

17B:26-2

FOR ATTACHMENTS  
SEE 17B:24-1

LEGISLATIVE HISTORY CHECKLIST

NJSA 17B:24-1; 17B:26-2; 17:48-6; (Insurance policies--include former spouse on  
17:48A-5; 17:48C-2 policy of person liable for support)

LAWS 1980 CHAPTER 113

Bill No. A8

Sponsor(s) Bate

Date Introduced Pre-filed

Committee: Assembly Banking and Insurance

Senate Labor, Industry and Professions

Amended during passage Yes ~~NS~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly May 19, 1980

Senate Aug. 4, 1980

Date of approval Sept. 19, 1980

Following statements are attached if available:

Sponsor statement Yes ~~NS~~

Committee Statement: Assembly Yes ~~NS~~

Senate Yes ~~NS~~

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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6/27/81

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ASSEMBLY, No. 8

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1980 SESSION

By Assemblyman BATE

AN ACT concerning group and individual life insurance and health insurance, amending P. L. 1938, c. 366, P. L. 1940, c. 74, P. L. 1968, c. 305 and sections 17B:24-1 and 17B:26-2 of the New Jersey Statutes.

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

1 1. N. J. S. 17B:24-1 is amended to read as follows:

2 17B:24-1. a. Every individual has an insurable interest in his  
3 own life, body and health. The term "insurable interest" shall in-  
4 clude only such an interest and the following interests in the life,  
5 body and health of other individuals:

6 (1) In the case of individuals related closely-by blood or by law,  
7 a substantial interest engendered by love and affection;

8 (2) In the case of other persons, a lawful and substantial  
9 economic interest in having the life, health, or bodily safety of the  
10 individual insured continue, and

11 (3) A person heretofore or hereafter party to a contract or  
12 option for the purchase or sale of an interest in a business partner-  
13 ship or firm, or of shares of stock of a closed corporation or of  
14 an interest in such shares, has an insurable interest in the life,  
15 body and health of each individual party to such contract for the  
16 purposes of such contract only, in addition to any insurable interest  
17 which may otherwise exist as to such individual.

18 b. No person shall procure or cause to be procured any insur-  
19 ance contract upon the life, body or health of another individual  
20 unless the benefits under such contract are payable to the in-  
21 dividual insured or his personal representatives, or to a person  
22 having, at the time when such contract was made, an insurable  
23 interest in the individual insured. A person liable for the support  
24 of a child *or former wife or husband* may procure a policy of in-  
25 surance on such child *or former wife or husband*.

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

26 c. If the beneficiary, assignee, or other payee under any con-  
27 tract made in violation of this section receives from the insurer  
28 any benefits thereunder accruing upon the death, disablement, or  
29 injury of the individual insured, the individual insured or his  
30 executor or administrator, as the case may be, may maintain an  
31 action to recover such benefits from the person so receiving them.

32 d. An insurer shall be entitled to rely upon all statements,  
33 declarations and representations made by an applicant for in-  
34 surance relating to the insurable interest of the applicant in the  
35 insured; and no insurer shall incur legal liability, except as set  
36 forth in the policy, by virtue of any untrue statements, declarations  
37 or representations so relied upon in good faith by the insurer.

38 e. This section shall not apply to group life insurance, group  
39 health insurance or blanket insurance.

1 2. N. J. S. 17B:26-2 is amended to read as follows:

2 17B:26-2. a. No such policy of insurance shall be delivered or  
3 issued for delivery to any person in this State unless:

4 (1) The entire money and other considerations therefor are  
5 expressed therein; and

6 (2) The time at which the insurance takes effect and terminates  
7 is expressed therein; and

8 (3) It purports to insure only one person, except that a policy  
9 may insure, originally or by subsequent amendment, upon the  
10 application of an adult member of a family who shall be deemed  
11 the policyholder, any two or more eligible members of that family,  
12 including husband, wife, dependent children or any children under  
13 a specified age which shall not exceed 19 years and any other person  
14 dependent upon the policyholder; and

