

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, **may possibly** be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

RWH/JA

P.L. 2021, CHAPTER 485, *approved January 18, 2022*
Assembly, No. 6205

1 AN ACT concerning insurance holding companies and amending the
2 change of control provisions in P.L.1970, c.22.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 1 of P.L.1970, c.22 (C.17:27A-1) is amended to read
8 as follows:

9 1. Definitions.

10 As used in P.L.1970, c. 22 (C.17:27A-1 et seq.), the following
11 terms shall have the respective meanings hereinafter set forth,
12 unless the context shall otherwise require:

13 a. An "affiliate" of, or person "affiliated" with, a specific
14 person, is a person that directly, or indirectly through one or more
15 intermediaries, controls, or is controlled by, or is under common
16 control with, the person specified.

17 b. The term "commissioner" shall mean the Commissioner of
18 Banking and Insurance or the commissioner's deputies.

19 c. The term "control" (including the terms "controlling,"
20 "controlled by" and "under common control with") means the
21 possession, direct or indirect, of the power to direct or cause the
22 direction of the management and policies of a person, whether
23 through the ownership of voting securities, the holding of proxies,
24 by contract other than a commercial contract for goods or
25 nonmanagement services, or otherwise, unless the power is the
26 result of an official position with or corporate office held by the
27 person. Control shall be presumed to exist if any person, directly or
28 indirectly, owns, controls, holds with the power to vote, or holds
29 proxies representing, 10% or more of the voting securities of any
30 other person, or holds or controls sufficient proxies to elect 10% or
31 more of the board of directors of the other person, provided that no
32 such presumption of control shall of itself relieve any person so
33 presumed to have control from any requirement of P.L.1970, c. 22
34 (C.17:27A-1 et seq.). This presumption may be rebutted by a
35 showing made in the manner provided by subsection j. of section 3
36 of P.L.1970, c. 22 (C.17:27A-3) that control does not exist in fact.
37 The commissioner may determine, after furnishing all persons in
38 interest notice and an opportunity to be heard, **[and making]** that a
39 person directly or indirectly, alone or pursuant to an oral or a
40 written agreement, arrangement or understanding with one or more
41 other persons, exercises influence over the management or policies

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 underlined thus is new matter.

1 of an insurer that it is necessary or appropriate for the protection of
2 policyholders of the insurer or in the public interest that the person
3 or persons be deemed to control the company. The commissioner
4 shall make specific findings of fact to support **[such]** the
5 determination, that control exists in fact, notwithstanding the
6 absence of a presumption to that effect.

7 d. An "insurance holding company system" consists of two or
8 more affiliated persons, one or more of which is an insurer. A
9 mutual holding company system resulting from a mutualization and
10 reorganization of a health service corporation pursuant to section 5
11 of P.L.2020, c.145 (C.17:48E-46.5), shall be an insurance holding
12 company system pursuant to P.L.1970, c. 22 (C.17:27A-1 et seq.).

13 e. The term "insurer" means any person or persons,
14 corporation, partnership or company authorized by the laws of this
15 State to transact the business of insurance or to operate a health
16 maintenance organization in this State, except that it shall not
17 include agencies, authorities or instrumentalities of the United
18 States, its possessions and territories, the Commonwealth of Puerto
19 Rico, the District of Columbia, or a state or political subdivision of
20 a state.

21 f. A "person" is an individual, a corporation, a limited liability
22 company, partnership, an association, a joint stock company, a trust,
23 an unincorporated organization, any similar entity or any
24 combination of the foregoing acting in concert.

25 g. (Deleted by amendment, P.L.1993, c. 241).

26 h. A "subsidiary" of a specified person is an affiliate controlled
27 by such person directly, or indirectly through one or more
28 intermediaries.

29 i. The term "voting security" shall include any security
30 convertible into or evidencing a right to acquire a voting security.

31 j. "Acquisition" means any agreement, arrangement or activity,
32 the consummation of which results in a person acquiring directly or
33 indirectly the control of another person, and includes but is not
34 limited to the acquisition of voting securities, and assets, and bulk
35 reinsurance and mergers.

36 k. "Health maintenance organization" means any person
37 operating under a certificate of authority issued pursuant to
38 P.L.1973, c.337 (C.26:2J-1 et seq.).

39 l. "Enterprise risk" means any activity, circumstance, event or
40 series of events involving one or more affiliates of an insurer that, if
41 not remedied promptly, is likely to have a material adverse effect
42 upon the financial condition or liquidity of the insurer or its
43 insurance holding company system as a whole, including, but not
44 limited to, anything that would cause the insurer's Risk-Based
45 Capital to fall into company action level as set forth in
46 administrative rules adopted by the commissioner which reflect the
47 standards set forth in the Risk-Based Capital For Insurers Model
48 Act adopted by the National Association of Insurance

1 Commissioners or would cause the insurer to be in hazardous
2 financial condition as defined in administrative rules adopted by the
3 commissioner which reflect the standards set forth in the Model
4 Regulation adopted by the National Association of Insurance
5 Commissioners to define standards and the commissioner's
6 authority over companies deemed to be in a hazardous financial
7 condition.

8 m. The term "own", "owned," or "owning" by a person means
9 shares:

10 (1) with respect to which a person has title or to which a person's
11 nominee, custodian, or other agent has title and which such
12 nominee, custodian, or other agent is holding on behalf of the
13 person; or

14 (2) with respect to which a person:

15 (a) has purchased or has entered into an unconditional contract,
16 binding on both parties, to purchase the shares, but has not yet
17 received the shares;

18 (b) owns a security convertible into or exchangeable for the
19 shares and has tendered the security for conversion or exchange;

20 (c) has an option to purchase or acquire, or rights or warrants to
21 subscribe to, the shares and has exercised such option, rights, or
22 warrants; or

23 (d) holds a securities futures contract to purchase the shares and
24 has received notice that the position will be physically settled and is
25 irrevocably bound to receive the underlying shares.

26 To the extent that any affiliates of the stockholder or beneficial
27 owner are acting in concert with the stockholder or beneficial
28 owner, the determination of shares owned by a person may include
29 the effect of aggregating the shares owned by such person's affiliate
30 or affiliates. Whether shares constitute shares owned by a person
31 shall be decided by the commissioner in the commissioner's
32 reasonable determination.

33 (cf: P.L.2020, c.145, s.18)

34

35 2. Section 2 of P.L.1970, c.22 (C.17:27A-2) is amended to read
36 as follows:

37 2. Acquisition of control of or merger with domestic insurer.

38 a. (1) Filing requirements. No person other than the issuer
39 shall make a tender offer for or a request or invitation for tenders
40 of, or enter into any agreement to exchange securities for, seek to
41 acquire, or acquire, in the open market or otherwise, any voting
42 security of a domestic insurer, or solicit or seek to acquire or
43 acquire proxies of a domestic insurer, if, after the consummation
44 thereof, such person would, directly or indirectly (or by conversion
45 or by exercise of any right to acquire) be in control of such insurer,
46 and no person shall enter into an agreement, arrangement or
47 understanding to merge with or otherwise to acquire control of a
48 domestic insurer unless, at the time any **[such]** form of initial offer,

1 request, or invitation is made or any such agreement, arrangement
2 or understanding is entered into, or prior to the acquisition of such
3 securities or the solicitation or acquisition of such proxies if no
4 offer **【or】**, agreement, arrangement or understanding is involved,
5 such person has filed with the commissioner and has sent to such
6 insurer, a statement containing the information required by this
7 section and such offer, request, invitation, agreement **【or】**,
8 arrangement, understanding, acquisition or solicitation has been
9 approved by the commissioner in the manner hereinafter prescribed.

10 For purposes of this subsection, a domestic insurer shall include
11 any other person controlling a domestic insurer.

12 (2) For purposes of this subsection, any controlling person of a
13 domestic insurer seeking to divest its controlling interest in the
14 domestic insurer, in any manner, shall file with the commissioner,
15 with a copy to the insurer, confidential notice of its proposed
16 divestiture at least 30 days prior to the cessation of control. The
17 commissioner shall by regulation determine those instances in
18 which the party seeking to divest or to acquire a controlling interest
19 in an insurer will be required to file for and obtain approval of the
20 transaction. The information shall remain confidential until the
21 conclusion of the transaction unless the commissioner, in his or her
22 discretion, determines that confidential treatment will interfere with
23 enforcement of this subsection a. If the statement referred to in
24 paragraph (1) of this subsection a. is otherwise filed, this paragraph
25 (2) regarding notice of divestiture or acquisition shall not apply.

26 (3) With respect to a transaction subject to this subsection a., the
27 acquiring person shall also file a pre-acquisition notification with
28 the commissioner, which shall contain the information set forth in
29 section 7 of P.L.1993, c.241 (C.17:27A-4.1). A failure to file the
30 notification may be subject to penalties specified in paragraph (3) of
31 subsection e. of section 7 of P.L.1993, c.241 (C.17:27A-4.1).

32 b. Content of statement. The statement to be filed with the
33 commissioner hereunder shall be made under oath or affirmation
34 and shall contain the following:

35 (1) The name and address of each person by whom or on whose
36 behalf the merger or other acquisition of control referred to in
37 subsection a. is to be effected (hereinafter called "acquiring party"),
38 and

39 (i) If such person is an individual, his principal occupation and
40 all offices and positions held during the past five years, and any
41 conviction of crimes other than minor traffic violations during the
42 past 10 years;

43 (ii) If such person is not an individual, a report of the nature of
44 its business operations during the past five years or for such lesser
45 period as such person and any predecessors thereof shall have been
46 in existence; an informative description of the business intended to
47 be done by such person and such person's subsidiaries; and a list of
48 all individuals who are or who have been selected to become

1 directors or executive officers of such person, or who perform or
2 will perform functions appropriate to such positions. Such list shall
3 include for each such individual the information required by
4 subparagraph (i) of this paragraph.

5 (2) The source, nature and amount of the consideration used or
6 to be used in effecting the merger or other acquisition of control, a
7 description of any transaction wherein funds were or are to be
8 obtained for any such purpose (including any pledge of the insurer's
9 stock, or the stock of any of its subsidiaries or controlling
10 affiliates), and the identity of persons furnishing such consideration,
11 provided, however, that where a source of such consideration is a
12 loan made in the lender's ordinary course of business, the identity of
13 the lender shall remain confidential, if the person filing such
14 statement so requests.

15 (3) Fully audited financial information as to the earnings and
16 financial condition of each acquiring party for the preceding five
17 fiscal years of each such acquiring party (or for such lesser period
18 as such acquiring party and any predecessors thereof shall have
19 been in existence), and similar unaudited information as of a date
20 not earlier than 90 days prior to the filing of the statement.

21 (4) Any plans or proposals which each acquiring party may have
22 to liquidate such insurer, to sell its assets or merge or consolidate it
23 with any person, or to make any other material change in its
24 business or corporate structure or management.

25 (5) The number of shares of any security referred to in
26 subsection a. which each acquiring party proposes to acquire, and
27 the terms of the offer, request, invitation, agreement, or acquisition
28 referred to in subsection a., and a statement as to the method by
29 which the fairness of the proposal was arrived at.

30 (6) The amount of each class of any security referred to in
31 subsection a. which is beneficially owned or concerning which there
32 is a right to acquire beneficial ownership by each acquiring party.

33 (7) (i) A full description of any contracts, arrangements or
34 understandings with respect to any security referred to in subsection
35 a. in which any acquiring party is involved, including but not
36 limited to transfer of any of the securities, joint ventures, loan or
37 option arrangements, puts or calls, guarantees of loans, guarantees
38 against loss or guarantees of profits, division of losses or profits, or
39 the giving or withholding of proxies. Such description shall
40 identify the persons with whom such contracts, arrangements or
41 understandings have been entered into;

42 (ii) The name and address of any person that is owned, directly
43 or indirectly, of record or beneficially, by each acquiring party and
44 that is also a beneficial owner of shares of the company that is the
45 subject of the merger or other acquisition of control referred to in
46 subsection a. of this section; any affiliate of the acquiring party or
47 such beneficial owner referred to in this subparagraph; and any
48 associated person;

1 (iii) A detailed description of every agreement, arrangement, and
2 understanding between the acquiring party and all associated
3 persons in connection with the merger or other acquisition of
4 control; and

5 (iv) A detailed description of each proxy, contract, arrangement,
6 understanding, or relationship pursuant to which the acquiring party
7 or any associated persons, or both, have a right to vote, or cause or
8 direct the vote of, any security referred to in subsection a. of this
9 section.

10 As used in this subparagraph, “associated person” means any
11 person acting in concert, directly or indirectly, pursuant to any
12 agreement, arrangement, or understanding, whether written or oral,
13 with the acquiring party or such beneficial owner referred to in this
14 subparagraph, or any of their respective affiliates, in connection
15 with the merger, consolidation, or other acquisition of control.

16 (8) A description of the purchase of any security referred to in
17 subsection a. during the 12 calendar months preceding the filing of
18 the statement, by any acquiring party, including the dates of
19 purchase, names of the purchasers, and consideration paid or agreed
20 to be paid therefor.

21 (9) A description of any recommendations to purchase any
22 security referred to in subsection a. made during the 12 calendar
23 months preceding the filing of the statement, by any acquiring
24 party, or by anyone based upon interviews or at the suggestion of
25 such acquiring party.

26 (10) Copies of all tender offers for, requests or invitations for
27 tenders of, exchange offers for, and agreements to acquire or
28 exchange any securities referred to in subsection a., and (if
29 distributed) of additional soliciting material relating thereto.

30 (11) The terms of any agreement, contract or understanding
31 made or proposed to be made with any broker-dealer as to
32 solicitation of securities referred to in subsection a. for tender, and
33 the amount of any fees, commissions or other compensation to be
34 paid to broker-dealers with regard thereto.

