

LEGISLATIVE HISTORY CHECKLIST

NJSA: 18A:18A-3.2 to 18A:18A-3.4 (School employees--group insurance, contracts--authorize)

LAWS OF: 1986

CHAPTER 73

BILL NO: S1180

Sponsor(s): O'Connor

Date Introduced: Pre-filed

Committee: Assembly: Education

Senate: Education

Amended during passage: No

Date of Passage: Assembly: June 26, 1986

Senate: April 7, 1986

Date of Approval: August 5, 1986

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

DOMESTIC
INTEGRITY

73 86
8-5-86

SENATE, No. 1180

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1986 SESSION

By Senator O'CONNOR

AN ACT concerning certain school district contracts for group legal insurance under certain circumstances, and supplementing Title 18A of the New Jersey Statutes.

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

1 1. Any school district, hereinafter referred to as an employer,
2 may enter into contracts of group legal insurance with an insurer
3 authorized, pursuant to P. L. 1981, c. 160 (C. 17:46C-1 et seq.),
4 to engage in the business of legal insurance in this State or may
5 contract with a duly recognized prepaid legal services plan with
6 respect to the benefits which they are authorized to provide. The
7 contract or contracts shall provide coverage for the employees of
8 the employer and may include their dependents. "Dependents" shall
9 include an employee's spouse and the employee's unmarried chil-
10 dren, including stepchildren and legally adopted children, and, at
11 the option of the employer and the carrier, foster children, under
12 the age of 19 who live with the employee in a regular parent-child
13 relationship, and may also include, at the option of the employer
14 and the carrier, other unmarried children of the employee under
15 the age of 23 who are dependent upon the employee for support
16 and maintenance. A spouse or child enlisting or inducted into
17 military service shall not be considered a dependent during the
18 military service.

19 "Employees" shall not include persons employed on a short term,
20 seasonal, intermittent or emergency basis, persons compensated on
21 a fee basis, or persons whose compensations from the public em-

22 ployer is limited to reimbursement of necessary expenses actually
23 incurred in the discharge of their duties.

24 The contract shall include provisions to prevent duplication of
25 benefits and shall condition the eligibility of an employee for
26 coverage upon satisfying a waiting period stated in the contract.

27 The coverage of an employee, and of his dependents, if any,
28 shall cease upon the discontinuance of his employment or upon
29 cessation of active full-time employment in the classes eligible for
30 coverage, subject to the provision as may be made in a contract
31 by his employer for limited continuance of coverage during dis-
32 ability, part-time employment, leave of absence other than leave
33 for military service or layoff, or for continuance of coverage after
34 retirement.

35 A contract for group legal insurance entered into pursuant to
36 this act shall not include any legal services attendant to a claim
37 brought by a teaching staff member against a board of education or
38 legal services for the defense of a teaching staff member facing
39 disciplinary action pursuant to subarticle B of article 2 of chapter 6
40 of Title 18A of the New Jersey Statutes (N. J. S. 18A:6-9 et seq.).

1 2. An employer entering into a contract is authorized to pay
2 part or all of the premiums or charges for the contract and may
3 appropriate any money necessary to pay the premiums or charges
4 or portions thereof. The contribution required of an employee
5 toward the cost of the coverage may be inducted from the pay,
6 salary or other compensation of the employee upon an authoriza-
7 tion in writing made to the appropriate disbursing officer.

8 The continuance of coverage after retirement of an employee
9 may be provided at the rates and under the conditions as shall be
10 prescribed in the contract subject, however, to the requirements
11 hereinafter set forth in this section. The contribution required
12 of a retired employee toward the cost of the coverage may be
13 paid by him to his former employer or in any other manner as
14 the employer shall direct.

15 Retired employees may be required to pay for the entire cost
16 of coverage for themselves and their dependents at rates which
17 are determined based upon the reasonable expected use of retired
18 persons.

1 3. In providing for the continuance of coverage after retirement
2 of employees and their dependents as authorized by section 2 of
3 this act and notwithstanding any of the provisions of section 2
4 to the contrary, the employer may assume the entire cost of the
5 coverage and pay all the premiums for employees who have retired

6 after 25 years or more of service with the employer, including the
7 premiums for their dependents, if any, under uniform conditions
8 as the school district shall prescribe.

1 4. This act shall take effect immediately.

EDUCATION—GENERAL

Authorizes school districts to contract for group legal insurance for their employees and excludes certain types of legal services from coverage.

6 after 25 years or more of service with the employer, including the
 7 premiums for their dependents, if any, under uniform conditions
 8 as the school district shall prescribe.

1 4. This act shall take effect immediately.

STATEMENT

This bill authorizes a school district to provide group legal insurance to its employees.