15 (4) The style, arrangement and overall appearance of the policy  
16 give no undue prominence to any portion of the text, and unless  
17 every printed portion of the text of the policy and of any endorse-  
18 ments or attached papers is plainly printed in light-faced type of  
19 a style in general use, the size of which shall be uniform and not  
20 less than 10-point with a lower-case unspaced alphabet length not  
21 less than 120-point (the "text" shall include all printed matter ex-  
22 cept the name and address of the insurer, name or title of the policy,  
23 the brief description if any, and captions and subcaptions); and

24 (5) The exceptions and reductions of indemnity are set forth in  
25 the policy and, except those which are set forth in sections 17B:26-3  
26 to 17B:26-31 inclusive, are printed, at the insurer's option, either  
27 included with the benefit provision to which they apply, or under  
28 an appropriate caption such "exceptions," or "exceptions and  
29 reductions," provided that if an exception or reduction specifically

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30 applies only to a particular benefit of the policy, a statement of such  
31 exception or reduction shall be included with the benefit provision  
32 to which it applies; and

33 (6) Each such form, including riders and endorsements, shall be  
34 identified by a form number in the lower left-hand corner of the  
35 first page thereof; and

36 (7) It contains no provision purporting to make any portion of  
37 the charter, rules, constitution, or bylaws of the insurer a part of  
38 the policy unless such portion is set forth in full in the policy, ex-  
39 cept in the case of the incorporation of, or reference to, a statement  
40 of rates or classification of risks, or short-rate table filed with the  
41 commissioner.

42 b. A policy under which coverage of a dependent of the policy-  
43 holder terminates at a specified age shall, with respect to an un-  
44 married child covered by the policy prior to the attainment of age  
45 19, who is incapable of self-sustaining employment by reason of  
46 mental retardation or physical handicap and who became so  
47 incapable prior to attainment of age 19 and who is chiefly de-  
48 pendent upon such policyholder for support and maintenance, not  
49 so terminate while the policy remains in force and the dependent  
50 remains in such condition, if the policyholder has within 31 days  
51 of such dependent's attainment of the limiting age submitted proof  
52 of such dependent's incapacity as described herein. The foregoing  
53 provisions of this paragraph shall not require an insurer to insure  
54 a dependent who is a mentally retarded or physically handicapped  
55 child where the policy is underwritten on evidence of insurability  
56 based on health factors set forth in the application or where such  
57 dependent does not satisfy the conditions of the policy as to any  
58 requirement for evidence of insurability or other provisions of the  
59 policy, satisfaction of which is required for coverage thereunder  
60 to take effect. In any such case the terms of the policy shall apply  
61 with regard to the coverage or exclusion from coverage of such  
62 dependent.

63 c. Notwithstanding any provision of a policy of health insur-  
64 ance, hereafter delivered or issued for delivery in this State, when-  
65 ever such policy provides for reimbursement for any optometric  
66 service which is within the lawful scope of practice of a duly  
67 licensed optometrist, the insured under such policy shall be entitled  
68 to reimbursement for such service, whether the said service is  
69 performed by a physician or duly licensed optometrist.

70 d. If any policy is issued by an insurer domiciled in this State  
71 for delivery to a person residing in another state, and if the official  
72 having responsibility for the administration of the insurance laws

73 of such other state shall have advised the commissioner that any  
74 such policy is not subject to approval or disapproval by such official,  
75 the commissioner may by ruling require that such policy meet  
76 the standards set forth in subsection a. of this section and in  
77 sections 17B:26-3 to 17B:26-31 inclusive.

78 e. Notwithstanding any provision of a policy of health insurance,  
79 hereafter delivered or issued for delivery in this State, whenever  
80 such policy provides for reimbursement for any psychological ser-  
81 vice which is within the lawful scope of practice of a duly licensed  
82 psychologist, the insured under such policy shall be entitled to  
83 reimbursement for such service, whether the said service is per-  
84 formed by a physician or duly licensed psychologist.

