

5/19/67

R.S. 34:15-81

LEGISLATIVE NOTES ON R.S. 34:15-81
(Workmen's Compensation - Cancellation of contract)

COPY NO. 2

- L. 1937 - Chapter 134 - A358
- Introduced February 24 by Mr. Rooney.
- Not amended during passage.
- Bill had statement (Copy encl.)
- April 12 - Passed Assembly
- May 25 - Passed Senate
- May 24 - Reported to the Senate & 2nd Reading.
- June 2 - Approved.

This act was passed while the 1937 Revisers were at work. It does not appear in the First Draft of the 1937 Revision, but does appear in the Final /3rd/ Draft.

rs/bf

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ASSEMBLY, No. 358

(P. L. 1917, Chap. 178)

(P. L. 1917, Chap. 262)

(P. L. 1919, Chap. 105)

(P. L. 1921, Chap. 272)

(P. L. 1931, Chap. 192)

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 24, 1937

By Mr. ROONEY

Referred to Committee on Insurance

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

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

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

3 7. Any contract of insurance issued by a stock company or mutual as-
4 sociation against liability arising under said workmen's compensation act may
5 be cancelled by either the employer or the insurance carrier within the time

6 limited by such contract for its expiration. No such policy shall be deemed
7-10 to be cancelled until

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

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

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

1 2. This act shall take effect immediately.

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

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

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

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

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

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

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

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STATEMENT

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