35 (12) An agreement by the person required to file the statement
36 referred to in subsection a. of this section that it will provide the
37 annual enterprise risk report, specified in subsection k. of section 3
38 of P.L.1970, c.22 (C.17:27A-3), so long as control exists.

39 (13) An acknowledgement by the person required to file the
40 statement referred to in subsection a. of this section that the person
41 and all subsidiaries within its control in the insurance holding
42 company system will provide information to the commissioner upon
43 request as necessary to evaluate enterprise risk to the insurer.

44 (14) Such additional information as the commissioner may by
45 rule or regulation prescribe as necessary or appropriate for the
46 protection of policyholders of the insurer or in the public interest.

47 If the person required to file the statement referred to in
48 subsection a. is a partnership, limited partnership, syndicate or other

1 group, the commissioner may require that the information called for
2 by paragraphs (1) through (14) shall be given with respect to each
3 partner of such partnership or limited partnership, each member of
4 such syndicate or group, and each person who controls such partner
5 or member. If any such partner, member or person is a corporation
6 or the person required to file the statement referred to in subsection
7 a. is a corporation, the commissioner may require that the
8 information called for by paragraphs (1) through (14) shall be given
9 with respect to such corporation, each officer and director of such
10 corporation, and each person who is directly or indirectly the
11 beneficial owner of more than 10% of the outstanding voting
12 securities of such corporation.

13 If any material change occurs in the facts set forth in the
14 statement filed with the commissioner and sent to such insurer
15 pursuant to this section, an amendment setting forth such change,
16 together with copies of all documents and other material relevant to
17 such change, shall be filed with the commissioner and sent to such
18 insurer within two business days after the person learns of such
19 change.

20 c. Alternative filing materials. If any offer, request, invitation,
21 agreement or acquisition referred to in subsection a. is proposed to
22 be made by means of a registration statement under the Securities
23 Act of 1933, 48 Stat. 74 (15 U.S.C. s.77a et seq.), or in
24 circumstances requiring the disclosure of similar information under
25 the Securities Exchange Act of 1934, 48 Stat. 881 (15 U.S.C. s.78a
26 et seq.), or under a State law requiring similar registration or
27 disclosure, the person required to file the statement referred to in
28 subsection a. may utilize such documents in furnishing the
29 information called for by that statement.

30 d. Approval by commissioner; hearings.

31 (1) The commissioner shall approve any merger or other
32 acquisition of control referred to in subsection a. unless, after a
33 public departmental hearing thereon, he finds that:

34 (i) After the change of control the domestic insurer referred to
35 in subsection a. would not be able to satisfy the requirements for the
36 issuance of a license to write the line or lines of insurance for which
37 it is presently licensed;

38 (ii) The effect of the merger or other acquisition of control
39 would be substantially to lessen competition in insurance in this
40 State or tend to create a monopoly therein. In applying the
41 competitive standard of this subparagraph:

42 (a) The informational requirements of paragraph (1) of
43 subsection c. and paragraph (2) of subsection d. of section 7 of
44 P.L.1993, c.241 (C.17:27A-4.1) shall apply;

45 (b) The merger or other acquisition shall not be disapproved if
46 the commissioner finds that any of the situations meeting the
47 criteria provided by paragraph (3) of subsection d. of section 7 of
48 P.L.1993, c.241 (C.17:27A-4.1) exist; and

1 (c) The commissioner may condition approval of the merger or
2 other acquisition on the removal of the basis of disapproval within a
3 specified period of time;

4 (iii) The financial condition of any acquiring party is such as
5 might jeopardize the financial stability of the insurer, or prejudice
6 the interest of its policyholders;

7 (iv) The financial condition of any acquiring party is such that
8 (a) the acquiring party has not been financially solvent on a
9 generally accepted accounting principles basis, or if an insurer, on a
10 statutory accounting basis, for the most recent three fiscal years
11 immediately prior to the date of the proposed acquisition (or for the
12 whole of such lesser period as such acquiring party and any
13 predecessors thereof shall have been in existence); (b) the acquiring
14 party has not generated net before-tax profits from its normal
15 business operations for the latest two fiscal years immediately prior
16 to the date of acquisition (or for the whole of such lesser period as
17 such acquiring party and any predecessors thereof shall have been
18 in existence); or (c) the acquisition debt of the acquiring party
19 exceeds 50% of the purchase price of the insurer;

20 (v) The plans or proposals which the acquiring party has to
21 liquidate the insurer, sell its assets or consolidate or merge it with
22 any person, or to make any other material change in its business or
23 corporate structure or management, are unfair and unreasonable to
24 policyholders of the insurer and not in the public interest;

25 (vi) The competence, experience and integrity of those persons
26 who would control the operation of the insurer are such that it
27 would not be in the interest of policyholders of the insurer and of
28 the public to permit the merger or other acquisition of control; or

29 (vii) The acquisition is likely to be hazardous or prejudicial to
30 the insurance buying public.

31 (2) The public hearing referred to in paragraph (1) shall be held
32 within 60 days after the statement required by subsection a. is filed
33 and at least 20 days' notice thereof shall be given by the
34 commissioner to the person filing the statement and the insurer.
35 Not less than seven days' notice of such public hearing shall be
36 given by the person filing the statement to such other persons as
37 may be designated by the commissioner. The hearing shall, at the
38 commissioner's discretion, be conducted by the commissioner or his
39 designee who shall report to the commissioner and advise him on
40 the nature of the matter delegated. The commissioner shall make a
41 determination or issue an order, based upon that advice and report,
42 as he shall, in his discretion, determine, and that determination or
43 order shall have the same force and effect as if the commissioner
44 had conducted that hearing personally. The commissioner shall
45 make a determination within 45 business days after the conclusion
46 of such hearing. At such hearing, the person filing the statement,
47 the insurer, any person to whom notice of hearing was sent, and any
48 other person whose interest may be affected thereby shall have the

1 right to present evidence, examine and cross-examine witnesses,
2 and offer oral and written arguments and in connection therewith
3 shall be entitled to conduct discovery proceedings in the same
4 manner as is presently allowed in the Superior Court of this State.
5 All discovery proceedings shall be concluded not later than three
6 days prior to the commencement of the public hearings.

7 (3) If the proposed acquisition of control requires the approval
8 of more than one commissioner, the public hearing referred to in
9 paragraph (2) may be held on a consolidated basis upon request of
10 the person filing the statement referred to in subsection a. of this
11 section. That person shall file the statement referred to in subsection
12 a. of this section with the National Association of Insurance
13 Commissioners within five days of making the request for a public
14 hearing. A commissioner may opt out of a consolidated hearing, and
15 shall provide notice to the applicant of the decision to opt out
16 within 10 days of the receipt of the statement referred to in
17 subsection a. of this section. A hearing conducted on a consolidated
18 basis shall be public, if not conducted on the documents filed in
19 accordance with the applicable state's procedures for such hearings,
20 and shall be held within the United States in accordance with the
21 rules and procedures of the state hosting the consolidated hearing
22 before the commissioners of the states in which the insurers are
23 domiciled. The commissioners shall hear and receive evidence. A
24 commissioner may attend the hearing, in person or by
25 telecommunication.

26 (4) The commissioner may retain, at the acquiring person's
27 expense, any attorneys, actuaries, accountants and other persons as
28 may be reasonably necessary to assist the commissioner in
29 reviewing the proposed acquisition of control.

30 e. (Deleted by amendment, P.L.1993, c.241.)

31 f. Exemptions. The provisions of this section shall not apply
32 to:

33 (1) Any transaction which is subject to the provisions of
34 R.S.17:27-1 et seq. or N.J.S.17B:18-60 et seq., concerning the
35 merger or consolidation of two or more insurers; and

36 (2) Any offer, request, invitation, agreement or acquisition
37 which the commissioner by order shall exempt therefrom as (a) not
38 having been made or entered into for the purpose and not having the
39 effect of changing or influencing the control of a domestic insurer,
40 or (b) as otherwise not comprehended within the purposes of this
41 section.

42 g. Violations. The following shall be violations of this section:

43 (1) The failure to file any statement, amendment, or other
44 material required to be filed pursuant to subsection a. or b.; or

45 (2) Subject to subsection f., the effectuation of, or any attempt
46 to effectuate, an acquisition of control of, divestiture of, or merger
47 with, a domestic insurer unless the commissioner has given his
48 approval thereto.

1 h. Jurisdiction; consent to service of process.

2 The courts of this State are hereby vested with jurisdiction over
3 every person not resident, domiciled, or authorized to do business in
4 this State who files a statement with the commissioner under this
5 section, and over all actions involving such person arising out of
6 violations of this section, and each such person shall be deemed to
7 have performed acts equivalent to and constituting an appointment
8 by such a person of the commissioner to be his true and lawful
9 attorney upon whom may be served all lawful process in any action,
10 suit or proceeding arising out of violations of this section. Copies
11 of all such lawful process shall be served on the commissioner and
12 transmitted by registered or certified mail by the commissioner to
13 such person at his last known address.

14 i. The purpose of this section is to enable the commissioner to
15 review any acquisition of control of a domestic insurer or of any
16 other person controlling a domestic insurer in order to determine
17 whether or not the acquisition of control would be adverse to the
18 public interest or protection of the existing and future policyholders
19 of the company or is being sought by persons who would utilize the
20 control adversely to the public interest or protection of
21 policyholders, and to enable the commissioner to make the findings
22 required pursuant to paragraph (1) of subsection d. of this section.
23 (cf: P.L.2014, c.81, s.2)

24
25 3. Section 8 of P.L.1970, c.22 (C.17:27A-8) is amended to read
26 as follows:

27 8. Injunctions; prohibitions against voting securities,
28 sequestration of voting securities.

29 a. Injunctions. Whenever it appears to the commissioner that
30 any person or any director, officer, employee or agent thereof has
31 committed or is about to commit a violation of this chapter or of
32 any rule, regulation, or order issued by the commissioner hereunder,
33 the commissioner may apply to the Superior Court for an order
34 enjoining such person or such director, officer, employee or agent
35 thereof from violating or continuing to violate this chapter or any
36 such rule, regulation or order, and for such other equitable relief as
37 the nature of the case and the interests of the insurer's
38 policyholders, creditors and shareholders or the public may require.

39 b. Voting of securities; when prohibited. No security or proxy
40 which is the subject of any agreement [or], arrangement, or
41 understanding regarding acquisition, or which is acquired or to be
42 acquired, in contravention of the provisions of this chapter or of any
43 rule, regulation or order issued by the commissioner hereunder may
44 be voted at any shareholders' meeting, or may be counted for
45 quorum purposes, and any action of shareholders requiring the
46 affirmative vote of a percentage of shares may be taken as though
47 such securities, including securities that may be voted pursuant to
48 those proxies, were not issued and outstanding; but no action taken

1 at any such meeting shall be invalidated by the voting of such
2 securities, unless the action would materially affect control of the
3 insurer or unless the courts of this State have so ordered. If an
4 insurer or the commissioner has reason to believe that any security
5 or proxy of the insurer or other person controlling the insurer has
6 been or is about to be acquired in contravention of the provisions of
7 this chapter or of any rule, regulation or order issued by the
8 commissioner hereunder the insurer or the commissioner may apply
9 to the Superior Court to enjoin any offer, request, invitation,
10 agreement or acquisition made in contravention of section 2 of
11 P.L.1970, c.22 (C.17:27A-2) or any rule, regulation, or order issued
12 by the commissioner thereunder to enjoin the voting of any security
13 or proxy so acquired, to void any vote of such security or proxy
14 already cast at any meeting of shareholders, and for such other
15 equitable relief as the nature of the case and the interests of the
16 insurer's policyholders, creditors and shareholders or the public may
17 require.

18 c. Sequestration of voting securities. In any case where a
19 person has acquired or is proposing to acquire any voting securities
20 or proxies in violation of this chapter or any rule, regulation or
21 order issued by the commissioner hereunder, the Superior Court
22 may, on such notice as the court deems appropriate, upon the
23 application of the insurer or the commissioner seize or sequester
24 any voting securities or proxies of the insurer owned directly or
25 indirectly by such person, and issue such orders with respect thereto
26 as may be appropriate to effectuate the provisions of this chapter.
27 Notwithstanding any other provisions of law, for the purposes of
28 this chapter the situs of the ownership of the securities of domestic
29 insurers shall be deemed to be in this State.

30 (cf: P.L.1995,c.338,s.4)

31

32 4. This act shall take effect immediately.

33

34

35

STATEMENT

36

37 This bill makes certain changes to the law concerning insurance
38 holding companies.

39 This bill adds a distinct presumption of control when a person
40 solicits proxies for the purpose of electing directors representing 10
41 percent or more of the board members and adds a definition of
42 "own" or "owned" to include all voting securities underlying
43 convertible securities, options, securities futures contracts, and
44 aggregating shares "owned" by persons acting in concert.

45 The bill adds to the law additional circumstances under which a
46 person is required to file information with the Department of
47 Banking and Insurance and obtain approval and requires additional
48 information to be included in the filing. The bill clarifies that the

1 purpose of these provisions is to enable the Commissioner of
2 Banking and Insurance to review any acquisition of control of a
3 domestic insurer or of any other person controlling a domestic
4 insurer in order to determine whether or not the acquisition of
5 control would be adverse to the public interest or protection of the
6 existing and future policyholders of the company or is being sought
7 by persons who would utilize such control adversely to the public
8 interest or protection of policyholders, and to enable the
9 commissioner to make the findings required pursuant to the law.

10

11

12

13

14 Amends certain requirements concerning insurance holding
15 companies.

ASSEMBLY, No. 6205

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED DECEMBER 6, 2021

Sponsored by:

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

Senator NELLIE POU

District 35 (Bergen and Passaic)

SYNOPSIS

Amends certain requirements concerning insurance holding companies.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/10/2022)

1 AN ACT concerning insurance holding companies and amending the
2 change of control provisions in P.L.1970, c.22.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 1 of P.L.1970, c.22 (C.17:27A-1) is amended to read
8 as follows:

9 1. Definitions.