85 f. Notwithstanding any provision of a policy of health insur-  
86 ance, hereafter delivered or issued for delivery in this State,  
87 whenever such policy provides for reimbursement for any service  
88 which is within the lawful scope of practice of a duly licensed  
89 chiropractor, the insured under such policy or the chiropractor  
90 rendering such service shall be entitled to reimbursement for  
91 such service, when the said service is performed by a chiropractor.  
92 The foregoing provision shall be liberally construed in favor of  
93 reimbursement of chiropractors.

94 g. All individual health insurance policies which provide cover-  
95 age for a family member or dependent of the insured on an expense  
96 incurred basis shall also provide that the health insurance benefits  
97 applicable for children shall be payable with respect to a newly-  
98 born child of that insured from the moment of birth.

99 (1) The coverage for newly-born children shall consist of cover-  
100 age of injury or sickness including the necessary care and treat-  
101 ment of medically diagnosed congenital defects and birth abnormal-  
102 ities.

103 (2) If payment of a specific premium is required to provide  
104 coverage for a child, the policy may require that notification of birth  
105 of a newly-born child and payment of the required premium must  
106 be furnished to the insurer within 31 days after the date of birth in  
107 order to have the coverage continue beyond such 31-day period.

108 h. All individual health insurance policies which provide cover-  
109 age on an expense incurred basis but do not provide coverage  
110 for a family member or dependent of the insured on an expense  
111 incurred basis shall nevertheless provide for coverage of newborn  
112 children of the insured which shall commence with the moment  
113 of birth of each child and shall consist of coverage of injury or  
114 sickness including the necessary care and treatment of medically  
115 diagnosed congenital defects and birth abnormalities, provided

116 application therefor and payment of the required premium are  
 117 made to the insurer to include in said policy coverage the same or  
 118 similar to that of the insured, described in [f] (g) (1) above 31  
 119 days from the date of a newborn child.

120 *i. Whenever, pursuant to the provisions of an individual or*  
 121 *group contract issued by an insurer, the former spouse of a named*  
 122 *insured is no longer entitled to coverage as an individual dependent*  
 123 *by reason of divorce, separate coverage for such former spouse*  
 124 *shall be made available by the insurer on an individual non-group*  
 125 *basis under the following conditions:*

126 *(1) Application for such non-group coverage shall be made to*  
 127 *the insurer by or on behalf of such former spouse no later than 31*  
 128 *days following the date his or her coverage under the prior cer-*  
 129 *tificate or contract terminated.*

130 *(2) No new evidence of insurability shall be required in connec-*  
 131 *tion with the application for such non-group coverage but any*  
 132 *health exception, limitation or exclusion applicable to said former*  
 133 *spouse under the prior coverage may, at the option of the insurer,*  
 134 *be carried over to the new non-group coverage.*

135 *(3) The effective date of the new coverage shall be the day follow-*  
 136 *ing the date on which such former spouse's coverage under the*  
 137 *prior certificate or contract terminated.*

138 *(4) The benefits provided under the non-group coverage issued*  
 139 *to such former spouse shall be at least equal to the basic benefits*  
 140 *provided in contracts then being issued by the insurer to accept-*  
 141 *able new non-group applicants of the same age and family status.*

1 3. Section 6 of P. L. 1938, c. 366 (C. 17:48-6) is amended to read  
 2 as follows:

3 6. Every individual contract made by a corporation subject to  
 4 the provisions of this chapter to furnish services to a subscriber  
 5 shall provide for the furnishing of services for a period of 12  
 6 months, and no contract shall be made providing for the inception  
 7 of such services at a date later than 1 year after the actual date of  
 8 the making of such contract. Any such contract may provide that  
 9 it shall be automatically renewed from year to year unless there  
 10 shall have been at least 30 days prior written notice of termination  
 11 by either the subscriber or the corporation. In the absence of fraud  
 12 or material misrepresentation in the application for a contract  
 13 or for reinstatement, no contract with an individual subscriber shall  
 14 be terminated by the corporation unless all contracts of the same  
 15 type, in the same group or covering the same classification of per-  
 16 sons are terminated under the same conditions.

