

17B:28-3 and 17B:28-14

LEGISLATIVE HISTORY CHECKLIST

NJSA 17B:28-3 and 17B:28-14 (Life insurance--solicitors employed by agent--permit sale of contracts on variable basis--increase license and exam fees)

LAWS 1981 CHAPTER 355

Bill No. A684

Sponsor(s) Bornheimer and others

Date Introduced Jan. 17, 1980

Committee: Assembly Banking and Insurance

Senate Labor, Industry & Professions

Amended during passage Yes ~~No~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly March 10, 1980

Senate Dec. 3, 1981

Date of approval Dec. 26, 1981

Following statements are attached if available:

Sponsor statement	Yes	No
Committee Statement: Assembly	Yes	No
Senate	Yes	No
Fiscal Note	Yes	No
Veto Message	Yes	No
Message on signing	Yes	No

Following were printed:

Reports	Yes	No
Hearings	Yes	No

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 LEGISLATIVE HISTORY

6/22/81

12-26-81

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ASSEMBLY, No. 684

STATE OF NEW JERSEY

INTRODUCED JANUARY 17, 1980

By Assemblymen BORNHEIMER, T. GALLO, PATERNITI, MAYS,
ORECHIO, REMINGTON and KOSCO

Referred to Committee on Banking and Insurance

AN ACT concerning the licensing of persons to sell life insurance contracts on a variable basis and amending N. J. S. 17B:28-3 and N. J. S. 17B:28-14.

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

1 1. N. J. S. 17B:28-3 is amended to read as follows:

2 17B:28-3. Certificate to sell. a. No agent or *solicitor employed*
3 *by an agent* heretofore or hereafter licensed shall be authorized
4 to sell or act or aid in any manner in the negotiation of a contract
5 on a variable basis until he has received a certificate to sell contracts
6 on a variable basis from the commissioner, which certificate shall
7 not be issued by the commissioner until such agent *or solicitor* has
8 qualified by personal examination, to the satisfaction of the com-
9 missioner, as to his trustworthiness and competence to act as such
10 agent *or solicitor*.

11 b. Before a first-time applicant for **[an agent's]** a license to
12 solicit and negotiate contracts on a variable basis shall be admitted
13 to the examination, the applicant shall be required to concurrently
14 hold an agent's license granting authority to solicit and negotiate
15 contracts of life insurance in this State *or hold a license to act as*
16 *a solicitor for such an agent*. Application for a license must be
17 made on such forms as the commissioner may prescribe.

18 c. The examination fee shall be **[\$10.00]** ***[\$15.00]*** *\$25.00* for
19 each examination scheduled and such examination fee shall not be
20 returned for any reason. The **[annual]** licensee fee shall be **[\$5.00]**
21 ***[\$10.00]*** *\$25.00*. A renewal license shall be issued **[from year to**
22 **year]** *biennially* subject to the payment of the renewal license fee
23 as required by this section and upon request of the insurer. Licenses
24 issued in accordance with this section shall expire on April 30 of
25 each *odd numbered* year.

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

26 d. No written examination shall be required of:

27 (1) An applicant who is the holder of a valid agent's *or solicitor's*
28 license issued pursuant to this section by the commissioner or
29 an applicant for a renewal of such license, except in a case where
30 the commissioner has good and sufficient cause to believe that the
31 applicant for renewal has demonstrated incompetence in the conduct
32 of his business as such agent *or solicitor* to the detriment of the
33 public;

34 (2) An applicant whose license to do business as an agent *or*
35 *solicitor* issued pursuant to this section has expired less than 3
36 years prior to the date of application. If the applicant has per-
37 mitted his license to lapse for a period of more than 3 years he
38 must submit to and pass an examination in the same manner as a
39 new applicant, except where the applicant is a veteran who meets
40 the requirements of subsection (4) hereunder, when no re-examina-
41 tion shall be required;

42 (3) An applicant whose previous license issued pursuant to this
43 section has been revoked or suspended; provided this examination
44 exemption is only at the discretion of the commissioner;

45 (4) An applicant who is a citizen of New Jersey and has served
46 in the Armed Forces of the United States and has been honorably
47 discharged or released under conditions other than dishonorable
48 and was the holder at any time of a license in New Jersey which
49 authorized the applicant to solicit or negotiate contracts on a
50 variable basis.