10 As used in P.L.1970, c. 22 (C.17:27A-1 et seq.), the following
11 terms shall have the respective meanings hereinafter set forth,
12 unless the context shall otherwise require:

13 a. An "affiliate" of, or person "affiliated" with, a specific
14 person, is a person that directly, or indirectly through one or more
15 intermediaries, controls, or is controlled by, or is under common
16 control with, the person specified.

17 b. The term "commissioner" shall mean the Commissioner of
18 Banking and Insurance or the commissioner's deputies.

19 c. The term "control" (including the terms "controlling,"
20 "controlled by" and "under common control with") means the
21 possession, direct or indirect, of the power to direct or cause the
22 direction of the management and policies of a person, whether
23 through the ownership of voting securities, the holding of proxies,
24 by contract other than a commercial contract for goods or
25 nonmanagement services, or otherwise, unless the power is the
26 result of an official position with or corporate office held by the
27 person. Control shall be presumed to exist if any person, directly or
28 indirectly, owns, controls, holds with the power to vote, or holds
29 proxies representing, 10% or more of the voting securities of any
30 other person, or holds or controls sufficient proxies to elect 10% or
31 more of the board of directors of the other person, provided that no
32 such presumption of control shall of itself relieve any person so
33 presumed to have control from any requirement of P.L.1970, c. 22
34 (C.17:27A-1 et seq.). This presumption may be rebutted by a
35 showing made in the manner provided by subsection j. of section 3
36 of P.L.1970, c. 22 (C.17:27A-3) that control does not exist in fact.
37 The commissioner may determine, after furnishing all persons in
38 interest notice and an opportunity to be heard, **[and making]** that a
39 person directly or indirectly, alone or pursuant to an oral or a
40 written agreement, arrangement or understanding with one or more
41 other persons, exercises influence over the management or policies
42 of an insurer that it is necessary or appropriate for the protection of
43 policyholders of the insurer or in the public interest that the person
44 or persons be deemed to control the company. The commissioner
45 shall make specific findings of fact to support **[such]** the

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 underlined thus is new matter.

1 determination, that control exists in fact, notwithstanding the
2 absence of a presumption to that effect.

3 d. An "insurance holding company system" consists of two or
4 more affiliated persons, one or more of which is an insurer. A
5 mutual holding company system resulting from a mutualization and
6 reorganization of a health service corporation pursuant to section 5
7 of P.L.2020, c.145 (C.17:48E-46.5), shall be an insurance holding
8 company system pursuant to P.L.1970, c. 22 (C.17:27A-1 et seq.).

9 e. The term "insurer" means any person or persons,
10 corporation, partnership or company authorized by the laws of this
11 State to transact the business of insurance or to operate a health
12 maintenance organization in this State, except that it shall not
13 include agencies, authorities or instrumentalities of the United
14 States, its possessions and territories, the Commonwealth of Puerto
15 Rico, the District of Columbia, or a state or political subdivision of
16 a state.

17 f. A "person" is an individual, a corporation, a limited liability
18 company, partnership, an association, a joint stock company, a trust,
19 an unincorporated organization, any similar entity or any
20 combination of the foregoing acting in concert.

21 g. (Deleted by amendment, P.L.1993, c. 241).

22 h. A "subsidiary" of a specified person is an affiliate controlled
23 by such person directly, or indirectly through one or more
24 intermediaries.

25 i. The term "voting security" shall include any security
26 convertible into or evidencing a right to acquire a voting security.

27 j. "Acquisition" means any agreement, arrangement or activity,
28 the consummation of which results in a person acquiring directly or
29 indirectly the control of another person, and includes but is not
30 limited to the acquisition of voting securities, and assets, and bulk
31 reinsurance and mergers.

32 k. "Health maintenance organization" means any person
33 operating under a certificate of authority issued pursuant to
34 P.L.1973, c.337 (C.26:2J-1 et seq.).

35 l. "Enterprise risk" means any activity, circumstance, event or
36 series of events involving one or more affiliates of an insurer that, if
37 not remedied promptly, is likely to have a material adverse effect
38 upon the financial condition or liquidity of the insurer or its
39 insurance holding company system as a whole, including, but not
40 limited to, anything that would cause the insurer's Risk-Based
41 Capital to fall into company action level as set forth in
42 administrative rules adopted by the commissioner which reflect the
43 standards set forth in the Risk-Based Capital For Insurers Model
44 Act adopted by the National Association of Insurance
45 Commissioners or would cause the insurer to be in hazardous
46 financial condition as defined in administrative rules adopted by the
47 commissioner which reflect the standards set forth in the Model
48 Regulation adopted by the National Association of Insurance

1 Commissioners to define standards and the commissioner's
2 authority over companies deemed to be in a hazardous financial
3 condition.

4 m. The term "own", "owned," or "owning" by a person means
5 shares:

6 (1) with respect to which a person has title or to which a person's
7 nominee, custodian, or other agent has title and which such
8 nominee, custodian, or other agent is holding on behalf of the
9 person; or

10 (2) with respect to which a person:

11 (a) has purchased or has entered into an unconditional contract,
12 binding on both parties, to purchase the shares, but has not yet
13 received the shares;

14 (b) owns a security convertible into or exchangeable for the
15 shares and has tendered the security for conversion or exchange;

16 (c) has an option to purchase or acquire, or rights or warrants to
17 subscribe to, the shares and has exercised such option, rights, or
18 warrants; or

19 (d) holds a securities futures contract to purchase the shares and
20 has received notice that the position will be physically settled and is
21 irrevocably bound to receive the underlying shares.

22 To the extent that any affiliates of the stockholder or beneficial
23 owner are acting in concert with the stockholder or beneficial
24 owner, the determination of shares owned by a person may include
25 the effect of aggregating the shares owned by such person's affiliate
26 or affiliates. Whether shares constitute shares owned by a person
27 shall be decided by the commissioner in the commissioner's
28 reasonable determination.

29 (cf: P.L.2020, c.145, s.18)

30

31 2. Section 2 of P.L.1970, c.22 (C.17:27A-2) is amended to read
32 as follows:

33 2. Acquisition of control of or merger with domestic insurer.

34 a. (1) Filing requirements. No person other than the issuer
35 shall make a tender offer for or a request or invitation for tenders
36 of, or enter into any agreement to exchange securities for, seek to
37 acquire, or acquire, in the open market or otherwise, any voting
38 security of a domestic insurer, or solicit or seek to acquire or
39 acquire proxies of a domestic insurer, if, after the consummation
40 thereof, such person would, directly or indirectly (or by conversion
41 or by exercise of any right to acquire) be in control of such insurer,
42 and no person shall enter into an agreement, arrangement or
43 understanding to merge with or otherwise to acquire control of a
44 domestic insurer unless, at the time any **[such]** form of initial offer,
45 request, or invitation is made or any such agreement, arrangement
46 or understanding is entered into, or prior to the acquisition of such
47 securities or the solicitation or acquisition of such proxies if no
48 offer **[or],** agreement, arrangement or understanding is involved,

1 such person has filed with the commissioner and has sent to such
2 insurer, a statement containing the information required by this
3 section and such offer, request, invitation, agreement **[or]**,
4 arrangement, understanding, acquisition or solicitation has been
5 approved by the commissioner in the manner hereinafter prescribed.

6 For purposes of this subsection, a domestic insurer shall include
7 any other person controlling a domestic insurer.

8 (2) For purposes of this subsection, any controlling person of a
9 domestic insurer seeking to divest its controlling interest in the
10 domestic insurer, in any manner, shall file with the commissioner,
11 with a copy to the insurer, confidential notice of its proposed
12 divestiture at least 30 days prior to the cessation of control. The
13 commissioner shall by regulation determine those instances in
14 which the party seeking to divest or to acquire a controlling interest
15 in an insurer will be required to file for and obtain approval of the
16 transaction. The information shall remain confidential until the
17 conclusion of the transaction unless the commissioner, in his or her
18 discretion, determines that confidential treatment will interfere with
19 enforcement of this subsection a. If the statement referred to in
20 paragraph (1) of this subsection a. is otherwise filed, this paragraph
21 (2) regarding notice of divestiture or acquisition shall not apply.

22 (3) With respect to a transaction subject to this subsection a., the
23 acquiring person shall also file a pre-acquisition notification with
24 the commissioner, which shall contain the information set forth in
25 section 7 of P.L.1993, c.241 (C.17:27A-4.1). A failure to file the
26 notification may be subject to penalties specified in paragraph (3) of
27 subsection e. of section 7 of P.L.1993, c.241 (C.17:27A-4.1).

28 b. Content of statement. The statement to be filed with the
29 commissioner hereunder shall be made under oath or affirmation
30 and shall contain the following:

31 (1) The name and address of each person by whom or on whose
32 behalf the merger or other acquisition of control referred to in
33 subsection a. is to be effected (hereinafter called "acquiring party"),
34 and

35 (i) If such person is an individual, his principal occupation and
36 all offices and positions held during the past five years, and any
37 conviction of crimes other than minor traffic violations during the
38 past 10 years;

39 (ii) If such person is not an individual, a report of the nature of
40 its business operations during the past five years or for such lesser
41 period as such person and any predecessors thereof shall have been
42 in existence; an informative description of the business intended to
43 be done by such person and such person's subsidiaries; and a list of
44 all individuals who are or who have been selected to become
45 directors or executive officers of such person, or who perform or
46 will perform functions appropriate to such positions. Such list shall
47 include for each such individual the information required by
48 subparagraph (i) of this paragraph.

1 (2) The source, nature and amount of the consideration used or
2 to be used in effecting the merger or other acquisition of control, a
3 description of any transaction wherein funds were or are to be
4 obtained for any such purpose (including any pledge of the insurer's
5 stock, or the stock of any of its subsidiaries or controlling
6 affiliates), and the identity of persons furnishing such consideration,
7 provided, however, that where a source of such consideration is a
8 loan made in the lender's ordinary course of business, the identity of
9 the lender shall remain confidential, if the person filing such
10 statement so requests.

11 (3) Fully audited financial information as to the earnings and
12 financial condition of each acquiring party for the preceding five
13 fiscal years of each such acquiring party (or for such lesser period
14 as such acquiring party and any predecessors thereof shall have
15 been in existence), and similar unaudited information as of a date
16 not earlier than 90 days prior to the filing of the statement.

17 (4) Any plans or proposals which each acquiring party may have
18 to liquidate such insurer, to sell its assets or merge or consolidate it
19 with any person, or to make any other material change in its
20 business or corporate structure or management.

21 (5) The number of shares of any security referred to in
22 subsection a. which each acquiring party proposes to acquire, and
23 the terms of the offer, request, invitation, agreement, or acquisition
24 referred to in subsection a., and a statement as to the method by
25 which the fairness of the proposal was arrived at.

26 (6) The amount of each class of any security referred to in
27 subsection a. which is beneficially owned or concerning which there
28 is a right to acquire beneficial ownership by each acquiring party.

29 (7) (i) A full description of any contracts, arrangements or
30 understandings with respect to any security referred to in subsection
31 a. in which any acquiring party is involved, including but not
32 limited to transfer of any of the securities, joint ventures, loan or
33 option arrangements, puts or calls, guarantees of loans, guarantees
34 against loss or guarantees of profits, division of losses or profits, or
35 the giving or withholding of proxies. Such description shall
36 identify the persons with whom such contracts, arrangements or
37 understandings have been entered into;

38 (ii) The name and address of any person that is owned, directly
39 or indirectly, of record or beneficially, by each acquiring party and
40 that is also a beneficial owner of shares of the company that is the
41 subject of the merger or other acquisition of control referred to in
42 subsection a. of this section; any affiliate of the acquiring party or
43 such beneficial owner referred to in this subparagraph; and any
44 associated person;

45 (iii) A detailed description of every agreement, arrangement, and
46 understanding between the acquiring party and all associated
47 persons in connection with the merger or other acquisition of
48 control; and

1 (iv) A detailed description of each proxy, contract, arrangement,
2 understanding, or relationship pursuant to which the acquiring party
3 or any associated persons, or both, have a right to vote, or cause or
4 direct the vote of, any security referred to in subsection a. of this
5 section.

6 As used in this subparagraph, “associated person” means any
7 person acting in concert, directly or indirectly, pursuant to any
8 agreement, arrangement, or understanding, whether written or oral,
9 with the acquiring party or such beneficial owner referred to in this
10 subparagraph, or any of their respective affiliates, in connection
11 with the merger, consolidation, or other acquisition of control.

12 (8) A description of the purchase of any security referred to in
13 subsection a. during the 12 calendar months preceding the filing of
14 the statement, by any acquiring party, including the dates of
15 purchase, names of the purchasers, and consideration paid or agreed
16 to be paid therefor.

17 (9) A description of any recommendations to purchase any
18 security referred to in subsection a. made during the 12 calendar
19 months preceding the filing of the statement, by any acquiring
20 party, or by anyone based upon interviews or at the suggestion of
21 such acquiring party.

22 (10) Copies of all tender offers for, requests or invitations for
23 tenders of, exchange offers for, and agreements to acquire or
24 exchange any securities referred to in subsection a., and (if
25 distributed) of additional soliciting material relating thereto.

26 (11) The terms of any agreement, contract or understanding
27 made or proposed to be made with any broker-dealer as to
28 solicitation of securities referred to in subsection a. for tender, and
29 the amount of any fees, commissions or other compensation to be
30 paid to broker-dealers with regard thereto.

31 (12) An agreement by the person required to file the statement
32 referred to in subsection a. of this section that it will provide the
33 annual enterprise risk report, specified in subsection k. of section 3
34 of P.L.1970, c.22 (C.17:27A-3), so long as control exists.

35 (13) An acknowledgement by the person required to file the
36 statement referred to in subsection a. of this section that the person
37 and all subsidiaries within its control in the insurance holding
38 company system will provide information to the commissioner upon
39 request as necessary to evaluate enterprise risk to the insurer.

