

LEGISLATIVE HISTORY CHECKLIST

NJSA 17:37-3 (Fire insurance companies--non-assessable policies--eliminate limit on borrowing)

LAWS 1981 CHAPTER 244

Bill No. A1943

Sponsor(s) Bornheimer and others

Date Introduced July 28, 1980

Committee: Assembly Banking and Insurance

Senate Labor, Industry and Professions

Amended during passage ~~Yes~~ No

Date of Passage: Assembly March 2, 1981

Senate June 29, 1981

Date of approval Aug. 3, 1981

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

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6/22/81

ASSEMBLY, No. 1943

STATE OF NEW JERSEY

INTRODUCED JULY 28, 1980

By Assemblymen BORNHEIMER, DEVERIN, PATERO, T. GALLO,
PATERNITI, REMINGTON, KOSCO, D. GALLO, MAYS
and ADUBATO

Referred to Committee on Banking and Insurance

AN ACT concerning mutual insurance companies and amending
R. S. 17:37-3.

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

1 1. R. S. 17:37-3 is amended to read as follows:

2 17:37-3. Borrowing money. The directors of any mutual fire in-
3 surance company of this State *issuing assessable policies* may
4 borrow money to an amount not exceeding \$25,000.00, for and on
5 behalf of the company and in its name, to pay losses and expenses
6 for which the company is liable, and may raise moneys by assess-
7 ments to pay the sums so borrowed, in the same manner as they are
8 authorized and directed to raise money to pay losses. *This limit*
9 *shall not apply to any mutual fire insurance company issuing non-*
10 *assessable policies.*

1 2. This act shall take effect immediately.

STATEMENT

The \$25,000.00 limit on the borrowing capacity of domestic mutual insurance companies was enacted when these companies issued assessable policies, under which the policyholder might theoretically be held liable for such debts. Domestic mutual companies presently issue non-assessable policies and the elimination of their debt ceiling would enable them to compete on the same basis as foreign mutual companies operating in New Jersey.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1943

STATE OF NEW JERSEY

DATED: SEPTEMBER 29, 1980

This legislation eliminates the \$25,000.00 borrowing limitation placed on mutual fire insurance companies, except for those companies issuing assessable policies.

Traditionally, mutual fire insurance companies have been subject to a \$25,000.00 borrowing limitation; this limitation was occasioned by the fact that if the company defaulted on the debt the policies issued by it were assessable, i.e., the policyholders were liable to be assessed for satisfaction of the debt. Presently, no mutual companies issue assessable policies, and this legislation lifts the statutory debt limitation originally imposed as a result of the policyholder's liability.

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SENATE LABOR, INDUSTRY AND PROFESSIONS
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1943

STATE OF NEW JERSEY

DATED: JUNE 8, 1981

This legislation eliminates the \$25,000.00 borrowing limitation placed on mutual fire insurance companies provided they are issuing non-assessable policies.

Traditionally, mutual fire insurance companies have been subject to a \$25,000.00 borrowing limitation; this limitation was occasioned by the fact that if the company defaulted on the debt the policies issued by it were assessable, i.e., the policyholders were liable to be assessed for satisfaction of the debt. Presently, no mutual companies are issuing assessable policies; this legislation, therefore, lifts the statutory debt limitation originally imposed as a result of the policyholders' liability.

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

AUGUST 3, 1981

KATHRYN FORSYTH
DAVID DeMAIO

Governor Brendan Byrne today signed the following bills:

A-930, sponsored by Assemblyman Vincent Ozzie Pellechia (D-Passaic), increases the retirement benefits for members of the Consolidated Police and Firemen's Fund from 50% to 60% of average final compensation after 25 years of service.

It transfers the cost of funding the increased liability for the local employer to the State and other members of the system, and establishes a formula which limits the maximum benefits for those working past 25 years (and who retire after 30 years) to 65% of the average final compensation.

The Consolidated Police and Firemen's Fund has been closed to new members since 1944.

The bill enacted today is similar to the measure signed in 1979 for members of the Police and Firemen's Retirement System.

A-1943, sponsored by Assemblyman James Bornheimer (D-Middlesex), lifts the borrowing limit on mutual fire insurance companies that issue non-assessable policies.

Since 1902, mutual fire insurance companies could borrow up to \$25,000 to pay for losses and assess its policyholders to pay for sums borrowed. Mutual fire companies in New Jersey are permitted by law to sell policies with such provisions, but have not issued any since the 1930's.

The \$25,000 borrowing limit, which was intended to limit the assessments that could be imposed on policyholders, places companies at a disadvantage when competing with foreign mutual companies operating in the State and is unnecessary since insurers no longer issue assessable policies.

Borrowing and other fiscal affairs of mutual fire insurance companies will continue to be subject to examination by the Department of Insurance.

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