17 No contract between any such corporation and a subscriber shall  
18 entitle more than one person to services, except that a contract  
19 issued as a family contract may provide that services will be fur-  
20 nished to a husband and wife, or husband, wife and their dependent  
21 child or children, or the subscriber and his (or her) dependent child  
22 or children. Adult dependent(s) of a subscriber may also be in-  
23 cluded for coverage under the contract of such subscriber.

24 *Whenever, pursuant to the provisions of a subscription certifi-*  
25 *cate or group contract issued by a corporation, the former spouse*  
26 *of a named subscriber under such a certificate or contract is no*  
27 *longer entitled to coverage as an eligible dependent by reason of*  
28 *divorce, separate coverage for such former spouse shall be made*  
29 *available by the corporation on an individual non-group basis*  
30 *under the following conditions:*

31 (a) *Application for such non-group coverage shall be made to*  
32 *the corporation by or on behalf of such former spouse no later*  
33 *than 31 days following the date his or her coverage under the prior*  
34 *certificate or contract terminated.*

35 (b) *No new evidence of insurability shall be required in con-*  
36 *nection with the application for such non-group coverage but any*  
37 *health exception, limitation or exclusion applicable to said former*  
38 *spouse under the prior coverage may, at the option of the corpo-*  
39 *ration, be carried over to the new non-group coverage.*

40 (c) *The effective date of the new coverage shall be the day fol-*  
41 *lowing the date on which such former spouse's coverage under the*  
42 *prior certificate or contract terminated.*

43 (d) *The benefits provided under the non-group coverage issued*  
44 *to such former spouse shall be at least equal to the basic benefits*  
45 *provided in contracts then being issued by the corporation to \***[ac-***  
46 *ceptable]\* new non-group applicants of the same age and family*  
47 *status.*

48 Family type contracts shall provide that the services applicable  
49 for children shall be payable with respect to a newly-born child of  
50 the subscriber, or his or her spouse from the moment of birth.  
51 The services for newly-born children shall consist of coverage of  
52 injury or sickness including the necessary care and treatment of  
53 medically diagnosed congenital defects and abnormalities. If a  
54 subscription payment is required to provide services for a child,  
55 the contract may require that notification of birth of a newly-born  
56 child and the required payment must be furnished to the service  
57 corporation within 31 days after the date of birth in order to have  
58 the coverage continue beyond such 31-day period.

59 Nonfamily type contracts which provide for services to the  
60 subscriber but not to family members or dependents of that sub-  
61 scriber, shall also provide services to newly-born children of the  
62 subscriber which shall commence with the moment of birth of each  
63 child and shall consist of coverage of injury or sickness including  
64 the necessary care and treatment of medically diagnosed congenital  
65 defects and abnormalities, provided that application therefor and  
66 payment of the required subscription amount are made to include  
67 in said contract the coverage described in the preceding paragraph  
68 of this section within 31 days from the date of birth of a newborn  
69 child.

