

LEGISLATIVE HISTORY OF R.S. 34:15-92  
(Workmen's Compensation - Compulsory insurance - Domestic help)

Most reports issued between 1911 and 1916 by the New Jersey Employers Liability Commission recommend compulsory insurance. The following specifically mention domestic and farm workers:

J331.825 American Association for Labor Legislation.  
A512 Social Insurance Committee.  
Three years under the N.J. Workmen's  
Compensation Law. (enclosed)

974.90 Employers' Liability Commission.  
E55 Report to the Governor, 1912. (enclosed)  
1912

974.90 Employers' Liability Commission.  
E55 Reports, 1913. (enclosed)  
1914

COPY NO. 1  
+ 2

L. 1917, Chapter 178 - S19 - Art. II, § 5  
Introduced January 22 by Stevens.  
Bill had statement (copy enclosed).  
Original bill did not have this section.  
Committee Substitute added it.

March 12 - Reported by Committee Substitute.  
March 19 - Passed Senate.  
March 22 - Passed Assembly.  
March 27 - Approved.

L. 1931, Chapter 192 - S137, § 11  
Introduced February 2 by Senator Davis.  
Bill had statement (copy of § 11 and statement on original bill enclosed)

March 3 - Reported by Committee Substitute (copy of § 11 enclosed)  
April 1 - Passed Senate.  
April 14 - Passed Assembly.  
April 21 - Approved.

This section was not mentioned in:

974.90 N.J. Workmen's Compensation Advisory  
E55 Commission.  
1931 Report to the Commissioner of Labor,  
March 31, 1931.

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Revision of 1937.  
Wording changed.  
No revisers notes.

For general background, see:

J331.8 Berkowitz, Monroe  
B51 Workmen's Compensation: the New  
Jersey experience. Rutgers University  
Press. 1960.

RS/PC

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STATE OF NEW JERSEY

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INTRODUCED JANUARY 22, 1917.

By Mr. STEVENS.

Referred to Committee on Labor, Industries, and Social Welfare.

AN ACT authorizing the creation of a Workmen's State Insurance Fund, providing for its maintenance, making appropriations therefor, defining the manner of its creation, and the mode of distribution and payment of its funds.

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

1 1. There is hereby created the Workmen's State Insurance Fund, for the pur-  
2 pose of insuring employees against injury and their dependents for the death of  
3 the employees, and of assuring to the persons entitled thereto the compensation for  
4 such injuries or for support because of such death as now or hereafter provided by  
5 law.

1 2. The Workmen's State Insurance Fund shall consist of all premiums and fines  
2 received from employers and employees, of property and securities acquired by  
3 and through the use of moneys belonging to the Workmen's State Insurance Fund  
4 and of interest earned upon moneys belonging to said fund.

1 3. The Workmen's State Insurance Fund shall be applicable to the payment  
2 of losses sustained in accordance with the terms of policies of insurance issued to  
3 employees as herein provided.

1 4. There shall be no liability on the part of the State for the payment of any  
2 obligations of the Workmen's State Insurance Fund, except as hereinafter provided.

1 5. The Workmen's State Insurance Fund shall be administered by the Com-

2 missioner of Banking and Insurance, who shall establish, publish and enforce the  
3 rules, regulations, insurance contracts and all other matters and things necessary to  
4 the administration thereof in a manner consistent with the provisions of this act.

1       6. All employees, whose average monthly wages are less than one hundred dol-  
2 lars, and who are beneficial of and subject to the protection of the act entitled "An  
3 act prescribing the liability of an employer to make compensation for injuries re-  
4 ceived by an employee in the course of employment, establishing an elective sched-  
5 ule of compensation, and regulating procedure for the determination of liability  
6 and compensation thereunder," approved April fourth, one thousand nine hundred  
7 and eleven, may participate in the benefits of the Workmen's State Insurance  
8 Fund by paying the premiums into the fund; said premiums shall consist in a pay-  
9 ment at least once every month to the treasurer of said fund one per centum of  
10 their earned wages or salary during the current month for which said premium is  
11 paid, which rate of wages upon which said premiums paid shall be the rate of  
12 wages upon which such compensation for injury or death shall be paid under the  
13 said workmen's compensation act; *provided*, that employers may pay said pre-  
14 miums for their employees into said fund for said employee.

