

39:6-50.1

**LEGISLATIVE HISTORY CHECKLIST**  
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(Motor Vehicle insurance--self--  
insurance--regulate)

**NJSA:** 39:6-50.1

**LAWS OF:** 1987 **CHAPTER:** 428

**BILL NO:** A4547

**SPONSOR(S):** Loveys

**DATE INTRODUCED:** September 14, 1987

**COMMITTEE:** **ASSEMBLY:** -----  
**SENATE:** -----

**AMENDED DURING PASSAGE:** No

**DATE OF PASSAGE:** **ASSEMBLY:** January 7, 1988  
**SENATE:** January 11, 1988

**DATE OF APPROVAL:** January 14, 1988

**FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:**

**SPONSOR STATEMENT:** Yes

**COMMITTEE STATEMENT:** **ASSEMBLY:** No  
**SENATE:** No

**FISCAL NOTE:** No

**VETO MESSAGE:** No

**MESSAGE ON SIGNING:** No

**FOLLOWING WERE PRINTED:**

**REPORTS:** No

**HEARINGS:** No

KBG:pp

ASSEMBLY, No. 4547

**STATE OF NEW JERSEY**

INTRODUCED SEPTEMBER 14, 1987

Assemblyman LOVEYS

AN ACT concerning self-insurance for motor vehicles, amending  
and supplementing P. L. 1952, c. 173.

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 1. Section 30 of P. L. 1952, c. 173 (C. 39:6-52) is amended to  
2 read as follows:

3 30. (a) Any person in whose name more than **[twenty-five]** 25  
4 motor vehicles are registered *or in whose name more than 25 motor*  
5 *vehicles are leased* may qualify as a self-insurer by obtaining a  
6 certificate of self-insurance issued by the **[director]** *Commissioner*  
7 *of Insurance* as provided in subsection (b) of this section.

8 (b) The **[director]** *commissioner* may, in his discretion, upon  
9 the application of such a person, issue a certificate of self-insurance  
10 when he is satisfied that such person is possessed and will continue  
11 to be possessed of ability to pay judgments obtained against such  
12 person.

13 (c) *The application shall be on a form prescribed by the com-*  
14 *missioner, and shall include any information which the commis-*  
15 *sioner deems to be necessary to determine the applicant's eligi-*  
16 *bility for self-insurance, including, but not limited to, information*  
17 *on the number and types of the motor vehicles which are to be*  
18 *self-insured, the proposed use of the vehicles, and financial infor-*  
19 *mation regarding the applicant. The certificate shall be issued for*  
20 *a one-year period and each holder of a certificate shall make ap-*  
21 *plication for renewal.*

**EXPLANATION—**Matter enclosed in bold-faced brackets [thus] in the above bill  
is not enacted and is intended to be omitted in the law.

Matter printed in italics thus is new matter.

22 (d) If the applicant for a certificate of self-insurance is a cor-  
 23 poration, the commissioner may also include in the certificate of  
 24 self-insurance any subsidiary corporation under the control of that  
 25 corporation if the parent corporation guarantees that it will dis-  
 26 charge the subsidiary corporation's liability pursuant to the pro-  
 27 visions of this act. In the event that the ownership of the parent  
 28 or a subsidiary corporation changes, the parent or subsidiary shall  
 29 reapply for a certificate of self-insurance within 30 days of the  
 30 ownership change. If the parent corporation does not provide a  
 31 guarantee that it will discharge the subsidiary corporation's lia-  
 32 bility, the subsidiary shall make separate application and receive  
 33 independent qualification as a self-insurer.

34 (e) The commissioner may make or cause to be made audits or  
 35 examinations as he may deem necessary to determine the financial  
 36 ability of the applicant or certificate holder to discharge his ob-  
 37 ligations as a self-insurer. The reasonable expenses of the audit  
 38 or examination shall be fixed and determined by the commissioner,  
 39 and shall be payable by the applicant or certificate holder upon  
 40 presentation of a detailed account of expenses.

41 (f) The commissioner may require the furnishing of a surety  
 42 bond or evidence of excess insurance.

43 (g) A filing fee of \$1,000.00 shall accompany every application  
 44 for a certificate of self-insurance or a renewal thereof, except  
 45 that no filing fee shall be required of any public entity which ap-  
 46 plies for a certificate of self-insurance pursuant to this section or  
 47 a renewal thereof.

48 [(c)] (h) Upon not less than five days' notice and a hearing  
 49 pursuant to such notice, the [director] commissioner may upon  
 50 reasonable grounds cancel a certificate of self-insurance. Failure  
 51 to pay any judgment within [thirty] 30 days after such judgment  
 52 shall have become final shall constitute a reasonable ground for  
 53 the cancellation of a certificate of self-insurance.

1 2. Section 31 of P. L. 1952, c. 173 (C. 39:6-53) is amended to  
 2 read as follows:

3 31. No action taken by the [director] commissioner pursuant to  
 4 this act, the findings, if any, of the [director] commissioner upon  
 5 which such action is based, nor the security filed, as provided by  
 6 this act, shall be referred to in any way, nor be any evidence of  
 7 the negligence or due care of either party, at the trial of any civil  
 8 action to recover damages.

1 3. Section 32 of P. L. 1952, c. 173 (C. 39:6-54) is amended to  
 2 read as follows:

3 32. a. This act shall not apply with respect to any motor vehicle  
 4 owned by the United States, this State or any political subdivision  
 5 of this State or any municipality therein; nor with respect to any  
 6 motor vehicle which is subject to the requirements of law requiring  
 7 insurance or other security on certain types of vehicles, *other than*  
 8 *the requirements of P. L. 1972, c. 70 (C. 39:6A-1 et seq.) or P. L.*  
 9 *1972, c. 197 (C. 39:6B-1 et seq.).*

10 b. *Notwithstanding the provisions of subsection a. to the contrary,*  
 11 *the commissioner may issue a certificate of self-insurance to any*  
 12 *public entity or group of public entities upon receipt of a resolu-*  
 13 *tion from the public entity or group of public entities that they*  
 14 *have established a self-insurance program or a group self-insurance*  
 15 *program, as the case may be.*

1 4. (New section) The commissioner shall have the authority to  
 2 issue any rules and regulations or exercise any power granted to  
 3 him by Title 17 of the Revised Statutes with respect to vehicles  
 4 which are self-insured pursuant to the provisions of sections 30,  
 5 31, and 32 of P. L. 1952, c. 173 (C. 39:6A-52, 39:6A-53, and  
 6 39:6A-54).

1 5. (New section) Any certificate of self-insurance issued prior  
 2 to the effective date of this act shall remain valid for a period not  
 3 to exceed one year following the effective date, at which time it  
 4 may be renewed pursuant to the provisions of this act.

1 6. This act shall take effect immediately.

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### STATEMENT

This bill transfers supervision of self-insured motor vehicles from the Director of the Division of Motor Vehicles to the Commissioner of Insurance. The commissioner would be given the authority to require the posting of a bond or the purchase of excess insurance, as well as the authority to conduct audits or financial examinations to determine if the self-insurer continues to have the resources to pay its obligations. The bill would require a filing fee; self-insurance certificates would be renewable annually.

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### INSURANCE—PROPERTY AND CASUALTY

Regulates motor vehicle self-insurers.

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