51 e. The commissioner may issue a nonresident agent's *or solici-*
52 *tor's* license upon the application of a nonresident who is duly
53 licensed under the law of the state of his residence or domicile to
54 act as an agent *or solicitor* for contracts on a variable basis if said
55 state does not prohibit residents of this State from acting as non-
56 resident agents *or solicitors* therein, when:

57 (1) The applicant has shown by a statement from the proper
58 official of the state in which he has his resident license that he is
59 authorized to do business as an agent *or solicitor* in such state
60 with authority for which the applicant is to be licensed under the
61 New Jersey nonresident license.

62 (2) The applicant has paid the annual license fee as provided for
63 in this section.

64 (3) The applicant has no place of business in this State.

65 (4) The commissioner may enter into reciprocal agreements
66 with the appropriate supervisory insurance official of any other
67 state waiving the written examination of any applicant resident
68 in such other state, provided:

69 (a) A written examination is required of applicants for an
70 agent's *or solicitor's* license in such other state.

71 (b) The appropriate supervisory insurance official of such
72 other state certifies that the applicant holds a currently valid
73 license as an agent *or solicitor* in such other state, and either,

74 (i) Passed a written examination,

75 (ii) Was the holder of an agent's *or solicitor's* license
76 prior to the time a written examination was required, or,

77 (iii) Was not required to take such examination by reason
78 of provisions of the applicable agent's *or solicitor's* licensing
79 law.

80 (c) That in such other state, a resident of this State is
81 privileged to procure such an agent's *or solicitor's* license upon
82 the foregoing conditions and without discrimination as to fees
83 or otherwise in favor of residents of such other state. If the
84 laws of another state require the sharing of commissions with
85 resident agents *or solicitors* of that state on application for
86 contracts on a variable basis written by nonresident agents *or*
87 *solicitors*, then the same provision shall apply when resident
88 agents *or solicitors* of that state, licensed as nonresident agents
89 *or solicitors* of New Jersey write applications for contracts on
90 a variable basis in this State.

1 2. N. J. S. 17B:28-14 is amended to read as follows:

2 17B:28-14. Regulation of separate account contracts, insurers
3 issuing the same and sales agents. The commissioner shall have
4 the sole and exclusive authority to regulate the issuance and sale
5 of separate account contracts; and such contracts, the insurers
6 which issue them and the agents, *solicitors* or other persons who
7 sell them shall not be subject to the Uniform Securities Law (1967)
8 (P. L. 1967, c. 93) as amended or supplemented, in the issuance or
9 sale of such contracts.

1 3. This act shall take effect 90 days after its enactment.

69 (a) A written examination is required of applicants for an
70 agent's *or solicitor's* license in such other state.

71 (b) The appropriate supervisory insurance official of such
72 other state certifies that the applicant holds a currently valid
73 license as an agent *or solicitor* in such other state, and either,

74 (i) Passed a written examination,

75 (ii) Was the holder of an agent's *or solicitor's* license
76 prior to the time a written examination was required, or,

77 (iii) Was not required to take such examination by reason
78 of provisions of the applicable agent's *or solicitor's* licensing
79 law.

80 (c) That in such other state, a resident of this State is
81 privileged to procure such an agent's *or solicitor's* license upon
82 the foregoing conditions and without discrimination as to fees
83 or otherwise in favor of residents of such other state. If the
84 laws of another state require the sharing of commissions with
85 resident agents *or solicitors* of that state on application for
86 contracts on a variable basis written by nonresident agents *or*
87 *solicitors*, then the same provision shall apply when resident
88 agents *or solicitors* of that state, licensed as nonresident agents
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7 sell them shall not be subject to the Uniform Securities Law (1967)
8 (P. L. 1967, c. 93) as amended or supplemented, in the issuance or
9 sale of such contracts.