1       7. The State Treasurer shall be the custodian of the Workmen's State Insur-  
2 ance Fund, and all disbursements therefrom shall be paid by him upon warrants  
3 signed by the Commissioner of Banking and Insurance. The State Treasurer and  
4 the Commissioner of Banking and Insurance shall give additional bond to the State  
5 of New Jersey in an amount to be fixed by the Governor, with at least two secur-  
6 ities, to be approved by the State Comptroller, conditioned on the faithful perform-  
7 ance of their duties, as prescribed in this act.

1       8. The State Treasurer may deposit any portion of the fund not needed for  
2 immediate use in the manner and subject to all the provisions of law respecting  
3 the deposit of State funds. Interest on such deposits shall be collected by him as  
4 on State funds, and placed to the credit of the Workmen's State Insurance Fund.

1       9. The Commissioner of Banking and Insurance may invest any of the surplus  
2 or reserve funds belonging to the Workmen's State Insurance Fund in the same

3 securities and investments as are authorized by law for investments by savings  
4 banks. All such securities or evidences of indebtedness shall be placed in the hands  
5 of the State Treasurer, who shall be the custodian thereof. He shall collect the  
6 principal and interest thereof when due and pay the same into the Workmen's State  
7 Insurance Fund. The Commissioner of Banking and Insurance may sell any of  
8 such securities.

1 10. Ten per centum of the premiums collected in the Workmen's State Insur-  
2 ance Fund shall be set aside by the Commissioner of Banking and Insurance for  
3 the creation of a surplus of assets over liabilities amounting to the sum of one hun-  
4 dred thousand dollars, and thereafter five per centum of such premiums until such  
5 time as, in the judgment of the Commissioner of Banking and Insurance, the sur-  
6 plus shall be sufficiently large to cover the catastrophe hazard.

1 11. The Commissioner of Banking and Insurance shall also set up and main-  
2 tain a reserve adequate to meet the anticipated losses, and carry all claims and pol-  
3 icies to maturity, and to cover unearned premiums. This reserve shall not be less  
4 than that required by the Commissioner of Banking and Insurance to be carried by  
5 stock corporations or mutual associations conducting the business of casualty insur-  
6 ance in this State.

1 12. Until the surplus of assets over liabilities of the Workmen's State Insur-  
2 ance Fund shall equal the sum of one hundred thousand dollars, the State of New  
3 Jersey shall underwrite the insurance issued by the Workmen's State Insurance  
4 Fund, at which time the liability of the State shall cease and determine. All pay-  
5 ments due from the Workmen's State Insurance Fund shall be primarily made from  
6 the assets of the fund, and no payment on account thereof shall be due from the  
7 State until the assets of the Workmen's State Insurance Fund shall be exhausted  
8 Upon the happening of such contingency, the Commissioner of Banking and Insur-  
9 ance shall certify the fact to the State Comptroller, stating the amount immediately  
10 called for by the obligations of the Workmen's State Insurance Fund, and the same  
11 shall be forthwith paid by the State Treasurer upon the warrant of the Comptroller  
12 to the credit of the State Insurance Fund. All moneys so paid from the State  
13 treasury to and for the use of the State Insurance Fund shall be repaid by said

14 fund to the State treasury as and when the financial condition thereof will permit,  
15 without interest.

