

40A:10-34.1 to 40A:10-34.3

LEGISLATIVE HISTORY CHECKLIST

NJSA: 40A:10-34.1 to 40A:10-34.3

(Group legal insurance - allows contracts by counties, municipalities and school districts)

LAWS OF: 1983

CHAPTER: 191

Bill No: S1406

Sponsor(s): O'Connor and Rodgers

Date Introduced: May 17, 1982

Committee: Assembly: Banking and Insurance

Senate: Labor, Industry and Professions

Amended during passage: Yes // Amendments during passage denoted by asterisks

Date of Passage: Assembly: March 3, 1983

Senate: Sept. 16, 1982

Date of Approval: May 23, 1983

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

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SENATE, No. 1406

STATE OF NEW JERSEY

INTRODUCED MAY 17, 1982

By Senators O'CONNOR and RODGERS

Referred to Committee on Labor, Industry and Professions

AN ACT concerning certain county***[.]*** *and* municipal ***[and school district]*** contracts for group legal insurance under certain circumstances, and supplementing chapter 10 of Title 40A 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 municipality***[.]*** *or* county, ***[school district,]*** or
2 agency thereof, hereinafter referred to as employers, may enter
3 into contracts of group legal insurance with any insurer authorized,
4 pursuant to P. L. 1981, c. 160 (C. 17:46C-1 et seq.), to engage in the
5 business of legal insurance in this State or may contract with a duly
6 recognized prepaid legal services plan with respect to the benefits
7 which they are authorized to provide. Such contract or contracts
8 shall provide such coverage for the employees of such employer
9 and may include their dependents. "Dependents" shall include
10 an employee's spouse and the employee's unmarried children, in-
11 cluding stepchildren and legally adopted children, and, at the
12 option of the employer and the carrier, foster children, under the
13 age of 19 who live with the employee in a regular parent-child
14 relationship, and may also include, at the option of the employer
15 and the carrier, other unmarried children of the employee under
16 the age of 23 who are dependent upon the employee for support
17 and maintenance. A spouse or child enlisting or inducted into
18 military service shall not be considered a dependent during such
19 military service.

20 Elected officials may be considered, at the option of the employer,
21 to be "employees" for the purposes hereof, but "employees" shall

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 printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Assembly committee amendments adopted January 31, 1983.

22 not otherwise include persons employed on a short term, seasonal,
23 intermittent or emergency basis, persons compensated on a fee
24 basis, or persons whose compensations from the public employer
25 is limited to reimbursement of necessary expenses actually in-
26 curred in the discharge of their duties.

27 The contract shall include provisions to prevent duplication of
28 benefits and shall condition the eligibility of any employee for
29 coverage upon satisfying a waiting period stated in the contract.

30 The coverage of any employee, and of his dependents, if any,
31 shall cease upon the discontinuance of his employment or upon
32 cessation of active full-time employment in the classes eligible for
33 coverage, subject to such provision as may be made in any con-
34 tract by his employer for limited continuance of coverage during
35 disability, part-time employment, leave of absence other than leave
36 for military service or layoff, or for continuance of coverage after
37 retirement.

1 2. Any employer entering into such a contract is authorized to
2 pay part or all of the premiums or charges for such contracts and
3 may appropriate out of its general funds any money necessary to
4 pay such premiums or charges or portions thereof. The contribu-
5 tion required of any employee toward the cost of such coverage
6 may be deducted from the pay, salary or other compensation of
7 such employee upon an authorization in writing made to the appro-
8 priate disbursing officer.

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

16 Retired employees may be required to pay for the entire cost
17 of coverage for themselves and their dependents at rates which
18 are determined based upon the reasonable expected use of retired
19 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 such
5 coverage and pay all the premiums for employees who have retired
6 after 25 years or more service with the employer, including the
7 premiums on their dependents, if any, under such uniform condi-
8 tions as the governing body shall prescribe.

1 4. This act shall take effect immediately.

STATEMENT

This bill would authorize any municipality, county, school district or agency thereof to enter into contracts for group legal insurance on behalf of their employees, with any insurer authorized pursuant to P. L. 1981, c. 160, to engage in the business of legal insurance, or to contract with a duly recognized prepaid legal services plan for benefits which they are authorized to provide P. L. 1981, c. 160 provided for the authorization and regulation of persons engaged in the business of legal insurance. There is some question, however, as to whether public employers would be permitted to enter into contracts for legal insurance or legal services plans for their employees without statutory authority. This bill would provide such authority.

51406 (1982)

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

SENATE, No. 1406

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 31, 1983

Senate Bill No. 1406 authorizes a municipality, county, school district, or agency thereof, to provide group legal insurance to its employees.

Group legal services may be provided through an authorized insurer or a "duly recognized prepaid legal services 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, to elected officials and their dependents, 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.

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 such 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 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.

The Assembly committee amendments remove school districts from the provisions of the bill on the grounds that school district legislation should not be allocated to Title 40 of the New Jersey Statutes.

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 1406

STATE OF NEW JERSEY

DATED: JUNE 24, 1982

This bill would authorize any municipality, county, school district or agency thereof to enter into contracts for group legal insurance with an authorized insurer on behalf of its employees or to contract with a duly recognized prepaid legal services plan for benefits which the insurer is authorized to provide. The bill provides that these contracts or plans could provide coverage for dependents of the employees, as well as for the employees themselves.

At the option of the employer, elected officials could be considered "employees" for purposes of inclusion under such contracts or plans, but the term "employees" could not otherwise include persons employed on a short term, seasonal, intermittent or emergency basis, persons compensated on a fee basis, or persons whose compensation from the public employer is limited to reimbursement of necessary expenses.

Such contracts or plans must include provisions to prevent duplication of benefits and to require a "waiting" period at the beginning of a member's enrollment.

Any public employer entering into a group legal insurance contract or prepaid legal services plan would be authorized to appropriate money out of its general funds for the payment of all or part of the premium for such contract or plan. Any contributions required of any employee toward the cost of such coverage may be deducted from the employee's salary. Coverage of any employee would cease upon the discontinuance of his employment, or upon the cessation of active full-time employment, subject to provisions in the contract or plan which may allow for limited continuation of coverage during disability or leave of absence, or for continuation of coverage after retirement.

In the case of such coverage after retirement, retired employees may be required to pay for the entire cost of coverage for themselves and their dependents at rates which are based upon the reasonable expected use of retired persons. A public employer would be permitted to assume the entire cost of coverage for employees who retired after 25 years or more of service.

P. L. 1981, c. 160 provided for the authorization and regulation of persons engaged in the business of legal insurance. There is some question, however, as to whether public employers would be permitted to enter into contracts for legal insurance or legal services plans for their employees without statutory authority. This bill would provide such authority.