70 A contract under which coverage of a dependent of a subscriber  
71 terminates at a specified age shall, with respect to an unmarried  
72 child, covered by the contract prior to attainment of age 19, who is  
73 incapable of self-sustaining employment by reason of mental re-  
74 tardation or physical handicap and who became so incapable prior  
75 to attainment of age 19 and who is chiefly dependent upon such  
76 subscriber for support and maintenance, not so terminate while the  
77 contract remains in force and the dependent remains in such con-  
78 dition, if the subscriber has within 31 days of such dependent's  
79 attainment of the termination age submitted proof of such depen-  
80 dent's incapacity as described herein. The foregoing provisions of  
81 this paragraph shall not apply retrospectively or prospectively to  
82 require a hospital service corporation to insure as a covered de-  
83 pendent any mentally retarded or physically handicapped child of  
84 the applicant where the contract is underwritten on evidence of  
85 insurability based on health factors required to be set forth in the  
86 application. In such cases any contract heretofore or hereafter  
87 issued may specifically exclude such mentally retarded or physically  
88 handicapped child from coverage.

89 Every individual contract entered into by any such corporation  
90 with any subscriber thereto shall be in writing and a certificate  
91 stating the terms and conditions thereof shall be furnished to the  
92 subscriber to be kept by him. No such certificate form shall be  
93 made, issued or delivered in this State unless it contains the follow-  
94 ing provisions:

95 (a) A statement of the contract rate, or amount payable to the  
96 corporation by or on behalf of the subscriber for the original  
97 quarter-annual period of coverage and of the time or times at  
98 which, and the manner in which, such amount is to be paid; and a  
99 provision requiring 30 days written notice to the subscriber before  
100 any change in the contract, including a change in the amount of  
101 subscription rate, shall take effect;



102 (b) A statement of the nature of the services to be furnished  
103 and the period during which they will be furnished; and if there  
104 are any services to be excepted, a detailed statement of such  
105 exceptions printed as hereinafter specified;

106 (c) A statement of the terms and conditions, if any, upon which  
107 the contract may be amended on approval of the commissioner or  
108 canceled or otherwise terminated at the option of either party. Any  
109 notice to the subscriber shall be effective if sent by mail to the sub-  
110 scriber's address as shown at the time on the plan's record, except  
111 that, in the case of persons for whom payment of the contract is  
112 made through a remitting agent, any such notice to the subscriber  
113 shall also be effective if a personalized notice is sent to the remitting  
114 agent for delivery to the subscriber, in which case it shall be the  
115 responsibility of the remitting agent to make such delivery. The  
116 notice to the subscriber as herein required shall be sent at least  
117 30 days before the amendment, cancellation or termination of the  
118 contract takes effect. Any rider or endorsement accompanying  
119 such notice, and amending the rates or other provisions of the  
120 contract, shall be deemed to be a part of the contract as of the  
121 effective date of such rider or endorsement;

122 (d) A statement that the contract includes the endorsements  
123 thereon and attached papers, if any, and contains the entire con-  
124 tract for services;

125 (e) A statement that no statement by the subscriber in his appli-  
126 cation for a contract shall avoid the contract or be used in any legal  
127 proceeding thereunder, unless such application or an exact copy  
128 thereof is included in or attached to such contract, and that no  
129 agent or representative of such corporation, other than an officer or  
130 officers designated therein, is authorized to change the contract  
131 or waive any of its provisions;

132 (f) A statement that if the subscriber defaults in making any  
133 payment under the contract, the subsequent acceptance of a pay-  
134 ment by the corporation or by one of its duly authorized agents  
135 shall reinstate the contract, but with respect to sickness and injury  
136 may cover such sickness as may be first manifested more than 10  
137 days after the date of such acceptance;

138 (g) A statement of the period of grace which will be allowed the  
139 subscriber for making any payment due under the contract. Such  
140 period shall be not less than 10 days.

141 In every such contract made, issued or delivered in this State:

142 (a) All printed portions shall be plainly printed in type of which  
143 the face is not smaller than 10 point;

144 (b) There shall be a brief description of the contract on its first  
145 page and on its filing back in type of which the face is not smaller  
146 than 14 point;

147 (c) The exceptions of the contract shall appear with the same  
148 prominence as the benefits to which they apply; and

149 (d) If the contract contains any provision purporting to make  
150 any portion of the articles, constitution or bylaws of the corpora-  
151 tion a part of the contract, such portion shall be set forth in full.