1 13. There is hereby appropriated to the Department of Banking and Insurance,  
2 when included in whole or in part in any annual or supplemental appropriation bill,  
3 the sum of five thousand dollars for the expenses necessarily incident to the imme-  
4 diate execution of the object of this act. And in order to provide a fund immedi-  
5 ately applicable to the underwriting liability of the State under the provisions of  
6 this act, there is hereby appropriated the sum of twenty thousand dollars, when in-  
7 cluded in any annual or supplemental appropriation bill, to be held in the State  
8 treasury, subject to expenditure as provided in section fifteen of this act. All  
9 sums of money expended from such appropriations as may be made in pursuance  
10 hereof shall be regarded as loaned to the Workmen's State Insurance Fund, and  
11 shall be repaid by said fund to the State treasury, without interest, as and when  
12 the financial condition of the said Workmen's State Insurance Fund will permit.

1 14. It is intended that the Workmen's State Insurance Fund shall be self-  
2 supporting and that all expenses incurred in the operation thereof shall be paid  
3 from the income of the said fund, and all premium rates shall be adjusted accord-  
4 ingly.

1 15. All acts and parts of acts inconsistent herewith are hereby repealed, and  
2 this act shall take effect April first, one thousand nine hundred and seventeen.

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#### STATEMENT.

This bill provides for the creation of a Workmen's Compensation State Insurance Fund. Places its administration in the Department of Banking and Insurance, authorizing the necessary assistants. Appoints the State Treasurer the custodian of the State fund. Provides for proper investment and handling of funds. Requires the accumulation of a surplus and a reserve.

Appropriates \$5,000 to accomplish the purposes of the act and \$20,000 to provide a fund to underwrite any immediate liability.

Insures to injured employees by their dues under the Compensation act.

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# STATE OF NEW JERSEY

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AN ACT concerning the compulsory insurance of compensation payments arising under section two of the act entitled "An act prescribing the liability of an employer to make compensation for injuries received by an employee in the course of employment, establishing an elective schedule of compensation, and regulating procedure for the determination of liability and compensation thereunder," approved April fourth, one thousand nine hundred and eleven.

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

1 1. This act shall be known as the Workmen's Compensation Insurance Act.

## ARTICLE I.

1 2. Any employer, except the State or a municipality, or county or school dis-  
2 trict, who by agreement, express or implied, is now or hereafter becomes subject to  
3 the provisions of section two of an act entitled "An act prescribing the liability  
4 of an employer to make compensation for injuries received by an employee in the  
5 course of employment, establishing an elective schedule of compensation and regu-  
6 lating procedure for the determination of liability and compensation thereunder,"  
7 approved April fourth, one thousand nine hundred and eleven, and the amendments  
8 thereof and supplements thereto, hereinafter referred to as the Workmen's Com-  
9 pensation Act, as therein provided, shall forthwith make sufficient provision for the  
10 complete payment of any obligation which he may incur to any injured employee  
11 or his dependents under the provisions of section two of said Workmen's Compen-  
12 sation Act, by one of the following methods, as hereinafter set forth in sections  
13 three and four of this act; and he shall, upon demand, file with the Commissioner of

14 Banking and Insurance proof in such forms as hereinafter set forth. Any corpora-  
15 tion, firm, or person, refusing or failing to comply shall, for each offense, be liable  
16 to a penalty of fifty dollars, to be recovered in an action of debt, brought by the  
17 Commissioner of Banking and Insurance, in the name of the State of New Jersey.  
18 Each failure to comply shall be regarded as a separate offense.

1 3. Providing the employer can reasonably satisfy the Commissioner of Bank-  
2 ing and Insurance as to the permanence and financial standing of his business, he  
3 may carry his own liability insurance. An employer desiring to be exempt from in-  
4 suring the whole or any part of his liability for compensation shall make applica-  
5 tion to the Commissioner of Banking and Insurance showing his financial ability to  
6 pay such compensation, whereupon the Commissioner of Banking and Insurance, if  
7 satisfied of the applicant's financial ability, shall by written order make such exemp-  
8 tion. The Commissioner of Banking and Insurance may, from time to time, require  
9 further statements of the financial ability of such employer, and, if at any time in  
10 the opinion of the Commissioner of Banking and Insurance such employer appear  
11 no longer able to pay compensation, the commissioner shall revoke his order grant-  
12 ing exemption; in which case the employer shall immediately insure his liability in  
13 a mutual association or other insurance company. Any employer providing insur-  
14 ance according to the provisions of this section may, for his own protection, rein-  
15 sure the whole or any part of his risk. Such contract of insurance shall operate  
16 only between the employer and his insurance carrier, and shall not be subject to any  
17 of the provisions of this act.