40 (14) Such additional information as the commissioner may by
41 rule or regulation prescribe as necessary or appropriate for the
42 protection of policyholders of the insurer or in the public interest.

43 If the person required to file the statement referred to in
44 subsection a. is a partnership, limited partnership, syndicate or other
45 group, the commissioner may require that the information called for
46 by paragraphs (1) through (14) shall be given with respect to each
47 partner of such partnership or limited partnership, each member of
48 such syndicate or group, and each person who controls such partner

1 or member. If any such partner, member or person is a corporation
2 or the person required to file the statement referred to in subsection
3 a. is a corporation, the commissioner may require that the
4 information called for by paragraphs (1) through (14) shall be given
5 with respect to such corporation, each officer and director of such
6 corporation, and each person who is directly or indirectly the
7 beneficial owner of more than 10% of the outstanding voting
8 securities of such corporation.

9 If any material change occurs in the facts set forth in the
10 statement filed with the commissioner and sent to such insurer
11 pursuant to this section, an amendment setting forth such change,
12 together with copies of all documents and other material relevant to
13 such change, shall be filed with the commissioner and sent to such
14 insurer within two business days after the person learns of such
15 change.

16 c. Alternative filing materials. If any offer, request, invitation,
17 agreement or acquisition referred to in subsection a. is proposed to
18 be made by means of a registration statement under the Securities
19 Act of 1933, 48 Stat. 74 (15 U.S.C. s.77a et seq.), or in
20 circumstances requiring the disclosure of similar information under
21 the Securities Exchange Act of 1934, 48 Stat. 881 (15 U.S.C. s.78a
22 et seq.), or under a State law requiring similar registration or
23 disclosure, the person required to file the statement referred to in
24 subsection a. may utilize such documents in furnishing the
25 information called for by that statement.

26 d. Approval by commissioner; hearings.

27 (1) The commissioner shall approve any merger or other
28 acquisition of control referred to in subsection a. unless, after a
29 public departmental hearing thereon, he finds that:

30 (i) After the change of control the domestic insurer referred to
31 in subsection a. would not be able to satisfy the requirements for the
32 issuance of a license to write the line or lines of insurance for which
33 it is presently licensed;

34 (ii) The effect of the merger or other acquisition of control
35 would be substantially to lessen competition in insurance in this
36 State or tend to create a monopoly therein. In applying the
37 competitive standard of this subparagraph:

38 (a) The informational requirements of paragraph (1) of
39 subsection c. and paragraph (2) of subsection d. of section 7 of
40 P.L.1993, c.241 (C.17:27A-4.1) shall apply;

41 (b) The merger or other acquisition shall not be disapproved if
42 the commissioner finds that any of the situations meeting the
43 criteria provided by paragraph (3) of subsection d. of section 7 of
44 P.L.1993, c.241 (C.17:27A-4.1) exist; and

45 (c) The commissioner may condition approval of the merger or
46 other acquisition on the removal of the basis of disapproval within a
47 specified period of time;

1 (iii) The financial condition of any acquiring party is such as
2 might jeopardize the financial stability of the insurer, or prejudice
3 the interest of its policyholders;

4 (iv) The financial condition of any acquiring party is such that
5 (a) the acquiring party has not been financially solvent on a
6 generally accepted accounting principles basis, or if an insurer, on a
7 statutory accounting basis, for the most recent three fiscal years
8 immediately prior to the date of the proposed acquisition (or for the
9 whole of such lesser period as such acquiring party and any
10 predecessors thereof shall have been in existence); (b) the acquiring
11 party has not generated net before-tax profits from its normal
12 business operations for the latest two fiscal years immediately prior
13 to the date of acquisition (or for the whole of such lesser period as
14 such acquiring party and any predecessors thereof shall have been
15 in existence); or (c) the acquisition debt of the acquiring party
16 exceeds 50% of the purchase price of the insurer;

17 (v) The plans or proposals which the acquiring party has to
18 liquidate the insurer, sell its assets or consolidate or merge it with
19 any person, or to make any other material change in its business or
20 corporate structure or management, are unfair and unreasonable to
21 policyholders of the insurer and not in the public interest;

22 (vi) The competence, experience and integrity of those persons
23 who would control the operation of the insurer are such that it
24 would not be in the interest of policyholders of the insurer and of
25 the public to permit the merger or other acquisition of control; or

26 (vii) The acquisition is likely to be hazardous or prejudicial to
27 the insurance buying public.

28 (2) The public hearing referred to in paragraph (1) shall be held
29 within 60 days after the statement required by subsection a. is filed
30 and at least 20 days' notice thereof shall be given by the
31 commissioner to the person filing the statement and the insurer.
32 Not less than seven days' notice of such public hearing shall be
33 given by the person filing the statement to such other persons as
34 may be designated by the commissioner. The hearing shall, at the
35 commissioner's discretion, be conducted by the commissioner or his
36 designee who shall report to the commissioner and advise him on
37 the nature of the matter delegated. The commissioner shall make a
38 determination or issue an order, based upon that advice and report,
39 as he shall, in his discretion, determine, and that determination or
40 order shall have the same force and effect as if the commissioner
41 had conducted that hearing personally. The commissioner shall
42 make a determination within 45 business days after the conclusion
43 of such hearing. At such hearing, the person filing the statement,
44 the insurer, any person to whom notice of hearing was sent, and any
45 other person whose interest may be affected thereby shall have the
46 right to present evidence, examine and cross-examine witnesses,
47 and offer oral and written arguments and in connection therewith
48 shall be entitled to conduct discovery proceedings in the same

1 manner as is presently allowed in the Superior Court of this State.
2 All discovery proceedings shall be concluded not later than three
3 days prior to the commencement of the public hearings.

4 (3) If the proposed acquisition of control requires the approval
5 of more than one commissioner, the public hearing referred to in
6 paragraph (2) may be held on a consolidated basis upon request of
7 the person filing the statement referred to in subsection a. of this
8 section. That person shall file the statement referred to in subsection
9 a. of this section with the National Association of Insurance
10 Commissioners within five days of making the request for a public
11 hearing. A commissioner may opt out of a consolidated hearing, and
12 shall provide notice to the applicant of the decision to opt out
13 within 10 days of the receipt of the statement referred to in
14 subsection a. of this section. A hearing conducted on a consolidated
15 basis shall be public, if not conducted on the documents filed in
16 accordance with the applicable state's procedures for such hearings,
17 and shall be held within the United States in accordance with the
18 rules and procedures of the state hosting the consolidated hearing
19 before the commissioners of the states in which the insurers are
20 domiciled. The commissioners shall hear and receive evidence. A
21 commissioner may attend the hearing, in person or by
22 telecommunication.

23 (4) The commissioner may retain, at the acquiring person's
24 expense, any attorneys, actuaries, accountants and other persons as
25 may be reasonably necessary to assist the commissioner in
26 reviewing the proposed acquisition of control.

27 e. (Deleted by amendment, P.L.1993, c.241.)

28 f. Exemptions. The provisions of this section shall not apply
29 to:

30 (1) Any transaction which is subject to the provisions of
31 R.S.17:27-1 et seq. or N.J.S.17B:18-60 et seq., concerning the
32 merger or consolidation of two or more insurers; and

33 (2) Any offer, request, invitation, agreement or acquisition
34 which the commissioner by order shall exempt therefrom as (a) not
35 having been made or entered into for the purpose and not having the
36 effect of changing or influencing the control of a domestic insurer,
37 or (b) as otherwise not comprehended within the purposes of this
38 section.

39 g. Violations. The following shall be violations of this section:

40 (1) The failure to file any statement, amendment, or other
41 material required to be filed pursuant to subsection a. or b.; or

42 (2) Subject to subsection f., the effectuation of, or any attempt
43 to effectuate, an acquisition of control of, divestiture of, or merger
44 with, a domestic insurer unless the commissioner has given his
45 approval thereto.

46 h. Jurisdiction; consent to service of process.

47 The courts of this State are hereby vested with jurisdiction over
48 every person not resident, domiciled, or authorized to do business in

1 this State who files a statement with the commissioner under this
2 section, and over all actions involving such person arising out of
3 violations of this section, and each such person shall be deemed to
4 have performed acts equivalent to and constituting an appointment
5 by such a person of the commissioner to be his true and lawful
6 attorney upon whom may be served all lawful process in any action,
7 suit or proceeding arising out of violations of this section. Copies
8 of all such lawful process shall be served on the commissioner and
9 transmitted by registered or certified mail by the commissioner to
10 such person at his last known address.

11 i. The purpose of this section is to enable the commissioner to
12 review any acquisition of control of a domestic insurer or of any
13 other person controlling a domestic insurer in order to determine
14 whether or not the acquisition of control would be adverse to the
15 public interest or protection of the existing and future policyholders
16 of the company or is being sought by persons who would utilize the
17 control adversely to the public interest or protection of
18 policyholders, and to enable the commissioner to make the findings
19 required pursuant to paragraph (1) of subsection d. of this section.
20 (cf: P.L.2014, c.81, s.2)

21

22 3. Section 8 of P.L.1970, c.22 (C.17:27A-8) is amended to read
23 as follows:

24 8. Injunctions; prohibitions against voting securities,
25 sequestration of voting securities.

26 a. Injunctions. Whenever it appears to the commissioner that
27 any person or any director, officer, employee or agent thereof has
28 committed or is about to commit a violation of this chapter or of
29 any rule, regulation, or order issued by the commissioner hereunder,
30 the commissioner may apply to the Superior Court for an order
31 enjoining such person or such director, officer, employee or agent
32 thereof from violating or continuing to violate this chapter or any
33 such rule, regulation or order, and for such other equitable relief as
34 the nature of the case and the interests of the insurer's
35 policyholders, creditors and shareholders or the public may require.

36 b. Voting of securities; when prohibited. No security or proxy
37 which is the subject of any agreement [or], arrangement, or
38 understanding regarding acquisition, or which is acquired or to be
39 acquired, in contravention of the provisions of this chapter or of any
40 rule, regulation or order issued by the commissioner hereunder may
41 be voted at any shareholders' meeting, or may be counted for
42 quorum purposes, and any action of shareholders requiring the
43 affirmative vote of a percentage of shares may be taken as though
44 such securities, including securities that may be voted pursuant to
45 those proxies, were not issued and outstanding; but no action taken
46 at any such meeting shall be invalidated by the voting of such
47 securities, unless the action would materially affect control of the
48 insurer or unless the courts of this State have so ordered. If an

1 insurer or the commissioner has reason to believe that any security
2 or proxy of the insurer or other person controlling the insurer has
3 been or is about to be acquired in contravention of the provisions of
4 this chapter or of any rule, regulation or order issued by the
5 commissioner hereunder the insurer or the commissioner may apply
6 to the Superior Court to enjoin any offer, request, invitation,
7 agreement or acquisition made in contravention of section 2 of
8 P.L.1970, c.22 (C.17:27A-2) or any rule, regulation, or order issued
9 by the commissioner thereunder to enjoin the voting of any security
10 or proxy so acquired, to void any vote of such security or proxy
11 already cast at any meeting of shareholders, and for such other
12 equitable relief as the nature of the case and the interests of the
13 insurer's policyholders, creditors and shareholders or the public may
14 require.

15 c. Sequestration of voting securities. In any case where a
16 person has acquired or is proposing to acquire any voting securities
17 or proxies in violation of this chapter or any rule, regulation or
18 order issued by the commissioner hereunder, the Superior Court
19 may, on such notice as the court deems appropriate, upon the
20 application of the insurer or the commissioner seize or sequester
21 any voting securities or proxies of the insurer owned directly or
22 indirectly by such person, and issue such orders with respect thereto
23 as may be appropriate to effectuate the provisions of this chapter.
24 Notwithstanding any other provisions of law, for the purposes of
25 this chapter the situs of the ownership of the securities of domestic
26 insurers shall be deemed to be in this State.

27 (cf: P.L.1995,c.338,s.4)

28

29 4. This act shall take effect immediately.

30

31

32

STATEMENT

33

34 This bill makes certain changes to the law concerning insurance
35 holding companies.

36 This bill adds a distinct presumption of control when a person
37 solicits proxies for the purpose of electing directors representing 10
38 percent or more of the board members and adds a definition of
39 "own" or "owned" to include all voting securities underlying
40 convertible securities, options, securities futures contracts, and
41 aggregating shares "owned" by persons acting in concert.

42 The bill adds to the law additional circumstances under which a
43 person is required to file information with the Department of
44 Banking and Insurance and obtain approval and requires additional
45 information to be included in the filing. The bill clarifies that the
46 purpose of these provisions is to enable the Commissioner of
47 Banking and Insurance to review any acquisition of control of a
48 domestic insurer or of any other person controlling a domestic

1 insurer in order to determine whether or not the acquisition of
2 control would be adverse to the public interest or protection of the
3 existing and future policyholders of the company or is being sought
4 by persons who would utilize such control adversely to the public
5 interest or protection of policyholders, and to enable the
6 commissioner to make the findings required pursuant to the law.

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 6205

STATE OF NEW JERSEY

DATED: DECEMBER 13, 2021

The Assembly Financial Institutions and Insurance Committee reports favorably Assembly Bill No. 6205.

This bill makes certain changes to the law concerning insurance holding companies.

This bill adds a distinct presumption of control when a person solicits proxies for the purpose of electing directors representing 10 percent or more of the board members and adds a definition of “own” or “owned” to include all voting securities underlying convertible securities, options, securities futures contracts, and aggregating shares “owned” by persons acting in concert.

The bill adds to the law additional circumstances under which a person is required to file information with the Department of Banking and Insurance to obtain approval and requires additional information to be included in the filing. The bill clarifies that the purpose of these provisions is to enable the Commissioner of Banking and Insurance to review any acquisition of control of a domestic insurer or of any other person controlling a domestic insurer in order to determine whether or not the acquisition of control would be adverse to the public interest or protection of the existing and future policyholders of the company or is being sought by persons who would utilize such control adversely to the public interest or protection of policyholders, and to enable the commissioner to make the finding required pursuant to the law.