1 4. Section 5 of P. L. 1940, c. 74 (C. 17:48A-5) is amended to  
2 read as follows:

3 5. Every individual contract made by any corporation subject  
4 to the provisions of this chapter to provide payment for medical  
5 services shall provide for the payment of medical services for a  
6 period of 12 months from the date of issue of the subscription  
7 certificate. Any such contract may provide that it shall be auto-  
8 matically renewed from year to year unless there shall have been  
9 1 month's prior written notice of termination by either the sub-  
10 scriber or the corporation. In the absence of fraud or material  
11 misrepresentation in the application for a contract or for reinstatement,  
12 no contract with an individual subscriber shall be terminated  
13 by the corporation unless all contracts of the same type, in the  
14 same group or covering the same classification of persons are  
15 terminated under the same conditions. No contract between such  
16 corporation and subscriber shall allow for the payment for medical  
17 services for more than one person, except that a family contract  
18 may provide that payment will be made for medical services  
19 rendered to a subscriber and any of those dependents defined in  
20 section 1 of this act.

21 *Whenever, pursuant to the provisions of a subscription certificate or group contract issued by a corporation, the former spouse of a named subscriber under such a certificate or contract is no longer entitled to coverage as an eligible dependent by reason of divorce, separate coverage for such former spouse shall be made available by the corporation on an individual nongroup basis under the following conditions:*

28 (a) *Application for such nongroup coverage shall be made to the corporation by or on behalf of such former spouse no later than 31 days following the date his or her coverage under the prior certificate or contract terminated.*

32 (b) *No new evidence of insurability shall be required in connection with the application for such nongroup coverage but any health exception, limitation or exclusion applicable to said former*

35 spouse under the prior coverage may, at the option of the corpo-  
 36 ration, be carried over to the new nongroup coverage.

37 (c) The effective date of the new coverage shall be the day fol-  
 38 lowing the date on which such former spouse's coverage under the  
 39 prior certificate or contract terminated.

40 (d) The benefits provided under the nongroup coverage issued  
 41 to such former spouse shall be at least equal to the basic benefits  
 42 provided in contracts then being issued by the corporation to \***[ac-**  
 43 **ceptable]**\* new nongroup applicants of the same age and family  
 44 status.

45 A contract under which coverage of a dependent of a subscriber  
 46 terminates at a specified age shall, with respect to an unmarried  
 47 child, covered by the contract prior to attainment of age 19, who is  
 48 incapable of self-sustaining employment by reason of mental re-  
 49 tardation or physical handicap and who became so incapable prior  
 50 to attainment of age 19 and who is chiefly dependent upon such  
 51 subscriber for support and maintenance, not so terminate while  
 52 the contract remains in force and the dependent remains in such  
 53 condition, if the subscriber has within 31 days of such dependent's  
 54 attainment of the termination age submitted proof of such depend-  
 55 ent's incapacity as described herein. The foregoing provisions of  
 56 this paragraph shall not apply retrospectively or prospectively to  
 57 require a medical service corporation to insure as a covered de-  
 58 pendent any mentally retarded or physically handicapped child of  
 59 the applicant where the contract is underwritten on evidence of  
 60 insurability based on health factors, required to be set forth in the  
 61 application. In such cases any contract heretofore or hereafter  
 62 issued may specifically exclude such mentally retarded or physically  
 63 handicapped child from coverage.