1 4. Every employer not operating under section three of this act as hereinbe-  
2 fore set forth shall insure and keep insured his liability in any stock company or  
3 mutual association authorized to engage in workmen's compensation or employer's  
4 liability insurance in this State. If insurance be affected by either method men-  
5 tioned in this section, said insurance company or mutual association shall file with  
6 the Commissioner of Banking and Insurance a notice setting forth the name of such  
7 insurance company, its principal office in this State, together with a copy of the pol-

8 icy of insurance and copies of all endorsements attached and such other data in re-  
9 lation thereto as the Commissioner of Banking and Insurance may require.

1 5. Any employer who shall fail to provide the protection prescribed in this act  
2 within ninety days after it becomes effective shall be liable to a fine of not more  
3 than one dollar for each of his employees per day, not to exceed one hundred dol-  
4 lars per day for the period such failure shall continue, recoverable by the Commis-  
5 sioner of Banking and Insurance in the name of the State of New Jersey, in an  
6 action of debt.

1 6. Every employer who has complied with the provisions of this act shall post  
2 and maintain in a conspicuous place or places in and about his place or places of busi-  
3 ness, typewritten or printed notices stating the fact that he has secured the payment  
4 of compensation to his employees and their dependents in accordance with the provi-  
5 sions of this act, and shall name the company or companies insuring his liability,  
6 or shall state the fact that the employer has qualified before the Commissioner of  
7 Banking and Insurance for the carrying of his own liability.

1 7. No contract of insurance issued by a stock company or mutual association  
2 against liability arising under the said Workmen's Compensation Act shall be can-  
3 celed within the time limited in such contract for its expiration, until at least ten  
4 days after notice of cancellation of such contract on a date specified in such notice  
5 shall be filed in the office of the Commissioner of Banking and Insurance, and also  
6 served on the employers. Such notice shall be served on the employer by delivering  
7 it to him or sending it by registered letter, addressed to the employer at his or its  
8 last known place of business; *provided*, that if the employer be a partnership, then  
9 such notice may be so given to any one of the partners, and if the employer be a cor-  
10 poration, then the notice may be given to the agent or any officer of the corporation  
11 upon whom legal process may be served.

1 8. An employer securing the payment of compensation by any of the methods  
2 prescribed in section four of this act notwithstanding, shall be liable primarily for  
3 the payment of proper compensation for personal injuries or death sustained by his

4 employees. The employer shall have recourse for the amount thereof against his  
5 insurance carrier. But the insurance carrier shall be directly liable to the injured  
6 employee, or his dependents, in event of the death, insolvency, bankruptcy or other  
7 proceedings, as a result of which the conduct of the employer's business may be and  
8 continue to be in the charge of an executor, administrator, receiver, trustee or as-  
9 signee.

1 9. Every contract of insurance covering the liability of an employer for com-  
2 pensation to injured employees or their dependents, under the provisions of section  
3 two of the said Workmen's Compensation Act, hereafter written by a stock com-  
4 pany or a mutual association, shall provide, or be construed to provide, that it is  
5 made for the benefit of the several employees of the insured employer and their de-  
6 pendants, and that such contract may be enforced by any of such employees or  
7 their dependents, suing thereon in his or their names as though distinctly made  
8 party thereto.