SENATE, No. 4270

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED DECEMBER 9, 2021

Sponsored by:
Senator NELLIE POU
District 35 (Bergen and Passaic)

SYNOPSIS

Amends certain requirements concerning insurance holding companies.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning insurance holding companies and amending the
2 change of control provisions in P.L.1970, c.22.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 1 of P.L.1970, c.22 (C.17:27A-1) is amended to read
8 as follows:

9 1. Definitions.

10 As used in P.L.1970, c. 22 (C.17:27A-1 et seq.), the following
11 terms shall have the respective meanings hereinafter set forth,
12 unless the context shall otherwise require:

13 a. An "affiliate" of, or person "affiliated" with, a specific
14 person, is a person that directly, or indirectly through one or more
15 intermediaries, controls, or is controlled by, or is under common
16 control with, the person specified.

17 b. The term "commissioner" shall mean the Commissioner of
18 Banking and Insurance or the commissioner's deputies.

19 c. The term "control" (including the terms "controlling,"
20 "controlled by" and "under common control with") means the
21 possession, direct or indirect, of the power to direct or cause the
22 direction of the management and policies of a person, whether
23 through the ownership of voting securities, the holding of proxies,
24 by contract other than a commercial contract for goods or
25 nonmanagement services, or otherwise, unless the power is the
26 result of an official position with or corporate office held by the
27 person. Control shall be presumed to exist if any person, directly or
28 indirectly, owns, controls, holds with the power to vote, or holds
29 proxies representing, 10% or more of the voting securities of any
30 other person, or holds or controls sufficient proxies to elect 10% or
31 more of the board of directors of the other person, provided that no
32 such presumption of control shall of itself relieve any person so
33 presumed to have control from any requirement of P.L.1970, c. 22
34 (C.17:27A-1 et seq.). This presumption may be rebutted by a
35 showing made in the manner provided by subsection j. of section 3
36 of P.L.1970, c. 22 (C.17:27A-3) that control does not exist in fact.
37 The commissioner may determine, after furnishing all persons in
38 interest notice and an opportunity to be heard, **[and making]** that a
39 person directly or indirectly, alone or pursuant to an oral or a
40 written agreement, arrangement or understanding with one or more
41 other persons, exercises influence over the management or policies
42 of an insurer that it is necessary or appropriate for the protection of
43 policyholders of the insurer or in the public interest that the person
44 or persons be deemed to control the company. The commissioner
45 shall make specific findings of fact to support **[such]** the

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 underlined thus is new matter.

1 determination, that control exists in fact, notwithstanding the
2 absence of a presumption to that effect.

3 d. An "insurance holding company system" consists of two or
4 more affiliated persons, one or more of which is an insurer. A
5 mutual holding company system resulting from a mutualization and
6 reorganization of a health service corporation pursuant to section 5
7 of P.L.2020, c.145 (C.17:48E-46.5), shall be an insurance holding
8 company system pursuant to P.L.1970, c. 22 (C.17:27A-1 et seq.).

9 e. The term "insurer" means any person or persons,
10 corporation, partnership or company authorized by the laws of this
11 State to transact the business of insurance or to operate a health
12 maintenance organization in this State, except that it shall not
13 include agencies, authorities or instrumentalities of the United
14 States, its possessions and territories, the Commonwealth of Puerto
15 Rico, the District of Columbia, or a state or political subdivision of
16 a state.

17 f. A "person" is an individual, a corporation, a limited liability
18 company, partnership, an association, a joint stock company, a trust,
19 an unincorporated organization, any similar entity or any
20 combination of the foregoing acting in concert.

21 g. (Deleted by amendment, P.L.1993, c. 241).

22 h. A "subsidiary" of a specified person is an affiliate controlled
23 by such person directly, or indirectly through one or more
24 intermediaries.

25 i. The term "voting security" shall include any security
26 convertible into or evidencing a right to acquire a voting security.

27 j. "Acquisition" means any agreement, arrangement or activity,
28 the consummation of which results in a person acquiring directly or
29 indirectly the control of another person, and includes but is not
30 limited to the acquisition of voting securities, and assets, and bulk
31 reinsurance and mergers.

32 k. "Health maintenance organization" means any person
33 operating under a certificate of authority issued pursuant to
34 P.L.1973, c.337 (C.26:2J-1 et seq.).

35 l. "Enterprise risk" means any activity, circumstance, event or
36 series of events involving one or more affiliates of an insurer that, if
37 not remedied promptly, is likely to have a material adverse effect
38 upon the financial condition or liquidity of the insurer or its
39 insurance holding company system as a whole, including, but not
40 limited to, anything that would cause the insurer's Risk-Based
41 Capital to fall into company action level as set forth in
42 administrative rules adopted by the commissioner which reflect the
43 standards set forth in the Risk-Based Capital For Insurers Model
44 Act adopted by the National Association of Insurance
45 Commissioners or would cause the insurer to be in hazardous
46 financial condition as defined in administrative rules adopted by the
47 commissioner which reflect the standards set forth in the Model
48 Regulation adopted by the National Association of Insurance

1 Commissioners to define standards and the commissioner's
2 authority over companies deemed to be in a hazardous financial
3 condition.

4 m. The term "own", "owned," or "owning" by a person means
5 shares:

6 (1) with respect to which a person has title or to which a
7 person's nominee, custodian, or other agent has title and which such
8 nominee, custodian, or other agent is holding on behalf of the
9 person; or

10 (2) with respect to which a person:

11 (a) has purchased or has entered into an unconditional contract,
12 binding on both parties, to purchase the shares, but has not yet
13 received the shares;

14 (b) owns a security convertible into or exchangeable for the
15 shares and has tendered the security for conversion or exchange;

16 (c) has an option to purchase or acquire, or rights or warrants to
17 subscribe to, the shares and has exercised such option, rights, or
18 warrants; or

19 (d) holds a securities futures contract to purchase the shares and
20 has received notice that the position will be physically settled and is
21 irrevocably bound to receive the underlying shares.

22 To the extent that any affiliates of the stockholder or beneficial
23 owner are acting in concert with the stockholder or beneficial
24 owner, the determination of shares owned by a person may include
25 the effect of aggregating the shares owned by such person's affiliate
26 or affiliates. Whether shares constitute shares owned by a person
27 shall be decided by the commissioner in the commissioner's
28 reasonable determination.

29 (cf: P.L.2020, c.145, s.18)

30

31 2. Section 2 of P.L.1970, c.22 (C.17:27A-2) is amended to read
32 as follows:

33 2. Acquisition of control of or merger with domestic insurer.

34 a. (1) Filing requirements. No person other than the issuer
35 shall make a tender offer for or a request or invitation for tenders
36 of, or enter into any agreement to exchange securities for, seek to
37 acquire, or acquire, in the open market or otherwise, any voting
38 security of a domestic insurer, or solicit or seek to acquire or
39 acquire proxies of a domestic insurer, if, after the consummation
40 thereof, such person would, directly or indirectly (or by conversion
41 or by exercise of any right to acquire) be in control of such insurer,
42 and no person shall enter into an agreement, arrangement or
43 understanding to merge with or otherwise to acquire control of a
44 domestic insurer unless, at the time any **[such]** form of initial offer,
45 request, or invitation is made or any such agreement, arrangement
46 or understanding is entered into, or prior to the acquisition of such
47 securities or the solicitation or acquisition of such proxies if no
48 offer **[or]**, agreement, arrangement or understanding is involved,

1 such person has filed with the commissioner and has sent to such
2 insurer, a statement containing the information required by this
3 section and such offer, request, invitation, agreement **[or]**,
4 arrangement, understanding, acquisition or solicitation has been
5 approved by the commissioner in the manner hereinafter prescribed.

6 For purposes of this subsection, a domestic insurer shall include
7 any other person controlling a domestic insurer.

8 (2) For purposes of this subsection, any controlling person of a
9 domestic insurer seeking to divest its controlling interest in the
10 domestic insurer, in any manner, shall file with the commissioner,
11 with a copy to the insurer, confidential notice of its proposed
12 divestiture at least 30 days prior to the cessation of control. The
13 commissioner shall by regulation determine those instances in
14 which the party seeking to divest or to acquire a controlling interest
15 in an insurer will be required to file for and obtain approval of the
16 transaction. The information shall remain confidential until the
17 conclusion of the transaction unless the commissioner, in his or her
18 discretion, determines that confidential treatment will interfere with
19 enforcement of this subsection a. If the statement referred to in
20 paragraph (1) of this subsection a. is otherwise filed, this paragraph
21 (2) regarding notice of divestiture or acquisition shall not apply.

22 (3) With respect to a transaction subject to this subsection a., the
23 acquiring person shall also file a pre-acquisition notification with
24 the commissioner, which shall contain the information set forth in
25 section 7 of P.L.1993, c.241 (C.17:27A-4.1). A failure to file the
26 notification may be subject to penalties specified in paragraph (3) of
27 subsection e. of section 7 of P.L.1993, c.241 (C.17:27A-4.1).

28 b. Content of statement. The statement to be filed with the
29 commissioner hereunder shall be made under oath or affirmation
30 and shall contain the following:

31 (1) The name and address of each person by whom or on whose
32 behalf the merger or other acquisition of control referred to in
33 subsection a. is to be effected (hereinafter called "acquiring party"),
34 and

35 (i) If such person is an individual, his principal occupation and
36 all offices and positions held during the past five years, and any
37 conviction of crimes other than minor traffic violations during the
38 past 10 years;

39 (ii) If such person is not an individual, a report of the nature of
40 its business operations during the past five years or for such lesser
41 period as such person and any predecessors thereof shall have been
42 in existence; an informative description of the business intended to
43 be done by such person and such person's subsidiaries; and a list of
44 all individuals who are or who have been selected to become
45 directors or executive officers of such person, or who perform or
46 will perform functions appropriate to such positions. Such list shall
47 include for each such individual the information required by
48 subparagraph (i) of this paragraph.

1 (2) The source, nature and amount of the consideration used or
2 to be used in effecting the merger or other acquisition of control, a
3 description of any transaction wherein funds were or are to be
4 obtained for any such purpose (including any pledge of the insurer's
5 stock, or the stock of any of its subsidiaries or controlling
6 affiliates), and the identity of persons furnishing such consideration,
7 provided, however, that where a source of such consideration is a
8 loan made in the lender's ordinary course of business, the identity of
9 the lender shall remain confidential, if the person filing such
10 statement so requests.

11 (3) Fully audited financial information as to the earnings and
12 financial condition of each acquiring party for the preceding five
13 fiscal years of each such acquiring party (or for such lesser period
14 as such acquiring party and any predecessors thereof shall have
15 been in existence), and similar unaudited information as of a date
16 not earlier than 90 days prior to the filing of the statement.

17 (4) Any plans or proposals which each acquiring party may have
18 to liquidate such insurer, to sell its assets or merge or consolidate it
19 with any person, or to make any other material change in its
20 business or corporate structure or management.

21 (5) The number of shares of any security referred to in
22 subsection a. which each acquiring party proposes to acquire, and
23 the terms of the offer, request, invitation, agreement, or acquisition
24 referred to in subsection a., and a statement as to the method by
25 which the fairness of the proposal was arrived at.

26 (6) The amount of each class of any security referred to in
27 subsection a. which is beneficially owned or concerning which there
28 is a right to acquire beneficial ownership by each acquiring party.

29 (7) (i) A full description of any contracts, arrangements or
30 understandings with respect to any security referred to in subsection
31 a. in which any acquiring party is involved, including but not
32 limited to transfer of any of the securities, joint ventures, loan or
33 option arrangements, puts or calls, guarantees of loans, guarantees
34 against loss or guarantees of profits, division of losses or profits, or
35 the giving or withholding of proxies. Such description shall
36 identify the persons with whom such contracts, arrangements or
37 understandings have been entered into;

38 (ii) The name and address of any person that is owned, directly
39 or indirectly, of record or beneficially, by each acquiring party and
40 that is also a beneficial owner of shares of the company that is the
41 subject of the merger or other acquisition of control referred to in
42 subsection a. of this section; any affiliate of the acquiring party or
43 such beneficial owner referred to in this subparagraph; and any
44 associated person;

45 (iii) A detailed description of every agreement, arrangement, and
46 understanding between the acquiring party and all associated
47 persons in connection with the merger or other acquisition of
48 control; and

1 (iv) A detailed description of each proxy, contract, arrangement,
2 understanding, or relationship pursuant to which the acquiring party
3 or any associated persons, or both, have a right to vote, or cause or
4 direct the vote of, any security referred to in subsection a. of this
5 section.

6 As used in this subparagraph, “associated person” means any
7 person acting in concert, directly or indirectly, pursuant to any
8 agreement, arrangement, or understanding, whether written or oral,
9 with the acquiring party or such beneficial owner referred to in this
10 subparagraph, or any of their respective affiliates, in connection
11 with the merger, consolidation, or other acquisition of control.

12 (8) A description of the purchase of any security referred to in
13 subsection a. during the 12 calendar months preceding the filing of
14 the statement, by any acquiring party, including the dates of
15 purchase, names of the purchasers, and consideration paid or agreed
16 to be paid therefor.

17 (9) A description of any recommendations to purchase any
18 security referred to in subsection a. made during the 12 calendar
19 months preceding the filing of the statement, by any acquiring
20 party, or by anyone based upon interviews or at the suggestion of
21 such acquiring party.

22 (10) Copies of all tender offers for, requests or invitations for
23 tenders of, exchange offers for, and agreements to acquire or
24 exchange any securities referred to in subsection a., and (if
25 distributed) of additional soliciting material relating thereto.

26 (11) The terms of any agreement, contract or understanding
27 made or proposed to be made with any broker-dealer as to
28 solicitation of securities referred to in subsection a. for tender, and
29 the amount of any fees, commissions or other compensation to be
30 paid to broker-dealers with regard thereto.

