



10 W Lafayette Street  
Trenton, NJ 08608-2002

609-393-7707  
www.njbia.org

**Michele N. Siekerka, Esq.**  
President and CEO

**Christine Buteas**  
Chief Government  
Affairs Officer

**Raymond Cantor**  
Vice President

**Christopher Emigholz**  
Vice President

**Nicole Sandelier**  
Director of Economic  
Policy Research

**Hunter Griffin**  
Policy Analyst

To: Chairwoman Nellie Pou and Members of the New Jersey Senate Commerce Committee

From: Chrissy Buteas, Chief Government Affairs Officer & Ray Cantor, Vice President, Government Affairs

Date: January 21, 2021

RE: **NJBIA Opposition to Senate Bill 1559 (Scutari)**

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On behalf of our member companies that provide 1 million jobs in the state and make the New Jersey Business & Industry Association the largest statewide business association in the country, I write to you in opposition to S-1559, legislation that will negatively impact consumers and businesses alike.

The “New Jersey Insurance Fair Conduct Act,” sponsored by Senator Scutari, will incentivize litigation in auto insurance leading to increased costs on consumers.

Many of our members are very concerned with the overall competitiveness and affordability of New Jersey. With tax hikes included in the FY2021 budget, in addition to COVID-19-based losses, several labor and energy mandates signed into law over the last several months, employers are already facing dramatic increases in their costs. Increases in auto insurance premiums will only add to New Jersey’s unaffordability and further disrupt our State’s economic recovery.

As you are aware, the New Jersey Department of Banking and Insurance has the authority to investigate unfair acts and claims by insurers. We do not want to see “unscrupulous counsel” target consumers with meritless lawsuits in the hopes of obtaining settlements from companies afraid of litigation costs. This will not only create waste and delays in the insurance industry due to excessive litigation, but as stated above, **the ultimate price will be paid by the consumer as premiums will rise to cover the settlement or litigation costs.**

We are also concerned with the possibility that this bill may allow lawsuits against employees of insurance companies. By defining an insurer as including an “individual” this bill would open the door for employee liability where none has existed before. This definition should be amended to limit potential liability only to the actual insurance company.

We do not need to have long memories to remember the automobile insurance crisis of the 1980s and 1990s where New Jersey led the nation with the highest premiums, where insurers were fleeing the state and individuals and businesses could not even obtain policies. Fortunately, the Legislature took on this issue and passed a series of reforms that not only stabilized the market but brought insurers back and lowered premiums. Unfortunately, this bill shows that we have not learned the lessons from the past as it takes a major step back by jeopardizing rates for the benefit of a few.

We urge you to vote “no” on this legislation and respectfully request you keep in mind the increased costs businesses will pay as a result of recent actions.

Should you have any additional questions, please feel free to reach out to me via phone at (908) 447-3466 or email at [cbuteas@njbia.org](mailto:cbuteas@njbia.org).