

17B:29-1 and 17B:29-2

LEGISLATIVE HISTORY CHECKLIST

NJSA 17B:29-1 and 17B:29-2 (Joint Credit Insurance - permits)

LAWS 1982 CHAPTER 184

Bill No. S883

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. 18, 1982

Senate March 1, 1982

Date of approval Nov. 24, 1982

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~~

6/22/81

ADD 1983

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SENATE, No. 883

STATE OF NEW JERSEY

INTRODUCED JANUARY 19, 1982

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

Referred to Committee on Labor, Industry and Professions

AN ACT concerning credit *health* insurance and amending N. J. S. 17B:29-1 and N. J. S. 17B:29-2.

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

1 1. N. J. S. 17B:29-1 is amended to read as follows:

2 17B:29-1. All life insurance and all health insurance in connec-
3 tion with loans or other credit transactions shall be subject to the
4 provisions of this chapter, except [such insurance in connection
5 with a loan or other credit transaction of more than 10 years
6 duration; nor shall insurance be subject to the provisions of this
7 chapter] where the issuance of such insurance is an isolated
8 transaction on the part of the insurer not related to an agreement or
9 a plan for insuring debtors of the creditor. *The commissioner may,
10 after notice and hearing, promulgate rules and regulations which
11 will take account of the differences inherent in long-term and
12 short-term indebtedness, including, but not limited to, differences
13 in underwriting standards, the term of the loan, the nature of the
14 risk, and the maximum amount of insurance purchased.*

1 2. N. J. S. 17B:29-2 is amended to read as follows:

2 17B:29-2. a. "Credit life insurance" means insurance on the
3 life of a debtor pursuant to or in connection with a specific loan or
4 other credit transaction;

5 b. "Credit health insurance" means insurance on a debtor to
6 provide indemnity for payments becoming due on a specific 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:

*—Senate committee amendments adopted February 8, 1982.

7 or other credit transaction while the debtor is disabled as defined
8 in the policy;

9 c. "Creditor" means the lender of money or vendor or lessor
10 of goods, services, property, rights or privileges, for which pay-
11 ment is arranged through a credit transaction, or any successor to
12 the right, title or interest of any such lender, vendor, or lessor, and
13 an affiliate, associate or subsidiary of any of them or any director,
14 officer or employee of any of them or any other person in any way
15 associated with any of them;

16 d. "Debtor" means a borrower of money or a purchaser or
17 lessee of goods, services, property, rights or privileges for which
18 payment is arranged through a credit transaction, and includes
19 each partner who is jointly and severally liable for a partnership
20 indebtedness. An officer of a corporation is not a debtor in con-
21 nection with a corporation indebtedness unless he is personally
22 liable for such indebtedness as a codebtor. ***[Where joint insurance**
23 *is available and a debtor or codebtor]* * **[husband and wife]** ***[are**
24 **jointly obligated to a creditor in connection with an indebtedness,**
25 **either or both, at their sole option, may be the debtor for the pur-**
26 **poses of this chapter.]** * **When more than one person is jointly*
27 *obligated in connection with an indebtedness, credit insurance may*
28 *be written either on an individual basis or, at the option of the*
29 *insureds, on a joint basis, provided that the credit insurance has*
30 *been approved by the Department of Insurance to be written on a*
31 *joint basis in this State.**

32 e. "Indebtedness" means the total amount payable by a debtor
33 to a creditor in connection with a loan or other credit transaction.

1 3. This act shall take effect immediately.

SENATE, No. 883

STATE OF NEW JERSEY

INTRODUCED JANUARY 19, 1982

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

Referred to Committee on Labor, Industry and Professions

AN ACT concerning credit health insurance and amending N. J. S.
17B:29-1 and N. J. S. 17B:29-2.

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

1 1. N. J. S. 17B:29-1 is amended to read as follows:

2 17B:29-1. All life insurance and all health insurance in connec-
3 tion with loans or other credit transactions shall be subject to the
4 provisions of this chapter, except [such insurance in connection
5 with a loan or other credit transaction of more than 10 years
6 duration; nor shall insurance be subject to the provisions of this
7 chapter] where the issuance of such insurance is an isolated
8 transaction on the part of the insurer not related to an agreement or
9 a plan for insuring debtors of the creditor.