31 (12) An agreement by the person required to file the statement
32 referred to in subsection a. of this section that it will provide the
33 annual enterprise risk report, specified in subsection k. of section 3
34 of P.L.1970, c.22 (C.17:27A-3), so long as control exists.

35 (13) An acknowledgement by the person required to file the
36 statement referred to in subsection a. of this section that the person
37 and all subsidiaries within its control in the insurance holding
38 company system will provide information to the commissioner upon
39 request as necessary to evaluate enterprise risk to the insurer.

40 (14) Such additional information as the commissioner may by
41 rule or regulation prescribe as necessary or appropriate for the
42 protection of policyholders of the insurer or in the public interest.

43 If the person required to file the statement referred to in
44 subsection a. is a partnership, limited partnership, syndicate or other
45 group, the commissioner may require that the information called for
46 by paragraphs (1) through (14) shall be given with respect to each
47 partner of such partnership or limited partnership, each member of
48 such syndicate or group, and each person who controls such partner

1 or member. If any such partner, member or person is a corporation
2 or the person required to file the statement referred to in subsection
3 a. is a corporation, the commissioner may require that the
4 information called for by paragraphs (1) through (14) shall be given
5 with respect to such corporation, each officer and director of such
6 corporation, and each person who is directly or indirectly the
7 beneficial owner of more than 10% of the outstanding voting
8 securities of such corporation.

9 If any material change occurs in the facts set forth in the
10 statement filed with the commissioner and sent to such insurer
11 pursuant to this section, an amendment setting forth such change,
12 together with copies of all documents and other material relevant to
13 such change, shall be filed with the commissioner and sent to such
14 insurer within two business days after the person learns of such
15 change.

16 c. Alternative filing materials. If any offer, request, invitation,
17 agreement or acquisition referred to in subsection a. is proposed to
18 be made by means of a registration statement under the Securities
19 Act of 1933, 48 Stat. 74 (15 U.S.C. s.77a et seq.), or in
20 circumstances requiring the disclosure of similar information under
21 the Securities Exchange Act of 1934, 48 Stat. 881 (15 U.S.C. s.78a
22 et seq.), or under a State law requiring similar registration or
23 disclosure, the person required to file the statement referred to in
24 subsection a. may utilize such documents in furnishing the
25 information called for by that statement.

26 d. Approval by commissioner; hearings.

27 (1) The commissioner shall approve any merger or other
28 acquisition of control referred to in subsection a. unless, after a
29 public departmental hearing thereon, he finds that:

30 (i) After the change of control the domestic insurer referred to
31 in subsection a. would not be able to satisfy the requirements for the
32 issuance of a license to write the line or lines of insurance for which
33 it is presently licensed;

34 (ii) The effect of the merger or other acquisition of control
35 would be substantially to lessen competition in insurance in this
36 State or tend to create a monopoly therein. In applying the
37 competitive standard of this subparagraph:

38 (a) The informational requirements of paragraph (1) of
39 subsection c. and paragraph (2) of subsection d. of section 7 of
40 P.L.1993, c.241 (C.17:27A-4.1) shall apply;

41 (b) The merger or other acquisition shall not be disapproved if
42 the commissioner finds that any of the situations meeting the
43 criteria provided by paragraph (3) of subsection d. of section 7 of
44 P.L.1993, c.241 (C.17:27A-4.1) exist; and

45 (c) The commissioner may condition approval of the merger or
46 other acquisition on the removal of the basis of disapproval within a
47 specified period of time;

1 (iii) The financial condition of any acquiring party is such as
2 might jeopardize the financial stability of the insurer, or prejudice
3 the interest of its policyholders;

4 (iv) The financial condition of any acquiring party is such that
5 (a) the acquiring party has not been financially solvent on a
6 generally accepted accounting principles basis, or if an insurer, on a
7 statutory accounting basis, for the most recent three fiscal years
8 immediately prior to the date of the proposed acquisition (or for the
9 whole of such lesser period as such acquiring party and any
10 predecessors thereof shall have been in existence); (b) the acquiring
11 party has not generated net before-tax profits from its normal
12 business operations for the latest two fiscal years immediately prior
13 to the date of acquisition (or for the whole of such lesser period as
14 such acquiring party and any predecessors thereof shall have been
15 in existence); or (c) the acquisition debt of the acquiring party
16 exceeds 50% of the purchase price of the insurer;

17 (v) The plans or proposals which the acquiring party has to
18 liquidate the insurer, sell its assets or consolidate or merge it with
19 any person, or to make any other material change in its business or
20 corporate structure or management, are unfair and unreasonable to
21 policyholders of the insurer and not in the public interest;

22 (vi) The competence, experience and integrity of those persons
23 who would control the operation of the insurer are such that it
24 would not be in the interest of policyholders of the insurer and of
25 the public to permit the merger or other acquisition of control; or

26 (vii) The acquisition is likely to be hazardous or prejudicial to
27 the insurance buying public.

28 (2) The public hearing referred to in paragraph (1) shall be held
29 within 60 days after the statement required by subsection a. is filed
30 and at least 20 days' notice thereof shall be given by the
31 commissioner to the person filing the statement and the insurer.
32 Not less than seven days' notice of such public hearing shall be
33 given by the person filing the statement to such other persons as
34 may be designated by the commissioner. The hearing shall, at the
35 commissioner's discretion, be conducted by the commissioner or his
36 designee who shall report to the commissioner and advise him on
37 the nature of the matter delegated. The commissioner shall make a
38 determination or issue an order, based upon that advice and report,
39 as he shall, in his discretion, determine, and that determination or
40 order shall have the same force and effect as if the commissioner
41 had conducted that hearing personally. The commissioner shall
42 make a determination within 45 business days after the conclusion
43 of such hearing. At such hearing, the person filing the statement,
44 the insurer, any person to whom notice of hearing was sent, and any
45 other person whose interest may be affected thereby shall have the
46 right to present evidence, examine and cross-examine witnesses,
47 and offer oral and written arguments and in connection therewith
48 shall be entitled to conduct discovery proceedings in the same

1 manner as is presently allowed in the Superior Court of this State.
2 All discovery proceedings shall be concluded not later than three
3 days prior to the commencement of the public hearings.

4 (3) If the proposed acquisition of control requires the approval
5 of more than one commissioner, the public hearing referred to in
6 paragraph (2) may be held on a consolidated basis upon request of
7 the person filing the statement referred to in subsection a. of this
8 section. That person shall file the statement referred to in subsection
9 a. of this section with the National Association of Insurance
10 Commissioners within five days of making the request for a public
11 hearing. A commissioner may opt out of a consolidated hearing, and
12 shall provide notice to the applicant of the decision to opt out
13 within 10 days of the receipt of the statement referred to in
14 subsection a. of this section. A hearing conducted on a consolidated
15 basis shall be public, if not conducted on the documents filed in
16 accordance with the applicable state's procedures for such hearings,
17 and shall be held within the United States in accordance with the
18 rules and procedures of the state hosting the consolidated hearing
19 before the commissioners of the states in which the insurers are
20 domiciled. The commissioners shall hear and receive evidence. A
21 commissioner may attend the hearing, in person or by
22 telecommunication.

23 (4) The commissioner may retain, at the acquiring person's
24 expense, any attorneys, actuaries, accountants and other persons as
25 may be reasonably necessary to assist the commissioner in
26 reviewing the proposed acquisition of control.

27 e. (Deleted by amendment, P.L.1993, c.241.)

28 f. Exemptions. The provisions of this section shall not apply
29 to:

30 (1) Any transaction which is subject to the provisions of
31 R.S.17:27-1 et seq. or N.J.S.17B:18-60 et seq., concerning the
32 merger or consolidation of two or more insurers; and

33 (2) Any offer, request, invitation, agreement or acquisition
34 which the commissioner by order shall exempt therefrom as (a) not
35 having been made or entered into for the purpose and not having the
36 effect of changing or influencing the control of a domestic insurer,
37 or (b) as otherwise not comprehended within the purposes of this
38 section.

39 g. Violations. The following shall be violations of this section:

40 (1) The failure to file any statement, amendment, or other
41 material required to be filed pursuant to subsection a. or b.; or

42 (2) Subject to subsection f., the effectuation of, or any attempt
43 to effectuate, an acquisition of control of, divestiture of, or merger
44 with, a domestic insurer unless the commissioner has given his
45 approval thereto.

46 h. Jurisdiction; consent to service of process.

47 The courts of this State are hereby vested with jurisdiction over
48 every person not resident, domiciled, or authorized to do business in

1 this State who files a statement with the commissioner under this
2 section, and over all actions involving such person arising out of
3 violations of this section, and each such person shall be deemed to
4 have performed acts equivalent to and constituting an appointment
5 by such a person of the commissioner to be his true and lawful
6 attorney upon whom may be served all lawful process in any action,
7 suit or proceeding arising out of violations of this section. Copies
8 of all such lawful process shall be served on the commissioner and
9 transmitted by registered or certified mail by the commissioner to
10 such person at his last known address.

11 i. The purpose of this section is to enable the commissioner to
12 review any acquisition of control of a domestic insurer or of any
13 other person controlling a domestic insurer in order to determine
14 whether or not the acquisition of control would be adverse to the
15 public interest or protection of the existing and future policyholders
16 of the company or is being sought by persons who would utilize the
17 control adversely to the public interest or protection of
18 policyholders, and to enable the commissioner to make the findings
19 required pursuant to paragraph (1) of subsection d. of this section.
20 (cf: P.L.2014, c.81, s.2)

21
22 3. Section 8 of P.L.1970, c.22 (C.17:27A-8) is amended to read
23 as follows:

24 8. Injunctions; prohibitions against voting securities,
25 sequestration of voting securities.

26 a. Injunctions. Whenever it appears to the commissioner that
27 any person or any director, officer, employee or agent thereof has
28 committed or is about to commit a violation of this chapter or of
29 any rule, regulation, or order issued by the commissioner hereunder,
30 the commissioner may apply to the Superior Court for an order
31 enjoining such person or such director, officer, employee or agent
32 thereof from violating or continuing to violate this chapter or any
33 such rule, regulation or order, and for such other equitable relief as
34 the nature of the case and the interests of the insurer's
35 policyholders, creditors and shareholders or the public may require.

36 b. Voting of securities; when prohibited. No security or proxy
37 which is the subject of any agreement [or], arrangement, or
38 understanding regarding acquisition, or which is acquired or to be
39 acquired, in contravention of the provisions of this chapter or of any
40 rule, regulation or order issued by the commissioner hereunder may
41 be voted at any shareholders' meeting, or may be counted for
42 quorum purposes, and any action of shareholders requiring the
43 affirmative vote of a percentage of shares may be taken as though
44 such securities, including securities that may be voted pursuant to
45 those proxies, were not issued and outstanding; but no action taken
46 at any such meeting shall be invalidated by the voting of such
47 securities, unless the action would materially affect control of the
48 insurer or unless the courts of this State have so ordered. If an

1 insurer or the commissioner has reason to believe that any security
2 or proxy of the insurer or other person controlling the insurer has
3 been or is about to be acquired in contravention of the provisions of
4 this chapter or of any rule, regulation or order issued by the
5 commissioner hereunder the insurer or the commissioner may apply
6 to the Superior Court to enjoin any offer, request, invitation,
7 agreement or acquisition made in contravention of section 2 of
8 P.L.1970, c.22 (C.17:27A-2) or any rule, regulation, or order issued
9 by the commissioner thereunder to enjoin the voting of any security
10 or proxy so acquired, to void any vote of such security or proxy
11 already cast at any meeting of shareholders, and for such other
12 equitable relief as the nature of the case and the interests of the
13 insurer's policyholders, creditors and shareholders or the public may
14 require.

15 c. Sequestration of voting securities. In any case where a
16 person has acquired or is proposing to acquire any voting securities
17 or proxies in violation of this chapter or any rule, regulation or
18 order issued by the commissioner hereunder, the Superior Court
19 may, on such notice as the court deems appropriate, upon the
20 application of the insurer or the commissioner seize or sequester
21 any voting securities or proxies of the insurer owned directly or
22 indirectly by such person, and issue such orders with respect thereto
23 as may be appropriate to effectuate the provisions of this chapter.
24 Notwithstanding any other provisions of law, for the purposes of
25 this chapter the situs of the ownership of the securities of domestic
26 insurers shall be deemed to be in this State.

27 (cf: P.L.1995, c.338, s.4)

28

29 4. This act shall take effect immediately.

30

31

32

STATEMENT

33

34 This bill makes certain changes to the law concerning insurance
35 holding companies.

36 This bill adds a distinct presumption of control when a person
37 solicits proxies for the purpose of electing directors representing 10
38 percent or more of the board members and adds a definition of
39 "own" or "owned" to include all voting securities underlying
40 convertible securities, options, securities futures contracts, and
41 aggregating shares "owned" by persons acting in concert.

42 The bill adds to the law additional circumstances under which a
43 person is required to file information with the Department of
44 Banking and Insurance and obtain approval and requires additional
45 information to be included in the filing. The bill clarifies that the
46 purpose of these provisions is to enable the Commissioner of
47 Banking and Insurance to review any acquisition of control of a
48 domestic insurer or of any other person controlling a domestic

S4270 POU

13

1 insurer in order to determine whether or not the acquisition of
2 control would be adverse to the public interest or protection of the
3 existing and future policyholders of the company or is being sought
4 by persons who would utilize such control adversely to the public
5 interest or protection of policyholders, and to enable the
6 commissioner to make the findings required pursuant to the law.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 4270

STATE OF NEW JERSEY

DATED: DECEMBER 16, 2021

The Senate Commerce Committee reports favorably Senate Bill No. 4270.

This bill makes certain changes to the law concerning insurance holding companies.