1 10. Every such contract shall further provide, or be construed to provide, that  
2 any injured employee or his dependents may enforce the provisions thereof to his  
3 or their benefit, either by agreement with the employer and the insurance carrier, in  
4 event that compensation be settled by agreement, or by joining the insurance carrier  
5 with the employer in his petition filed for the purpose of enforcing his claim for  
6 compensation, or by subsequent application to the Court of Common Pleas, upon the  
7 failure of the employer, for any reason, to make adequate and continuous compensa-  
8 tion payments.

1 11. Every such contract shall provide, or be construed to provide, that, as be-  
2 twee: the employee and the insurance carrier, the notice to or knowledge of the oc-  
3 currence of the injury on the part of the employer shall be deemed notice or knowl-  
4 edge, as the case may be, on the part of the insurance carrier; that jurisdiction of  
5 of the employer shall, for the purpose of this act, be jurisdiction of the insurance  
6 carrier, and that the insurance carrier shall in all things be bound by and subject to  
7 the orders, findings, decisions or awards rendered against the employer for the  
8 payment of compensation.

1 12. Every such contract shall provide, or be construed to provide, that, upon  
2 the death, insolvency or bankruptcy of the insured employer, or upon his assignment  
3 for the benefit of creditors, the insurance carrier shall immediately become directly  
4 liable for all compensation payments due to any injured employee or his depend-  
5 ents by virtue of prior agreement or award until completion thereof, or that may  
6 thereafter become due during the period for which the requisite premiums have  
7 been paid by such employer.

1 13. Nothing herein contained shall be held to apply to a contract for insurance  
2 between an insurance carrier and an employer who has provided self-insurance.

1 14. No policy of insurance against liability arising under this act shall con-  
2 tain any limitations of the liability of the insurer to an amount less than that pay-  
3 able by the insured on account of the risk insured against under this act, nor shall  
4 any such policy contain any limitation of the total liability of the insurer because of  
5 injuries to two or more persons in a single accident, nor shall any such policy of in-  
6 surance or any endorsement thereon insure the employer against any liability what-  
7 soever other than liability arising under this act, nor shall any actions be main-  
8 tained for the collection of premiums on any policy violating this act; but a policy  
9 may be issued to an employer insuring him against his liability under this act upon  
10 any particular business, plant, or employment carried on by him, provided that all  
11 other businesses, plans, or employments carried on by the same employer are in-  
12 sured or exempted as provided for in this act.

1 15. Every insurance company or mutual association which insures employers  
2 against liability for compensation under this act shall file with the Commissioner  
3 of Banking and Insurance its classifications of risks and premiums and rules per-  
4 taining thereto, together with the basis rate and system of merit or schedule rating,  
5 which system of merit or schedule rating shall be applied as hereinafter provided.  
6 Neither classifications nor risks, rules pertaining thereto, basis rates, nor system of  
7 merit or schedule rating shall take effect until the Commissioner of Banking and  
8 Insurance shall have approved the classifications, rules, basis rates, and system of  
9 merit or schedule rating, as reasonable and adequate for the risks to which they re-

10 spectively apply. The Commissioner of Banking and Insurance may withdraw his  
 11 approval of any classification, rule, basis rate, or system of merit or schedule rating  
 12 if he shall find that such classification, rule, rate or system of merit or schedule  
 13 rating is unreasonable or inadequate for the risk to which they respectively apply.  
 14 To secure the impartial application of the approved classifications, rules, rates, or  
 15 system of merit or schedule rating, the Commissioner of Banking and Insurance is  
 16 hereby authorized to create, organize, and supervise such rate, and inspection bu-  
 17 reau or bureaus with such jurisdiction under his supervision as hereinafter provided.  
 18 No insurance company or mutual association writing workmen's compensation or  
 19 employer's liability insurance in this State under this act shall issue, renew, or carry  
 20 any insurance for compensation under this act, except in accordance with the classi-  
 21 fications, rules, basis rates, and system of merit or schedule rating approved by the  
 22 Commissioner of Banking and Insurance as aforesaid and applied by the rating  
 23 and inspection bureau or bureaus: *provided, however,* that any departure from the  
 24 basis rate filed with and approved by the Commissioner of Banking and Insurance  
 25 on account of the application of a system of merit or schedule rating approved by  
 26 the Commissioner of Banking and Insurance shall be clearly set forth in the insur-  
 27 ance contract or endorsements attached thereto.