Group legal services may be provided through an authorized insurer or a "duly recognized prepaid legal service plan." An employer electing to provide this coverage shall provide it to all employees, except persons employed on a short term, seasonal, intermittent or emergency basis, or compensated on a fee basis, or receiving reimbursement only for necessary expenses incurred in the discharge of their duties. Coverage may be provided to dependents of employees, as defined in section 1 of the bill, and to retired employees and their dependents.

Section 1 of the bill also contains provisions for nonduplication of benefits, a prior waiting period before coverage becomes effective, and the cessation of coverage and limited continuation of coverage under certain circumstances. This bill excludes legal services for suits against the board and for the defense of a teaching staff member against disciplinary actions brought by the board.

Section 2 authorizes an employer providing legal service benefits to pay all or part of the premiums or charges, and to appropriate moneys therefor, to require employee (or retired employee) contributions and deduct these amounts from employee salaries. If retired employees are required to pay for the entire cost of coverage for themselves and dependents, their rates shall be based on the reasonable costs of the coverage for retired persons. Section 3, however, authorizes an employer to assume the entire costs of coverage for retired employees with 25 or more years of services and their dependents, while using a different payment formula for other retirees.

This bill clarifies the intent of P. L. 1981, c. 160 (C. 17:46C-1 et seq.) which authorized and regulated group legal insurance. This law implies that public employers are authorized to enter into group legal insurance contracts for their employees. However, in the absence of specific statutory authority questions may arise as to the authority of school boards to provide these benefits.

Identical legislation has just been enacted providing authorization for counties and municipalities (P. L. 1983, c. 191, C. 40A:10-34.1 et seq.).

51180(1986)

ASSEMBLY EDUCATION COMMITTEE

Statement to

SENATE BILL NO. 1180

June 5, 1983

This bill authorizes a school district to provide group legal insurance to its employees through an authorized insurer or a "duly recognized prepaid legal service plan." An employer electing to provide such coverage shall provide it to all employees, except persons employed on a short term, seasonal, intermittent or emergency basis, or compensated on a fee basis, or receiving reimbursement only for necessary expenses incurred in the discharge of their duties. Coverage may be provided to dependents of employees and to retired employees and their dependents.

The bill excludes legal services for suits against the board of education and for the defense of a teaching staff member against disciplinary actions brought by the board.

This bill clarifies the intent of P.L. 1981, c. 160 (C. 17:46C-1 et seq.) which authorized and regulated group legal insurance. That law implies that public employers are authorized to enter into group legal insurance contracts for their employees. However, in the absence of specific statutory authority questions may arise as to the authority of school boards to provide these benefits.

Legislation has been enacted providing identical authorization for counties and municipalities (P.L. 1983, c. 191, C.40A-34.1 et seq.).

SENATE EDUCATION COMMITTEE
STATEMENT TO
SENATE, No. 1180

STATE OF NEW JERSEY

DATED: MARCH 6, 1986

The Senate Education Committee favorably reports Senate Bill No. 1180.

PURPOSE:

Senate Bill No. 1180 authorizes a school district to provide group legal insurance to its employees.

PROVISIONS:

Group legal services may be provided through an authorized insurer or a "duly recognized prepaid legal service plan." An employer electing to provide such coverage shall provide it to all employees, except persons employed on a short term, seasonal, intermittent or emergency basis, or compensated on a fee basis, or receiving reimbursement only for necessary expenses incurred in the discharge of their duties. Coverage may be provided to dependents of employees, as defined in section 1 of the bill, and to retired employees and their dependents.

Section 1 of the bill also contains provisions for nonduplication of benefits, a prior waiting period before coverage becomes effective, and the cessation of coverage and limited continuation of coverage under certain circumstances.

The bill excludes legal services for suits against the board and for the defense of a teaching staff member against disciplinary actions brought by the board.

Section 2 authorizes an employer providing legal service benefits to pay all or part of the premiums or charges, and to appropriate moneys therefor, to require employees (or retired employee) contributions and deduct such amounts from employees salaries. If retired employees are required to pay for the entire cost of coverage for themselves and dependents, their rates shall be based on the reasonable costs of such coverage for retired persons. Section 3, however, authorizes an employer to assume the entire costs of coverage for retired employees with 25 or more years of service and their dependents, while using a different payment formula for other retirees.

BACKGROUND:

This bill clarifies the intent of P. L. 1981, c. 160 (C. 17:46C-1 et seq.) which authorized and regulated group legal insurance. This law implies that public employers are authorized to enter into group legal insurance contracts for their employees. However, in the absence of specific statutory authority, questions may arise as to the authority of school boards to provide these benefits.

Identical legislation has been enacted providing authorization for counties and municipalities (P. L. 1983, c. 191; C. 40A:34.1 et seq.).

This bill was pre-filed for introduction in the 1986 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.