1 5. Section 2 of P. L. 1968, c. 305 (C. 17:48C-2) is amended to  
 2 read as follows:

3 2. As used in this act the following words and phrases shall have  
 4 the stated meanings unless a different meaning clearly appears  
 5 from the context:

6 (a) The term "dental service corporation" or "the corporation"  
 7 shall mean a corporation which is (1) organized, without capital  
 8 stock, and not for profit, for the purpose of establishing, maintain-  
 9 ing and operating a nonprofit dental service plan, whereby the  
 10 expense of dental services to subscribers and other covered de-  
 11 pendents is paid in whole or in part by the corporation to partici-  
 12 pating dentists and to others as provided herein in return for  
 13 premiums or other valuable considerations, and which (2) holds a  
 14 certificate of authority issued under this act;

15 (b) The term "subscriber" shall mean a person to whom a sub-  
16 scription certificate is issued by the corporation and which sets  
17 forth the kinds and extent of the dental services for which the  
18 corporation is liable to make and which constitutes the contract  
19 between the subscriber and the corporation;

20 (c) The term "covered dependent" shall mean the spouse,  
21 *former spouse for whose support the subscriber is legally liable,*  
22 an adult dependent or a child of the subscriber who is named in the  
22A subscription certificate issued to the subscriber and with respect  
23 to whom appropriate premium is specified in the certificate;

24 (d) The term "participating dentist" shall mean any dentist  
25 authorized to practice dentistry under the laws of this State and  
26 who agrees in writing with the corporation to provide the dental  
27 services specified in the subscription certificates issued by the  
28 corporation and at such rates of compensation as shall be deter-  
29 mined by its board of trustees and who agrees to abide by the by-  
30 laws, rules and regulations of the corporation applicable to par-  
31 ticipating dentists;

32 (e) The term "dental service" shall mean any and all general  
33 and special dental services ordinarily provided by such licensed  
34 dentists in accordance with accepted practices in the community  
35 at the time the service is rendered.

36 (f) The term "commissioner" shall mean the Commissioner of  
37 **Banking and** Insurance.

1 6. This act shall take effect immediately.

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15 (b) The term "subscriber" shall mean a person to whom a sub-  
16 scription certificate is issued by the corporation and which sets  
17 forth the kinds and extent of the dental services for which the  
18 corporation is liable to make and which constitutes the contract  
19 between the subscriber and the corporation;

20 (c) The term "covered dependent" shall mean the spouse,  
21 *former spouse for whose support the subscriber is legally liable,*  
22 an adult dependent or a child of the subscriber who is named in the  
22A subscription certificate issued to the subscriber and with respect  
23 to whom appropriate premium is specified in the certificate;

24 (d) The term "participating dentist" shall mean any dentist  
25 authorized to practice dentistry under the laws of this State and  
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27 services specified in the subscription certificates issued by the  
28 corporation and at such rates of compensation as shall be deter-  
29 mined by its board of trustees and who agrees to abide by the by-  
30 laws, rules and regulations of the corporation applicable to par-  
31 ticipating dentists;

32 (e) The term "dental service" shall mean any and all general  
33 and special dental services ordinarily provided by such licensed  
34 dentists in accordance with accepted practices in the community  
35 at the time the service is rendered.

36 (f) The term "commissioner" shall mean the Commissioner of  
37 **[Banking and]** Insurance.

1 6. This act shall take effect immediately.

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#### STATEMENT

When a person is divorced the former wife or husband is no longer insured in that person's "family" policy, nor does an insurable interest exist as the basis of an individual policy. However, the court may order such person to support the former wife or husband which support would include medical bills. This could be financially disastrous to a person without insurance coverage. This bill permits the former wife or husband to be included in a family policy or an individual policy owned by the person liable for support. The insurance company can, of course, adjust the premium to reflect the added coverage, however, such increase is expected to be on a modest scale.