This bill adds a distinct presumption of control when a person solicits proxies for the purpose of electing directors representing 10 percent or more of the board members and adds a definition of “own” or “owned” to include all voting securities underlying convertible securities, options, securities futures contracts, and aggregating shares “owned” by persons acting in concert.

The bill adds to the law additional circumstances under which a person is required to file information with the Department of Banking and Insurance and obtain approval and requires additional information to be included in the filing. The bill clarifies that the purpose of these provisions is to enable the Commissioner of Banking and Insurance to review any acquisition of control of a domestic insurer or of any other person controlling a domestic insurer in order to determine whether or not the acquisition of control would be adverse to the public interest or protection of the existing and future policyholders of the company or is being sought by persons who would utilize such control adversely to the public interest or protection of policyholders, and to enable the commissioner to make the findings required pursuant to the law.

Governor Murphy Takes Action on Legislation

01/18/2022

TRENTON – Governor Murphy today signed the following bills:

S-384/A-1964 (Weinberg, Singleton/Stanley, Munoz, McKeon, Sumter, Lampitt, Vainieri Huttle, Wimberly, Mosquera, Downey, Chiaravalloti) – Expands training for judges, law enforcement officers and assistant county prosecutors concerning handling of domestic violence cases

S-386/A-1763 (Weinberg, Singleton/Munoz, Vainieri Huttle, Downey, Mosquera, Lampitt, Benson) - Establishes mandatory domestic violence training for municipal prosecutors

S-396/A-4903 (Weinberg, Addiego/Johnson, Mukherji) – Adjusts statute of limitations on damage claim for construction defect in common interest communities

S-705/A-1077 (Ruiz, Cunningham/Speight, Vainieri Huttle, Downey) – Requires DOH to develop and implement plan to improve access to perinatal mood and anxiety disorder screening

SCS for S-844 and 2533/ACS for A-4635 (Pou, Greenstein/Zwicker, Lopez) – Revises reporting requirements for charitable organizations and non-profit corporations

S-867/A-2316 (Pou/Jimenez, Giblin, Johnson) – Permits physical therapists to perform dry needling under certain circumstances

S-896/A-2396 (Pou, Turner/Wimberly, Timberlake, Murphy) – Expands Office of Public Defender representation of juveniles; repeals section 4 of P.L.1968, c.371

S-969WGR/ACS for A-2687 (Ruiz, Turner/Mazzeo, Lampitt, Moen) – Establishes loan redemption program for certain teachers to redeem loan amounts received under New Jersey College Loans to Assist State Students Loan Program through employment in certain schools; makes annual appropriation of \$1 million

S-994/A-6248 (Sweeney, Singleton/Lopez) – Requires State agencies and political subdivisions to make good faith effort to purchase five percent of goods and services from Central Nonprofit Agency

SCS for S-1016/ACS for A-2070 (Smith, Bateman/Calabrese, Mukherji, Benson) – Restricts use of neonicotinoid pesticides

S-1020/AS for ACS for A-1184 and 4414 (Ruiz, Gopal/Zwicker, Conaway, Verrelli, Caputo) – Requires School Report Card to include demographic breakdown of students who receive disciplinary actions; requires Commissioner of Education to establish Statewide database concerning certain disciplinary actions

S-1559/A-1659 (Scutari, Diegnan/Quijano, Bramnick, Mukherji, Sumter, Downey, Dancer) – “New Jersey Insurance Fair Conduct Act”

S-1771/A-1489 (Madden, Turner/Moriarty, Mosquera, Vainieri Huttle) – Expressly prohibits invasive examination of unconscious patient by health care practitioner without patient’s prior informed written consent

S-2160wGR/A-5701 (Sweeney, Oroho, Singer/Carter, Lampitt, Jasey) – Creates special education unit within the Office of Administrative Law; requires annual report

SCS for S-2515/ACS for A-4676 (Smith, Greenstein/Quijano, Jasey, McKeon) – Establishes postconsumer recycled content requirements for rigid plastic containers, glass containers, paper and plastic carryout bags, and plastic trash bags; prohibits sale of polystyrene loose fill packaging

S-2723/A-2614 (Sweeney, Turner/Murphy, Benson, Timberlake) – “21st Century Integrated Digital Experience Act”

S-2830/A-5291 (Ruiz, Singleton/Quijano) – Requires educator preparation program to report passing rates of students who complete certain tests and to disseminate information on test fee waiver programs, and permits collection of student fee for certain testing costs

S-2835/A-5292 (Ruiz, Cunningham/Quijano, Lampitt, Jasey) – Requires compilation of data and issuance of annual reports on New Jersey teacher workforce

S-2921/A-5554 (Gopal, Greenstein/Houghtaling, Downey, Mukherji) – Allows municipalities to designate outdoor areas upon which people may consume alcoholic beverages

S-3009/A-4847 (Vitale, Gopal, Gill/Vainieri Huttle, Quijano, Verrelli) – Authorizes expanded provision of harm reduction services to distribute sterile syringes and provide certain support services to persons who use drugs intravenously

S-3081/A-5219 (Singleton/McKeon, Dunn) – Repeals law concerning excess rates and charges for title insurance; makes agreement to use services of title or settlement service company subject to attorney review

S-3164/A-4987 (Gopal, Singleton/Houghtaling, Vainieri Huttle, Giblin) – Creates NJ Legislative Youth Council

S-3265/A-5074 (Diegnan, Greenstein/DeAngelo, Dancer, Mukherji) – Permits members of SPRS to purchase service credit for prior public employment with federal government or another state

S-3342/A-5463 (Codey, Singleton/Jasey, Giblin, Timberlake) – Directs NJT to erect statue in honor of A. Philip Randolph; appropriates \$90,000

S-3465/A-4336 (Oroho, Sweeney/Houghtaling, Space) – Directs Department of Agriculture to pay annual premiums to enrolled dairy farmers for certain coverage under the federal Dairy Margin Coverage Program; appropriates \$125,000

S-3488wGR/A-5537 (Sweeney, Gopal, O'Scanlon/Burzichelli, Dancer, Spearman) – Modifies certain procedures pertaining to school district regionalization; establishes grant program for cost reimbursement of conducting regionalization feasibility studies; and provides financial incentives for regionalization

S-3493/A-5458 (Vitale, Gill/Vainieri Huttle, Mukherji, McKnight) – Permits expungement of possession or distribution of hypodermic syringe or needle offense in cases of previous expungement; repeals criminal offense of possession of syringe

S-3539/A5409 (T. Kean, Gopal/Houghtaling) – Directs DEP to establish grant program for local governments to support development of community gardens

S-3594/A-5509 (Singleton, Scutari/Zwicker, Reynolds-Jackson, Verrelli) – Provides that in personal

injury or wrongful death lawsuits, calculations of lost or impaired earnings capacity not be reduced because of race, ethnicity, gender identity or expression, or affectional or sexual orientation

S-3672/A-6009 (Singleton, Turner, Moen, Johnson, McKnight) – Permits exemption from civil service examination requirement for entry-level law enforcement officers, sheriff's officers, and State and county correctional police officers; permits hiring or appointment of such officers under certain conditions, and makes appropriation

S-3673/A-6219 (Gopal, Greenstein/Burzichelli) – Authorizes limited breweries and craft distilleries to sell at retail and offer for sampling purposes product bottled and stored off-site under certain circumstances

S-3685/A-5576 (Ruiz, Codey/Jasey, Lampitt, Mukherji) – Permits teacher and professional staff member who provides special services retired from TPAF to return to employment for up to two years without reenrollment in TPAF if employment commences during 2021-2022 and 2022-2023 school years

S-3707/A-5673 (Vitale, Ruiz/Vainieri Huttle, Downey, Zwicker) – Repeals statute criminalizing sexual penetration while infected with venereal disease or HIV under certain circumstances; requires that in prosecutions for endangering another by creating substantial risk of transmitting infectious disease, name of defendant and other person be kept confidential

S-3764/A-3369 (Gopal, Weinberg/Johnson, Stanley, Karabinchak) – Establishes Commission on Asian American Heritage in DOE

S-3810/ACS for A-5862 (Sweeney, Addiego, Greenstein/Benson, Quijano) – "Responsible Collective Negotiations Act"

S-3968/A-5930 (Singleton, Beach/Sumter, Karabinchak) – Increases purchasing threshold permitting Director of Division of Purchase and Property to delegate authority to agencies; increases bid advertising threshold on certain contracts by same scale

S-3975/A-5963 (Greenstein, Oroho/Benson, Vainieri Huttle, DeAngelo) – Establishes requirements to commence screening newborn infants for congenital cytomegalovirus infection; establishes public awareness campaign

S-4004wGR/A-5950 (Weinberg, Greenstein/Sumter, Benson, Reynolds-Jackson) – Establishes database of certain appointed positions and elected offices

S-4020/A-5867 (Gopal, Cunningham/Chiaravalloti, Jasey, Carter) – Expands bonding authority of New Jersey Educational Facilities Authority to permit financing for general funding needs at New Jersey's institutions of higher education

S-4021/A-6100 (Gopal, Ruiz/Mukherji, Jasey, Timberlake, Stanley) – Requires school districts to provide instruction on history and contributions of Asian Americans and Pacific Islanders as part of implementation of New Jersey Student Learning Standards in Social Studies

S-4043/A-6005 (Cunningham/Jasey, Greenwald) – Raises statutory threshold for certain public bidding, permits bidder disqualification due to prior negative experience, adds exemptions to public bidding requirement under "State College Contracts Law," and establishes process for cooperative pricing system

S-4063/A-6220 (Sweeney/Giblin, Egan) – Removes New Jersey Maritime Pilot and Docking Pilot Commission from appropriations act provision that limits compensation and health benefits; clarifies PERS and SHBP eligibility for members of commission

S-4068/ACS for A-6110 and 6185 (Sarlo, Oroho/Benson, Mukherji, Bramnick) – Revises elective pass-through entity business alternative income tax

S-4074wGR/A-6000 (Ruiz, Beach/Verrelli, Lampitt, Carter) – Allows alternative evaluation in place of basic skills testing requirements for certain teacher certification

SCS for S-4102/A-6230 (Sweeney, Ruiz/Benson, Mejia, Zwicker) – Establishes Direct Support Professional Career Development Program; appropriates \$1,000,000

S-4128/A-6231 (Sweeney, Pou/Houghtaling, Conaway, Dancer) – Requires that only fruits and vegetables grown and packaged in NJ may be labeled by food retailers as local to State

S-4207/A-6119 (Sweeney, Beach/Mukherji, Egan, Pintor Marin) – Concerns apprenticeship programs of public works contractors

S-4210/A-6062 (Sweeney, Greenstein/Greenwald, McKnight, Mukherji) – Requires EDA to establish loan program to assist certain businesses with funding to provide reasonable accommodations for employees with disabilities

S-4211/A-6228 (Sweeney, Corrado/Benson, Speight, Zwicker) – Establishes county college-based adult centers for transition for individuals with developmental disabilities; makes annual appropriation of \$4.5 million

S-4218/A-6256 (Scutari/Reynolds-Jackson, Wimberly, Mukherji) – Appropriates \$2 million to CRDA to support costs associated with hosting NAACP National Convention in Atlantic City

S-4233/A-6229 (Scutari, Gopal/Mukherji, Jimenez) – Limits fees charged to patients and authorized third parties for copies of medical and billing records

S-4252/A-6182 (Madden/Murphy, Chaparro) – Limits extension of mandatory retirement to 90 days from State Police Retirement System during emergencies

A-259/S-2224 (DeAngelo, Mukherji, Benson/Gopal, Pennacchio) – Provides civil service preference to military service members who did not serve in theater of operation but received campaign or expedition medal

A-798/S-52 (Verrelli, Vainieri Huttel, Armato/Singer, Greenstein) – Establishes local drug overdose fatality review teams

A-802/S-1352 (Verrelli, Reynolds-Jackson, Murphy/Turner, Pou) – Requires certain retailers to train employees on gift card fraud

A-862wGR/S-962 (Chiaravalloti, Karabinchak/Pennacchio, Pou) – Permits municipalities to refund excess property taxes paid by a taxpayer who wins an assessment appeal as a property tax credit

A-953/S-4031 (Karabinchak, Houghtaling/Pou) – Requires architects disclose insurance coverage

ACS for A-998 and 2349/S-4312 (Moen, Downey, Houghtaling, Benson, Vainieri Huttel/Ruiz, Beach, Singleton) – The “New Jersey Social Innovation Act”; establishes social innovation loan pilot program and study commission within EDA

A-1121/S-1871 (Murphy, Dancer, Stanley/Lagana, Pennacchio) – Upgrades certain crimes of misrepresenting oneself as member or veteran of US Armed Forces or organized militia

A-1219wGR/S-1054 (Chaparro, McKnight/Stack) – Requires owner notification of rabies testing protocol prior to testing of owner’s animal for rabies

A-1229wGR/S-2161 (Schaer, Mosquera, Tucker, Lampitt, Vainieri Huttle, Quijano, Wimberly, Pintor Marin, Jasey/Turner, Singleton) – Requires DCA to make information on homeless prevention programs and services available on its Internet website

A-1293/S-3977 (Greenwald, Burzichelli, Mukherji/Greenstein, Gopal) – Establishes advisory council for the brewery, cidery, meadery, and distillery industries in NJ and provides for funding through certain alcoholic beverage tax receipts

A-1663/S-1842 (Quijano, Vainieri Huttle, Karabinchak/Cryan, Scutari) – Establishes “New Jersey Nonprofit Security Grant Program”

A-2186/S-1599 (Mukherji, Chaparro, McKnight/Codey, Pou) – Establishes Statewide database of beds in shelters for the homeless

A-2360/S-3285 (Chaparro, Karabinchak, Johnson/Greenstein, Stack) – Requires electric public utility to charge residential rate for service used by residential customer for electric vehicle charging at charging stations within certain designated parking spaces