#### ARTICLE II.

1 I. There is hereby created under the supervision of the Commissioner of  
 2 Banking and Insurance, in order to carry out the purposes of this act, a bureau to  
 3 be known as the Compensation Rating and Inspection Bureau of New Jersey, with  
 4 the following objects, functions and sources of income:

5 (A) To maintain rules, regulations and premium rates for workmen's com-  
 6 pensation insurance and equitably adjust the same, as far as practicable, to the  
 7 hazard of individual risks, by inspection by the bureau.

8 (B) To adopt means for assuring uniform and accurate audit of pay rolls on  
 9 policies by pay-roll auditors, appointed by the bureau under the supervision of the

10 Compensation Rating and Inspection Bureau of New Jersey, with the approval of  
11 the Commissioner of Banking and Insurance.

12 (C) To furnish upon request of any employer in the State of New Jersey or  
13 to any member of the Compensation Rating and Inspection Bureau of New Jersey,  
14 upon whose risk a compensation rate has been promulgated, information as to such  
15 rating, including the method of its computation, and to encourage employers to re-  
16 duce the number and severity of accidents by offering reduced premium rates for  
17 improved working conditions under such uniform system of merit or schedule rat-  
18 ing as may be approved by the Commissioner of Banking and Insurance of the  
19 State of New Jersey.

1 2. Before the Commissioner of Banking and Insurance shall grant permission  
2 to any mutual association or stock company to write compensation or liability in-  
3 surance in this State, it shall be a requisite that they shall become members of the  
4 Compensation Rating and Inspection Bureau of New Jersey.

5 (A) Each member of the Compensation Rating and Inspection Bureau writ-  
6 ing the workmen's compensation or liability insurance in the State of New Jersey  
7 shall, as a requisite thereto, be represented in the aforesaid bureau and shall be en-  
8 titled to one representative and one vote in the administration of the affairs of the  
9 bureau.

10 (B) The bureau when created shall adopt such rules and regulations for its  
11 procedure and provide such income as may be necessary for its maintenance and  
12 operation.

13 (C) The Commissioner of Banking and Insurance of the State of New Jersey  
14 shall appoint a special deputy to be ex officio chairman of the Compensation Rating  
15 and Inspection Bureau of New Jersey; in his absence or inability to serve, such  
16 further person as designated by the Commissioner of Banking and Insurance shall  
17 preside in his stead.

18 (D) All officers, members of committees and employees of the Compensation  
19 Rating and Inspection Bureau of New Jersey shall be subject to the approval and  
20 ratification of the Commissioner of Banking and Insurance.

1       3. In order to carry into effect the object of this act, the Commissioner of  
2 Banking and Insurance is authorized to employ an actuary and such additional as-  
3 sistance in his department as is necessary, and to fix their compensation, and the  
4 Commissioner of Banking and Insurance is hereby authorized to compel the pro-  
5 duction of all books, data, papers, and records relating to, or bearing upon, such  
6 data as is necessary for the actuary to compile statistics for the purpose of deter-  
7 mining the pure cost of workmen's compensation insurance in New Jersey, and this  
8 information shall be available and for the use of the Compensation Rating and In-  
9 spection Bureau for the compilation and promulgation of rates for workmen's com-  
10 pensation insurance.

1       4. If and when any class or classes of employers or employees shall be ex-  
2 cepted from the provisions of section two of the Workmen's Compensation Act by  
3 an act of the Legislature, prepared for that purpose from the date when such acts  
4 shall become effective, such employers as may be thereby excepted shall thereupon  
5 and from thenceforward, by this provision of this act, be likewise excepted from  
6 the provisions hereof.