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ASSEMBLY BANKING AND INSURANCE COMMITTEE  
STATEMENT TO  
**ASSEMBLY, No. 8**  
with Assembly committee amendments

**STATE OF NEW JERSEY**

DATED: MAY 5, 1980

This bill provides for the issuance of a health insurance contract or dental service corporation contract for a former wife or husband on an individual, non-group basis, provided that application for coverage is made to the insurer no later than 31 days following the date that the former spouse's coverage terminated under a prior certificate or contract. The effective date of the new coverage would be the day following the termination date of the prior contract. The benefits provided under the non-group coverage would be required to be at least equal to the basic benefits provided in individual (non-group) contracts then being issued by the insurer to applicants of the same age and family status. The Banking and Insurance Committee has deleted the term "acceptable" in the sections referring to Blue Cross and Blue Shield. At the time the bill was originally drafted, Blue Cross and Blue Shield had a limited open enrollment period and as a result the term "acceptable" referred to applicants eligible for normal coverage. Presently, Blue Cross and Blue Shield have a permanent "open enrollment," and the term "acceptable" is no longer relevant.

Often times as a result of a divorce or separation one of the partners in a marriage must undertake the obligation of providing full or partial economic support for the former spouse. Frequently, however, benefits such as health insurance and sometimes dental insurance are provided by an employer and are thus not available to the former spouse. This legislation, in granting what amounts to a conversion privilege, provides that the individual responsible for support would be guaranteed the right to purchase health insurance for the former spouse on an individual basis.

ASSEMBLY COMMITTEE AMENDMENTS TO  
**ASSEMBLY, No. 8**

**STATE OF NEW JERSEY**

ADOPTED MAY 5, 1980

Amend page 6, section 3, lines 45-46, omit "acceptable".

Amend page 10, section 4, lines 42-43, omit "acceptable".

SENATE LABOR, INDUSTRY AND  
PROFESSIONS COMMITTEE

STATEMENT TO  
ASSEMBLY, No. 8

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STATE OF NEW JERSEY

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DATED: JUNE 9, 1980

This bill would provide for the issuance of a health insurance contract or dental service corporation contract for a former wife or husband on an individual, non-group basis. Application for coverage would be required to be made to the insurer no later than 31 days following the date his or her coverage terminated under a prior certificate or contract. The effective date of the new coverage would be the day following the termination date of the prior contract. The benefits provided under the non-group coverage would be required to be at least equal to the basic benefits provided in contracts then being issued by the insurer to acceptable new non-group applicants of the same age and family status.

Often times after a divorce or separation one of the partners in a marriage must undertake the obligation of providing full or partial economic support for the former spouse. Frequently, however, benefits such as health insurance and sometimes dental insurance are provided by an employer and are thus not available to the former spouse. This legislation provides that the individual responsible for support would be guaranteed the right to purchase health insurance for the former spouse on an individual basis.



FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

SEPTEMBER 19, 1980

PATRICK SWEENEY

Governor Brendan Byrne today signed the following bills:

A-1822, sponsored by Assemblyman Richard James Codey (D-Essex), which will authorize horse racing and parimutuel betting on Sundays between noon and 1 a.m. the following day, subject to approval by referendum at the November 1980 general election. The bill will also permit Saturday racing to extend until 1 a.m. Sunday.

Sunday racing has been successfully implemented in New York and California.

A-8, sponsored by Assemblyman William J. Bate (D-Passaic), which permits the former wife or husband to be included on a family or individual insurance policy owned by the person liable for support.

A-862, sponsored by Assemblyman W. Cary Edwards (R-Bergen), which amends the Local Bond Law, N.J.S.A. 40A:2-8, to increase the maximum aggregate amount of "capital notes" a local government may have outstanding. Previously, it was the lesser of \$40,000 or 1/2 of 1 percent of the equalized valuation basis; under this bill, it will be the lesser of \$200,000 or 1/2 of 1 percent of the equalized valuation basis.

A-1482, sponsored by Assemblywoman Barbara W. McConnell (D-Hunterdon), which corrects a technical error in P.L. 1979, c. 143, which exempted certain buses from payment of a school bus registration fee.

A-1535, sponsored by Assemblyman Richard Van Wagner (D-Monmouth), which repeals P.L. 1979, c. 235, which imposed a tax upon gross receipts derived from sales of electric energy produced in New Jersey and sold out of state.