

17:10-14.1a

LEGISLATIVE HISTORY CHECKLIST

NJSA: 17:10-14.1a, 17:11A-49.1

(Small Loan and Secondary Mortgage acts - allow lender to require property insurance)

LAWS OF: 1983

CHAPTER: 348

Bill No: A1536

Sponsor(s): Jack man and others

Date Introduced: May 24, 1982

Com mittee: Assembly: Banking and Insurance

Senate: -----

A mended during passage: YES

A mendments during passage denoted by asterisks.

Date of Passage: Assembly: September 6, 1983

Senate: September 15, 1983

Date of Approval: September 22, 1983

Following statements are attached if available:

Sponsor statement: YES

Com mittee statement: Assembly YES

Senate NO

Fiscal Note: NO

Veto Message: NO

Message on Signing: NO

Following were printed:

Reports: NO

Hearings: NO

9-22-83

[SECOND OFFICIAL COPY REPRINT]

ASSEMBLY, No. 1536**STATE OF NEW JERSEY**

INTRODUCED MAY 24, 1982

By Assemblymen JACKMAN, VISOTCKY, PATERO, COWAN,
OTLOWSKI, JANISZEWSKI, KELLY, T. GALLO, CHARLES,
DEVERIN, ZANGARI, MARKERT, McENROE, MATTHEWS
and Assemblywoman KALIK

AN ACT concerning property insurance and supplementing the
"small loan law," chapter 10 of Title 17 of the Revised Statutes,
and the "Secondary Mortgage Loan Act," ***approved September
23, 1970(** P. L. 1970, c. 205**;* *** **[(]**C. 17:11A-34 et seq.).*

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

1 1. A licensee under chapter 10 of Title 17 of the Revised Statutes
2 may ***[require]*** **make available** insurance covering direct or
3 indirect damage or loss, by fire or other perils, including those of
4 extended coverage, to the property of the borrower which is the
5 security for the loan ***[if the amount, term, and coverage required**
6 **is reasonable in relation to the terms of credit]*** **, which insurance*
7 *shall be for an amount and term not to exceed the amount and term*
8 *of the loan**. ***[If the licensee requires this insurance, the borrower**
9 **shall have the option to purchase the insurance through the licensee**
10 **or to provide the insurance through an existing policy of insurance**
11 **owned or controlled by the borrower. The licensee may for reason-**
11A **able cause decline the insurance offered by the borrower.**

12 The licensee may collect an amount equal to actual lawful fees
13 normally paid to a public official or agency of the State for filing
14 or recording a security interest as security, and may apply such
15 amounts to the payment of premiums for insurance against the
16 risk or nonrecording or releasing any instrument securing the
17 loan.]*

**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 June 16, 1983.**

****—Assembly amendments adopted September 6, 1983.**

18 **The licensee shall provide the borrower with the following*
 19 *written statement, to be printed in at least 10-point bold type:*

20 **NOTICE TO THE BORROWER**

21 **YOU ARE NOT REQUIRED TO PURCHASE PROPERTY**
 22 **INSURANCE AS A CONDITION OF RECEIVING THE LOAN.***

23 ****IF YOU DESIRE PROPERTY INSURANCE YOU MAY**
 24 **SECURE INSURANCE FROM A COMPANY OR AGENT OF**
 25 **YOUR OWN CHOOSING.****

1 2. A licensee under P. L. 1970, c. 205 (C. 17:11A-34 et seq.) may
 2 ***[require]*** **make available** insurance covering direct or indirect
 3 damage or loss, by fire or other perils, including those of extended
 4 coverage, to the property of the borrower which is the security for
 5 the loan ***[if the amount, term, and coverage required is reasonable**
 6 in relation to the terms of credit]*** ***, *which insurance shall be for*
 7 *an amount and term not to exceed the amount and term of the loan.**
 8 ***[If the licensee requires this insurance, the borrower shall have the**
 9 option to purchase the insurance through the licensee or to provide
 10 the insurance through an existing policy of insurance owned or
 11 controlled by the borrower. The licensee may for reasonable cause
 11A decline the insurance offered by the borrower.

12 The licensee may collect an amount equal to actual lawful fees
 13 normally paid to a public official or agency of the State for filing
 14 or recording a security interest as security, and may apply such
 15 amounts to the payment of premiums for insurance against the
 16 risk or nonrecording or releasing any instrument securing the
 17 loan]*****.

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1 3. This act shall take effect immediately.

2 require insurance covering direct or indirect damage or loss, by
3 fire or other perils, including those of extended coverage, to the
4 property of the borrower which is the security for the loan if the
5 amount, term, and coverage required is reasonable in relation to
6 the terms of credit. If the licensee requires this insurance, the
7 borrower shall have the option to purchase the insurance through
8 the licensee or to provide the insurance through an existing policy
9 of insurance owned or controlled by the borrower. The licensee
10 may for reasonable cause decline the insurance offered by the bor-
11 rower.

12 The licensee may collect an amount equal to actual lawful fees
13 normally paid to a public official or agency of the State for filing
14 or recording a security interest as security, and may apply such
15 amounts to the payment of premiums for insurance against the
16 risk of nonrecording or releasing any instrument securing the loan.

1 3. This act shall take effect immediately.

STATEMENT

This bill would permit licensees making loans under the provisions of the "small loan law" and the "Secondary Mortgage Loan Act" to require the borrower to carry property insurance on real or personal property which is security for the loan. The insurance could be purchased from the lender or provided through an existing policy of insurance.

A1536 (1983)

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1536

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 16, 1983

Assembly Bill No. 1536, as amended, authorizes small loan business companies, licensed pursuant to chapter 10 of Title 17 of the Revised Statutes and secondary mortgage loan companies, licensed pursuant to P. L. 1970, c. 205 (C. 17:11A-34 et seq.), to offer insurance on real or personal property securing loans made by such lenders.

The bill also limits the amount and term of the property insurance so as not to exceed the amount and term of the loan; and requires a lender to give notice to the borrower that the purchase of property insurance is not a condition for making the loan.