1 2. N. J. S. 17B:29-2 is amended to read as follows:

2 17B:29-2. a. "Credit life insurance" means insurance on the
3 life of a debtor pursuant to or in connection with a specific loan or
4 other credit transaction;

5 b. "Credit health insurance" means insurance on a debtor to
6 provide indemnity for payments becoming due on a specific loan
7 or other credit transaction while the debtor is disabled as defined
8 in the policy;

9 c. "Creditor" means the lender of money or vendor or lessor
10 of goods, services, property, rights or privileges, for which pay-
11 ment is arranged through a credit transaction, or any successor to
12 the right, title or interest of any such lender, vendor, or lessor, and
13 an affiliate, associate or subsidiary of any of them or any director,
14 officer or employee of any of them or any other person in any way
15 associated with any of them;

16 d. "Debtor" means a borrower of money or a purchaser or

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

17 lessee of goods, services, property, rights or privileges for which
 18 payment is arranged through a credit transaction, and includes
 19 each partner who is jointly and severally liable for a partnership
 20 indebtedness. An officer of a corporation is not a debtor in con-
 21 nection with a corporation indebtedness unless he is personally
 22 liable for such indebtedness as a codebtor. Where *joint insurance*
 23 *is available and a debtor or codebtor* [husband and wife] are
 24 jointly obligated to a creditor in connection with an indebtedness,
 25 either or both, at their sole option, may be the debtor for the pur-
 26 poses of this chapter.

27 e. "Indebtedness" means the total amount payable by a debtor
 28 to a creditor in connection with a loan or other credit transaction.

1 3. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to amend the Credit Life and Health Insurance Act in recognition of the unavailability of joint credit health insurance. Section 2d of P. L. 1971, chapter 144 presently requires that when a husband and wife are jointly obligated on a debt, either or both at their option can be covered by joint credit insurance.

While joint credit life insurance is available, joint credit health insurance is not and has not ever been available in New Jersey or possibly anywhere else. The result is that creditors are legally placed in a position where they are unable to comply with the law requiring they make such insurance available at the borrower's option.

Instead of deleting a type of insurance coverage which may become available someday, the bill would allow creditors to make joint credit life (already available) and joint credit health insurance available if and when joint credit health insurance becomes available in our State.

The bill also eliminates the 10 year maximum term in light of the increasing length of certain loans like secondary mortgage loans.

5883 (1982)

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

SENATE, No. 883

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STATE OF NEW JERSEY

DATED: JUNE 14, 1982

The purposes of Senate Bill No. 883, as amended, are appropriately set forth in the Senate Labor, Industry and Professions Committee statement on the bill.

SENATE LABOR, INDUSTRY AND PROFESSIONS
COMMITTEE

STATEMENT TO

SENATE, No. 883

with Senate committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 8, 1982

This legislation makes two modifications to the law governing credit life and health insurance. At present, the maximum term of such insurance is 10 years; this legislation removes the 10 year maximum, permitting credit life and credit health insurance to be written for any period. Secondly, the legislation modifies the definition of debtor to eliminate the present restriction on the sale of joint insurance coverage to husbands and wives; the new language permits joint insurance to be written if more than one person is obligated on the loan, whether or not they are related.

The Senate Labor, Industry and Professions Committee amendments clarify the language of the bill to make clear that joint credit insurance must be made available only if the insurance has been approved by the Department of Insurance to be written on a joint basis. Some credit insurance, such as disability insurance, is presently only available as an individual coverage and is not sold on a joint basis. The committee has also amended the legislation to permit the Commissioner of Insurance to promulgate rules and regulations which differentiate between credit insurance on long-term and short-term indebtedness. Such regulations would address differences in underwriting standards, the term of the loan, the nature of the risk, and the maximum amount of insurance purchased.