However, never cancel your old policy until a new one is in effect. A lapse in coverage will result in higher rates in the future.

You have the right to change your coverages and policy limits at any time, even if you are not near your renewal date. If you select lower policy limits or cancel nonmandatory coverages to save money, you have a right to a refund of your unused premium within 60 days.

You have the right to choices:

Agents, brokers and companies must inform you of your coverage options when applying for a new policy, or at any time upon your request if you are already insured. You have the right to know how each choice may affect what you pay and what your benefits would be in the event of an accident. You always have the right to ask about additional options.

You have the right to a timely response:

You have the right to a timely response when seeking an appointment or application from an agent, broker or company. Appointments should be scheduled so that you can obtain coverage before your current policy expires. However, an application is usually not considered complete until the company has obtained all pertinent information, including a copy of the applicant's driving record from the Motor Vehicle Commission and verification of any previous coverage. Therefore, the overall application process can take up to two weeks. Make sure you give yourself enough time to shop for coverage.

You have the right to the prompt and fair handling of claims:

You have the right to ask about any payments made to others by your company and charged to your policy. If you file a claim, it should be handled promptly and fairly. If a claim is denied, you must receive a written explanation for the denial.

You have the right to a notice of cancellation:

There are specific circumstances that allow an insurance company to cancel your policy during the policy period. This is referred to as a "mid-term cancellation." This may only occur when fraud is discovered, when your driver's license is suspended or when the policyholder fails to make premium payments. A 15-day warning notice must be sent before the policy is canceled.

You have the right to appeal:

If your coverage is canceled, you can file an appeal with the New Jersey Department of Banking and Insurance. Contact the Consumer Inquiry and Case Preparation Unit, P.O. Box 471, Trenton, NJ 08625-0471, or call (609) 292-7272 or 1-800-446-7467, or visit online at www.state.nj.us/dobi/consumer.htm. The Department cannot guarantee that your policy will be reinstated, so you should not delay shopping for alternate coverage.

If a carrier denies you coverage and does not state a reason, or if you believe you have been treated unfairly, you can contact Consumer Protection Services.

You have the right to a notice of non-renewal:

Insurers can decline to renew coverage if you no longer meet any of the company's acceptance criteria*. This can occur when a driver's record includes "at-fault accident" or motor vehicle violations. Other reasons for nonrenewal of a policy include:

- . The Department has, for regulatory reasons, permitted the company to non-renew policies.
- . The insurer is using the 2-for-1, or the 2 percent rule. The 2-for-1 rule allows the insurer to non-renew one vehicle for every two new ones it writes in each territory. The 2 percent rule allows the insurer to non-renew up to 2 percent of policies in a territory experiencing heavy growth. Drivers subject to non-renewal do not have clean driving records or have a poor payment history. Insurers must state that they have invoked these rules on the non-renewal notice.

A written non-renewal notice must be sent at least 60 calendar days prior to the expiration date of the existing policy.

Your obligations as a New Jersey driver:

New Jersey state law requires that any registered vehicle be covered by an insurance policy. Failure to maintain coverage can lead to higher prices for new policies, placement in the "assigned risk" pool, suspension or revocation of your driver's license or registration and additional fines and penalties.

Maintaining your auto insurance coverage requires that you:

- . Always make payments for your policy on time or a lapse in coverage may result. A driver who incurs a lapse will end up paying far more for coverage.
- . Always provide any information your company seeks. Insurance companies have the right to seek information about all licensed drivers in the household.
- . If you receive a non-renewal notice, do not wait to shop for alternate coverage. Policies can be prepared in advance to become effective on a date several days or weeks after the application.

A driver who mails a renewal payment before the due date cannot lose coverage. However, insurers can charge the driver a late fee if the payment is postmarked on time, but arrives after the payment due date.

- * **Acceptance criteria are the written standards by which a company accepts new business or renews existing business.**