1 3. This act shall take effect 90 days after its enactment.

STATEMENT

This bill amends the Life and Health Insurance Code to permit life insurance solicitors employed by agents to sell life insurance contracts on a variable basis when licensed by the Department of Insurance. Under existing law, only agents may be licensed to sell this type of insurance. The bill also increases the examination and license fees and provides for 2-year rather than 1 year licenses.

A684(1980)

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 684

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 21, 1980

This legislation permits insurance solicitors employed by an agent authorized to sell variable insurance contracts (principally annuities) to sell such contracts themselves if they are properly licensed by the Department of Insurance. The bill also raises from \$10.00 to \$15.00 the examination fee for the examination which qualifies agents and solicitors to sell variable contracts, and provides for the existing \$5.00 annual license fee to be collected biennially. Such licenses would expire on April 30 of each odd-numbered year.

Variable annuities are becoming increasingly popular investments, and are beginning to be offered by investment houses as well as through normal insurance channels. Individuals who sell these contracts are specially licensed by the Department of Insurance, and receive clearance through the Securities and Exchange Commission. A significantly greater number of applications are now being received by the department as the sales volume for these contracts increases. The issuing of these licenses on a biennial basis will cut down the paperwork associated with the licensing procedure. At present, only agents may sell these contracts; this bill would allow solicitors who are employed by agents to sell them as well; when the law was originally passed permitting agents to sell variable contracts, solicitors and brokers were excluded.

The Assembly Banking and Insurance Committee has amended the legislation to raise the examination fee to \$25.00 and the annual license fee to \$25.00.

SENATE LABOR, INDUSTRY AND PROFESSIONS
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 684

STATE OF NEW JERSEY

DATED: NOVEMBER 12, 1981

This legislation permits insurance solicitors employed by an agent authorized to sell variable insurance contracts (principally annuities) to sell such contracts themselves if they are properly licensed by the Department of Insurance. The bill raises the fee for the examination of applicants who wish to sell variable contracts from \$10.00 to \$25.00, raises the license fee from \$5.00 to \$25.00, and provides that the license fee be collected biennially rather than annually. The licenses would expire on April 30 of each odd-numbered year.

Variable annuities are becoming increasingly popular investments, and are beginning to be offered by investment houses as well as through normal insurance channels. Individuals who sell these contracts are specially licensed by the Department of Insurance, and receive clearance through the Securities and Exchange Commission. A significantly greater number of applications are now being received by the department as the sales volume for these contracts increases. The issuing of these licenses on a biennial basis will cut down the paperwork associated with the licensing procedure. At present, only agents may sell these contracts; this bill would allow solicitors who are employed by agents to sell them as well.

FOR IMMEDIATE RELEASE

DECEMBER 29, 1981

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DAVID DE MAIO

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Governor Brendan Byrne signed the following bills late yesterday afternoon:

A-684, sponsored by Assemblyman James W. Bornheimer (D-Middlesex), allowing the Department of Insurance to license life insurance solicitors to sell variable rate life insurance contracts. Under current law, only agents may be so licensed.

Variable rate contracts are contracts where benefits vary to reflect the investment portfolios of insurees. The bill will also increase examination fees from \$10 to \$15 and license fees from \$5 to \$10. The license will be good for two years, rather than the current one-year license.

A-2174, sponsored by Assemblyman Dennis L. Riley (D-Gloucester) transferring from the Secretary of State to the State Treasurer the responsibility for maintaining a list of corporations ineligible to do business with public institutions or entities pursuant to Executive Order No. 34 of 1976.

The Executive Order barred State Agencies from doing business with corporations where a stockholder or principal officer has been convicted of bribing a public official or convicted of a related offense.

AJR-33, sponsored by Assemblyman W. Cary Edwards (R-Bergen) directing the Department of Higher Education to conduct a study to determine if state colleges and universities should train students in speech rehabilitation for people who have had laryngectomies. Data from the American Cancer Society would serve as a basis for the study.