

17:9A-70.2

LEGISLATIVE HISTORY CHECKLIST

(Credit Life Insurance--permitted on more than one borrower on installment loan)

NJSA 17:9A-70.2

LAWS 1982

CHAPTER 183

Bill No. S875

Sponsor(s) Bornheimer and others

Date Introduced Jan. 19, 1982

Committee: Assembly Banking and Insurance

Senate Labor, Industry and Professions

Amended during passage Yes No Amendments during passage denoted by asterisks

Date of Passage: Assembly Oct. 16, 1982

Senate March 1, 1982

Date of approval Nov. 29, 1982

Following statements are attached if available:

Sponsor statement	Yes	No (below)
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

Sponsors' statement:

The purpose of this bill is to amend the act concerning credit insurance on installment loans to permit insurance on more than one borrower in connection with an installment loan since joint life insurance is available to consumers in New Jersey.

The bill also makes a technical amendment by citing P.L. 1971, chapter 144 which repealed P.L. 1958, chapter 169.

[OFFICIAL COPY REPRINT]

SENATE, No. 875

STATE OF NEW JERSEY

INTRODUCED JANUARY 19, 1982

By Senators BORNHEIMER, GREGORIO, HAGEDORN, WEISS,
LYNCH, STOCKMAN, KENNEDY and CARDINALE

Referred to Committee on Labor, Industry and Professions

AN ACT concerning credit insurance on installment loans made by
banks and amending (P. L. 1963, c. 103).

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

1 1. Section 2 of P. L. 1963, c. 103 (C. 17:9A-70.2) is amended to
2 read as follows:

3 2. When a bank makes a loan pursuant to article 12 (sections 53
4 through 59) of the act to which this act is a supplement, the bank
5 may, subject to the provisions of this act, obtain or provide either
6 or both credit life insurance and credit accident and health in-
7 surance on the borrower *or borrowers* pursuant to the provisions
8 of ["An act to provide for the regulation of credit life insurance
9 and credit accident and health insurance, as defined, and supple-
10 menting Title 17 of the Revised Statutes" (P. L. 1958, c. 169)]
11 *N. J. S. 17B:29-1 et seq.*; and, if the borrower *or borrowers* [con-
12 sents] *consent* in writing to the obtaining or providing of such
13 insurance, the bank may deduct and retain from the proceeds of any
14 such loan an amount equal to the premium lawfully charged by
15 the insurer issuing such insurance. If such premium charge is so
16 deducted and retained, (a) such deduction and ***[retention]*** *re-*
17 *tention** shall not be deemed a further interest or other charge or
18 demand prohibited by section 54A (5) of the act to which this act
19 is a supplement; *and* (b) the bank shall deliver or cause to be
20 delivered to the insured borrower at the time when a loan is made

**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:

***—Senate committee amendments adopted February 8, 1982.**

21 a copy of the insurance policy, or certificate therefor, or a copy
22 of the application for such policy, or a notice of proposed insurance
23 as required by law***];** and (c) if there is more than one person
24 who is liable for the payment of any such loan, whether as borrower
25 or otherwise, insurance may be obtained or provided as authorized
26 herein on]* **[only one such person] **[the borrower or borrowers]****.
27 Nothing in the act to which this act is a supplement or in any other
28 law of this State shall prohibit a bank, or any employee of a bank,
29 from collecting the premium or identifiable charge for insurance
30 obtained or provided as authorized by this act, or prevent a bank
31 from receiving or retaining any dividend or any other gain or
32 advantage resulting from such insurance.

1 2. This act shall take effect immediately.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

SENATE, No. 875

[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

DATED: JUNE 14, 1982

The purpose of Senate Bill No. 875, as amended, is appropriately set forth in the Senate Labor, Industry and Professions Committee statement on the bill. It should, however, be noted that the 1977 amendments to the credit life insurance law referred to in the statement, limited joint insurance to a husband and wife who are jointly obligated for the indebtedness. A companion measure to this bill, Senate Bill No. 883, extends the right of joint insurance to any two or more persons jointly obligated on the debt, if the debtors agree to joint insurance.

**SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE**

STATEMENT TO

SENATE, No. 875

with Senate committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 8, 1982

This legislation, amending the Banking Act of 1948, permits banks to offer credit insurance to more than one borrower in cases in which one or more people are obligated for repayment of the loan. At present, the law restricts credit insurance sold by banks to one borrower; this is not consonant with 1977 amendments to the credit life insurance law, which permit joint insurance to be written at the option of the borrower.

The Senate Labor, Industry and Professions Committee has amended the legislation to make certain technical corrections. The most significant of these technical amendments is the elimination of subsection (c) of section 2 of P. L. 1963, c. 103 (C. 17:9A-70.2), which is no longer necessary because of other changes made in section 2 of that law and because of the provisions in N. J. S. 17B:29-1 et seq. governing joint credit insurance coverage.

OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

CONTACT: PAUL WOLCOTT

MONDAY, NOVEMBER 29, 1982

Governor Thomas H. Kean has signed the following bills:

S-875, sponsored by State Senator James W. Bornheimer, D-Middlesex, which amends the Banking Act of 1948 to permit banks to offer credit insurance to more than one person in cases where more than one person is obligated for repayment of the loan. Previously, the insurance could be sold only to one person, thus eliminating complete coverage for instances in which more than one person is responsible for repayment.

S-883, also sponsored by Senator Bornheimer, which amends the Credit Life and Health Insurance Act to remove the existing ten-year maximum term, and to eliminate the present restriction on the sale of joint coverage to husbands and wives.

#####