1       5. Nothing in this act contained shall apply to any farmer, farm laborer or  
2 domestic servant.

1       6. If any part of this act be adjudged unconstitutional, it shall not invalidate  
2 the remainder of this act.

1       7. All acts and parts of acts inconsistent herewith are hereby repealed, and this  
2 act shall take effect July fourth, nineteen hundred and seventeen.

L. 1931, c. 192  
S-137, 1931

STATEMENT

The purpose of this bill is to combine in one act the two existing compulsory workmen's compensation and employer's liability insurance laws, Chapters 178 and 262, Laws of 1917; also to permit the writing of such insurance and insurance of any other liability of an employer for personal injury to employees which may be imposed by law in a single policy and which now seems to be questionable under the law as interpreted by the court; also to establish the necessary conditions for such contracts and to extend the jurisdiction of the Commissioner of Banking and Insurance over such insurance.

The bill is urgently recommended by the Commissioner of Banking and Insurance to correct a very serious situation that has recently arisen and which correction is to the interests of both employers and employees in this State.

# ASSEMBLY, No. 358

(P. L. 1917, Chap. 178)

(P. L. 1917, Chap. 262)

(P. L. 1919, Chap. 105)

(P. L. 1921, Chap. 272)

(P. L. 1931, Chap. 192)

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# STATE OF NEW JERSEY

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INTRODUCED FEBRUARY 24, 1937

By Mr. ROONEY

Referred to Committee on Insurance

AN ACT to amend an act entitled "An act concerning the compulsory insurance of payments arising under sections one and two of the act entitled 'An act prescribing the liability of an employer to make compensation for injuries received by an employee in the course of employment, establishing an elective schedule for compensation, and regulating procedure for the determination of liability and compensation thereunder,' approved April fourth, one thousand nine hundred and eleven, and further concerning insurance and rates for insurance against the liability of an employer for bodily injuries to an employee," approved March twenty-seven, one thousand nine hundred and seventeen.

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

1 1. Section seven of article I of the act to which this act is an amend-  
2 ment be and the same is hereby amended to read as follows:

3 7. [No] Any contract of insurance issued by a stock company or mutual  
4 association against liability arising under said workmen's compensation act  
5 [shall] may be cancelled by either the employer or the insurance carrier

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6 within the time limited [in] by such contract for its expiration; [until at  
 7 least ten days after notice of cancellation of such contract on a date specified  
 8 in said notice shall be filed in the office of the Commissioner of Banking  
 9 and Insurance, and also served on the employers.] No such policy shall be  
 10 deemed to be cancelled until

11 (a) At least ten days' notice in writing of the election to terminate  
 12 such contract is given by registered mail by the party seeking cancellation  
 13 thereof to the other party thereto; and

14 (b) Until like notice shall be filed in the office of the Commissioner of  
 15 Banking and Insurance, together with a certified statement that the notice  
 16 provided for by paragraph (a) of this section has been given; and

17 (c) Until ten days have elapsed after the filing required by paragraph  
 18 (b) of this section has been made; provided, that the provisions (b) and (c)  
 19 of this section shall not apply where the contract cancelled has been re-  
 20 placed by other insurance before such cancellation, and notice of such re-  
 21 placement filed with the Commissioner of Banking and Insurance; provided,  
 22 further, that no notice of cancellation of any such contract need be filed in  
 23 the office of the Commissioner of Banking and Insurance where the employer  
 24 is not required by any law of this State to effect such insurance.

1 2. This act shall take effect immediately.

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#### STATEMENT

The decision of the Essex court of common pleas in the case of Allastair McDonald vs. Indemnity Insurance Company of North America, and Carl M. Herman has so construed existing law as to leave an employer without direct legal means of cancelling a policy of workmen's compensation insurance. As it was probably not the intent to vest the right of cancellation exclusively in the insurance carrier, this bill is designed to correct the inequality and has the approval of the Commissioner of Banking and Insurance.