A-2685wGR/S-4209 (Armato, Mazzeo, Mukherji/Stack) – Concerns information on property condition disclosure statement

A-2772/S-1040 (Downey, Houghtaling, Benson/Gopal) – Authorizes certain Medicaid recipients residing on post-secondary school campus to participate remotely in meetings of non-medical nature regarding Medicaid benefits

A-2877/S-1149 (Dancer, Vainieri Huttle, Reynolds-Jackson/Ruiz) – Requires registration of certain vacant and abandoned properties with municipalities and provides enforcement tools related to maintenance of these properties

A-3007/S-3127 (Lampitt, Dunn, Benson/Lagana, Gopal) – Requires institutions of higher education to provide students with access to mental health care programs and services and to establish a hotline to provide information concerning the availability of those services

A-3392/S-1219 (Reynolds-Jackson, Timberlake, Jasey/Turner, Beach) – Requires student representative be appointed to each board of education of school district and board of trustees of charter school that includes grades nine through 12

A-3804/S-1590 (Armato, Murphy, S. Kean/Beach, A.M. Bucco) – Designates 9-1-1 operators or dispatchers as 9-1-1 first responder dispatchers

A-3870/S-2807 (Karabinchak, Johnson, Mukherji/Greenstein, Pou) – “Defense Against Porch Pirates Act”; amends theft statute

A-3950wGR/S-3180 (Verrelli, Benson, Zwicker/Greenstein, Turner) – Prohibits employer use of tracking device in vehicle operated by employee under certain circumstances

A-4002wGR/S-2257 (Caputo, Dancer, Murphy/Gopal, Sarlo) – Allows deduction of promotional gaming credit from gross revenue on sports wagering

A-4232/S-4231 (Houghtaling, Dancer, Wirths/Oroho, Smith) – Creates program in Department of Agriculture for deer fencing on certain farmland

A-4238/S-2561 (Chiaravalloti, Schaer, Benson/Gopal, Singer) – Establishes minimum Medicaid reimbursement rate for adult medical day care services

A-4241/S-2894 (Downey, Vainieri Huttle, Murphy/Pou) – Requires DHS to conduct biennial survey of SNAP experience

ACS for A-4253/S-3233 (Conaway, Pinkin, Jimenez/Cryan) – Requires certain electronic medical programs to include demographic data entry feature; requires laboratories to record certain patients' demographic information; requires certain hospitals and laboratories to implement cultural competency training program

A-4366/S-2801 (Taliaferro, Sumter, Mukherji/Pou, Greenstein) – Requires Police Training Commission to contract with crisis intervention training center to provide mental health training to police officers and establish curriculum specific to persons experiencing economic crisis or substance use disorder

A-4434wGR/S-2716 (Greenwald, Lampitt, Mukherji/Beach, Ruiz) – Establishes Student Wellness Grant Program in DOE

A-4478/S2759 (Vainieri Huttle, Speight, Schepisi, DeCroce/Vitale, Madden) – Establishes additional requirements for DOH to assess sanctions and impose penalties on nursing homes; revises reporting requirements for nursing homes

A-4569/S-3535 (Reynolds-Jackson, Benson, Karabinchak/Turner) – Requires BPU, electric power suppliers, and gas suppliers to publish certain information related to filing of customer complaints

ACS for A-4655/S-3595 (Reynolds-Jackson, Wimberly, Carter/Turner) – Limits police presence at polling places and ballot drop boxes; prohibits electioneering within 100 feet of ballot drop box

A-4771/S-2951 (Downey, Armato, Mukherji/Gopal, Singleton) – Expands offenses eligible for expungement upon successful discharge from drug court

A-4856/S-3094 (Lampitt, Benson, Caputo/Ruiz, Beach) – Requires Internet websites and web services of school districts, charter schools, renaissance schools, and the Marie H. Katzenbach School for the Deaf to be accessible to persons with disabilities

A-5033wGR/S-3279 (Benson, Dancer, Verrelli/Gopal) – Authorizes motor vehicle dealers to sell motor vehicles online and obtain electronic signatures for motor vehicle transactions

ACS for A-5075wGR/S-4001 (Burzichelli, Dancer, Johnson/Sweeney, A.M. Bucco) – Removes Fire Museum and Fallen Firefighters Memorial from auspices of DEP and establishes museum as independent organization; makes \$200,000 supplemental appropriation

A-5160/S-3324 (DeAngelo, Conaway, Zwicker/Smith, Bateman) – Establishes minimum energy and water efficiency standards for certain products sold, offered for sale, or leased in the State

A-5294/S-3418 (Speight, Vainieri Huttle, Verrelli/Gopal, Madden) – Provides fast track hiring and advancement employment opportunities by State for persons with significant disabilities

A-5296/S-3426 (Speight, Vainieri Huttle, McKnight/T. Kean, Schepisi) – Provides for employment by State of certain persons with disabilities

A-5322/S-3433 (Mosquera, Vainieri Huttle, DePhillips/Cruz-Perez, T. Kean) – Provides for process to vacate and expunge certain arrests, charges, complaints, convictions, other dispositions, and DNA

records, associated with violations by certain human trafficking victims

A-5336wGR/S-3441 (Benson, Freiman, Vainieri Huttie/Diegnan, Madden) – Requires DHS to establish payment programs for purchase of transportation services from private sector and government transportation service providers

A-5439/S-3760 (Caputo, Dancer, Murphy/Gopal, Beach) – Changes deadline for New Jersey Racing Commission's annual report from end of calendar year to end of State fiscal year

A-5694/S-3783 (Houghtaling, Downey, Dancer/Gopal, Madden) – Permits dependents of military member to enroll in school district in advance of military member's relocation to district

A-5814/S-3851 (Swain, Tully, Benson/Lagana, Diegnan) – Creates Office of School Bus Safety in Department of Education; appropriates \$200,000

A-5864wGR/S-3939 (Speight, Pintor Marin, Chaparro, McKnight, DeAngelo, Bergen/Gopal, Cryan) – Allows law enforcement officers to review body worn camera recordings prior to creating initial report

A-5997/S-4084 (Coughlin, Lopez/Sweeney, O'Scanlon) – Removes requirement for Legislature, DOE, free public libraries, and historical societies to purchase "Manual of the Legislature of New Jersey"

A-6012/S-4076 (Moen, Murphy, Freiman/Sarlo, Gopal) – Appropriates \$500,000 for USS New Jersey Commissioning Committee to support commissioning of boat and assigned personnel

A-6020/S-4114 (Conaway, Jimenez, Vainieri Huttie/Codey) – Establishes requirements for certain tobacco product retailers to stock and sell nicotine replacement therapy products

A-6060/S-4272 (Tucker, Caputo, Mukherji/Cunningham) – Makes supplemental appropriation of \$8 million to DHS to increase reimbursement for funeral, burial, and crematory services provided to certain beneficiaries of Work First New Jersey and Supplemental Security Income programs

A-6073/S-4140 (Verrelli/Vitale) – Temporarily waives certain basic life support services crewmember requirements

A-6093/S-4201 (Stanley, Benson, Timberlake/Greenstein, Gopal) – Mandates periodic cancer screening examinations for firefighters enrolled in SHBP

A-6108wGR/S-4247 (DeAngelo, Egan, Houghtaling/Madden) – Updates licenses offered by and certain licensure requirements from Board of Examiners of Electrical Contractors

A-6132/S-4235 (Schaer, Greenwald, Conaway/Singer, Gopal) – Permits volunteer paramedics to operate within mobile intensive care units

A-6133/S-4251 (Bramnick, Mukherji, Downey/Scutari) – Allows certain persons not yet appointed as administrator of estate to pursue lawsuit for damages for wrongful death on behalf of deceased's survivors

A-6150/S-4119 (DeAngelo, Karabinchak, Wirths/Oroho, Pou) – Revises penalties for transfer of certain professional and occupational licenses

A-6159/S-4236 (Coughlin, McKnight/Vitale, Ruiz) – Revises and renames Office of Food Insecurity Advocate

A-6162/S-4246 (Benson, Stanley/Gopal) – Requires certain motor vehicle dealers to maintain certain

requirements for business premises

A-6205/S-4270 (Coughlin, McKeon/Pou) – Amends certain requirements concerning insurance holding companies

A-6206wGR/S-4260 (Wimberly/Diegnan, Oroho) – Codifies right of real estate broker-salespersons and salespersons to define relationship with broker as one between broker and independent contractor or employee and enforces current and previous written agreements addressing relationship

A-6207/S-4222 (Greenwald, Lampitt, Benson/Sweeney) – Eliminates requirement for DOE to set certain tuition rates for approved private schools for students with disabilities in certain cases

A-6208/S-4151 (Mosquera, DeAngelo, Armato/Greenstein, Cruz-Perez) – Appropriates \$60,940,361 from constitutionally dedicated CBT revenues to State Agriculture Development Committee for farmland preservation purposes

A-6209/S-4154 (Freiman, Spearman, Egan/Turner, Oroho) – Appropriates \$18 million from constitutionally dedicated CBT revenues to State Agriculture Development Committee for county planning incentive grants for farmland preservation purposes

A-6210/S-4150 (Taliaferro, Moriarty, Burzichelli/Cruz-Perez, Greenstein) – Appropriates \$4.5 million from constitutionally dedicated CBT revenues to State Agriculture Development Committee for municipal planning incentive grants for farmland preservation purposes

A-6211/S-4149 (Houghtaling, Reynolds-Jackson, Downey/Cruz-Perez, Greenstein) – Appropriates \$440,240 from constitutionally dedicated CBT revenues to State Agriculture Development Committee for grants to certain nonprofit organizations for farmland preservation purposes

A-6212/S-4148 (Jimenez, Swain, Timberlake/Codey, Corrado) – Appropriates \$54.5 million from constitutionally dedicated CBT revenues for recreation and conservation purposes to DEP for State capital and park development projects

A-6213/S-4155 (Kennedy, Carter, Tully/Bateman, Smith) – Appropriates \$49.932 million from constitutionally dedicated CBT revenues to DEP for State acquisition of lands for recreation and conservation purposes, including Blue Acres projects, and Green Acres Program administrative costs

A-6214/S-4153 (Danielsen, Zwicker, Conaway/Greenstein, Smith) – Appropriates \$80,539,578 from constitutionally dedicated CBT revenues and various Green Acres funds to DEP for local government open space acquisition and park development projects

A-6215/S-4152 (Stanley, Murphy, Jasey/Smith, Greenstein) – Appropriates \$14,687,510 to DEP from constitutionally dedicated CBT revenues for grants to certain nonprofit entities to acquire or develop lands for recreation and conservation purposes

A-6246/S-4295 (Karabinchak/Sweeney) – Concerns changes in control of hotels and disruptions of hotel services

A-6257/S-4311 (McKnight/Sweeney, Singleton) – Imposes surcharge on casino hotel occupancies to fund public safety services

A-6262/S-4314 (Burzichelli, Reynolds-Jackson, Mukherji/Sweeney, Oroho, T. Kean) – Permits PERS retiree to return to employment in NJ Legislature after retirement under certain circumstances

A-6263/S-4315 (Burzichelli, Reynolds-Jackson, Mukherji/Sweeney, Oroho, T. Kean) – Appropriates \$2 million to Legislative Services Commission

Governor Murphy pocket vetoed the following bills:

S-73/A-4580 (Bateman, Sarlo/Zwicker, Thomson, McKnight) – Establishes requirements for sale of cottage food products

S-995/A-6172 (Sweeney, A.M. Bucco/Downey, McKnight) – Requires DOLWD and DHS to conduct assessment of community rehabilitation programs and community businesses

S-1934/A-1158 (Sweeney, Pou, Cryan/Freiman, Lopez, Murphy) – Authorizes use of disability benefits for transportation provided by transportation network companies

S-2679/A-1979 (Beach, Smith/Stanley, Lopez, Kennedy) – Requires paint producers to implement or participate in paint stewardship program

S-2768/A-4664 (Singleton, Ruiz/Reynolds-Jackson, Stanley, Sumter) – Authorizes State Chief Diversity Officer to conduct disparity study concerning utilization of minority-owned and women-owned businesses in State procurement process

S-3458/A-6245 (Lagana, Gopal/Coughlin, Jimenez, Mukherji) – Revises out-of-network arbitration process

S-3529/A-5442 (Addiego, Diegnan/DeAngelo, Dancer, Dunn) – Clarifies that member of SPRS may receive accidental disability benefit under certain circumstances

S-3715/A-5804 (Cryan/Quijano, Mukherji) – Modifies certain definitions related to transient accommodation taxes and fees

S-4189/A-6112 (Vitale, Cruz-Perez/Lopez) – Permits PERS retiree to return to elective public office after retirement under certain circumstances

A-1073/S-3432 (Speight, Pintor Marin, McKnight, Timberlake/Ruiz, O'Scanlon) – Establishes requirements to screen certain people who are pregnant and who have given birth for preeclampsia

A-1269/S-3490 (Greenwald, Giblin, Calabrese/Cruz-Perez, Beach) – Eliminates one percent tax on purchasers of Class 4A commercial property transferred for consideration in excess of \$1 million

A-4958/S-3740 (Tully, Armato, Zwicker/Lagana, Oroho) – Provides temporary exemption under sales and use tax for winterizing certain small business operations

A-5334/S-3442 (Lopez, Mazzeo, Stanley/Diegnan, T. Kean) – Requires DOT, NJT, and DHS to study and implement transportation mobility and accessibility improvements for persons with autism and developmental disabilities

A-5484/S-3817 (Dancer, Caputo, Houghtaling/Lagana) – Requires New Jersey Racing Commission to adopt procedures to enforce internal controls; requires annual audit

A-6033/S-4194 (Bramnick/Sweeney, T. Kean) – Classifies golf caddies as independent contractors for purposes of State employment laws

A-6157/S-4202 (Speight, Moen/Ruiz, Beach) – Prohibits circumventing intergovernmental transfer process for law enforcement officers in certain circumstances

