

17B: 28-14

LEGISLATIVE HISTORY CHECKLIST

NJSA 17B:28-14 (Allows sale of variable life insurance; permits separate accounts on variable basis)

Laws of 1977 Chapter 37

Bill No. A1874

Sponsor(s) Bornheimer

Date Introduced April 8, 1976

Committee: Assembly Commerce, Banking & Insurance

Senate Labor, Industry & Professions

Amended during passage Yes No

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Following statements are attached if available:

Sponsor statement Yes No

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Identical to Assembly Committee Statement; not enclosed

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Reports Yes No

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ASSEMBLY, No. 1874

STATE OF NEW JERSEY

INTRODUCED APRIL 8, 1976

By Assemblyman BORNHEIMER

Referred to Committee on Commerce, Banking and Insurance

AN ACT concerning insurance relating to variable contracts and amending and supplementing chapter 28 of Title 17B 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:28-1 is amended to read as follows:

2 17B:28-1. Definitions. When used in this chapter, *the following*  
3 *terms shall have the following respective meanings:* a. "Separate  
4 *account contract*" means *any contract issued by an insurer under*  
5 *which amount (including without limitation proceeds applied under*  
6 *optional modes of settlement or under dividend options) are allo-*  
7 *cated by the insurer to one or more separate accounts;* b. "Separate  
8 *account*" means *any segregated portfolio of investments or desig-*  
9 *nated account of an insurer established pursuant to this chapter;*  
10 c. "Contract on a variable basis" **[shall mean]** means *any separate*  
11 *account contract [issued by an insurer] providing for the dollar*  
12 *amount of life insurance or annuity benefits or other contractual*  
13 *payments or values thereunder to vary so as to reflect investment*  
14 *results of [any segregated portfolio of investments or of] one or*  
15 *more [designated] separate accounts in which amounts [received*  
16 *in connection] with respect to any such contracts shall have been*  
17 *placed; and d. "Variable contract account" means any such*  
18 *separate account.*

1 2. N. J. S. 17B:28-3 is amended to read as follows:

2 17B:28-3. Certificate to sell. a. No agent heretofore or hereafter  
3 licensed shall be authorized to sell or act or aid in any manner in  
4 the negotiation of a contract on a variable basis until he has  
5 received a certificate to sell contracts on a variable basis from  
6 the commissioner, which certificate shall not be issued by the com-

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

7 missioner until such agent has qualified by personal examination,  
8 to the satisfaction of the commissioner, as to his trustworthiness  
9 and competence to act as such agent.

10 b. Before a first-time applicant for an agent's license to solicit  
11 and negotiate contracts on a variable basis shall be admitted to  
12 the examination, the applicant shall be required to concurrently  
13 hold an agent's license granting authority to solicit and negotiate  
14 contracts of life insurance *in this State* [with the sponsoring in-  
15 surance company]. Application for a license must be made on  
16 such forms as the commissioner may prescribe.

17 c. The examination fee shall be \$10.00 for each examination  
18 scheduled and such examination fee shall not be returned for any  
19 reason. The annual license fee shall be \$5.00. A renewal license  
20 shall be issued from year to year subject to the payment of the  
21 renewal license fee as required by this section and upon request  
22 of the insurer. Licenses issued in accordance with this section  
23 shall expire on April 30 of each year.

24 d. No written examination shall be required of:

25 (1) An applicant who is the holder of a valid agent's license  
26 issued pursuant to this section by the commissioner or an applicant  
27 for a renewal of such license, except in a case where the commis-  
28 sioner has good and sufficient cause to believe that the applicant  
29 for renewal has demonstrated incompetence in the conduct of his  
30 business as such agent to the detriment of the public;

31 (2) An applicant whose license to do business as an agent issued  
32 pursuant to this section has expired less than 3 years prior to the  
33 date of application. If the applicant has permitted his license to  
34 lapse for a period of more than 3 years he must submit to and pass  
35 an examination in the same manner as a new applicant, except  
36 where the applicant is a veteran who meets the requirements of  
37 subsection (4) hereunder, when no reexamination shall be required;

38 (3) An applicant whose previous license issued pursuant to this  
39 section has been revoked or suspended; provided this examination  
40 exemption is only at the discretion of the commissioner;

41 (4) An applicant who is a citizen of New Jersey and has served  
42 in the Armed Forces of the United States and has been honorably  
43 discharged or released under conditions other than dishonorable  
44 and was the holder at any time of a license in New Jersey which  
45 authorized the applicant to solicit or negotiate contracts on a  
46 variable basis.

47 e. The commissioner may issue a nonresident agent's license  
48 upon the application of a nonresident who is duly licensed under  
49 the law of the state of his residence or domicile to act as an agent

50 for contracts on a variable basis if said state does not prohibit  
51 residents of this State from acting as nonresident agents therein,  
52 when:

53 (1) The applicant has shown by a statement from the proper  
54 official of the state in which he has his resident license that he is  
55 authorized to do business as an agent in such state with authority  
56 for which the applicant is to be licensed under the New Jersey  
57 nonresident license.

58 (2) The applicant has paid the annual license fee as provided  
59 for in this section.

60 (3) The applicant has no place of business in this State.

61 (4) The commissioner may enter into reciprocal agreements  
62 with the appropriate supervisory insurance official of any other  
63 state waiving the written examination of any applicant resident  
64 in such other state, provided:

65 (a) A written examination is required of applicants for an  
66 agent's license in such other state.

67 (b) The appropriate supervisory insurance official of such  
68 other State certifies that the applicant holds a currently valid  
69 license as an agent in such other state, and either,

70 (i) passed a written examination,

71 (ii) was the holder of an agent's license prior to the time  
72 a written examination was required, or,

73 (iii) was not required to take such examination by reason  
74 of provisions of the applicable agents' licensing law.

75 (c) That in such other state, a resident of this State is  
76 privileged to procure such an agent's license upon the fore-  
77 going conditions and without discrimination as to fees or other-  
78 wise in favor of residents of such other state. If the laws of  
79 another state require the sharing of commissions with resident  
80 agents of that state on application for contracts on a variable  
81 basis written by nonresident agents, then the same provision  
82 shall apply when resident agents of that state, licensed as non-  
83 resident agents of New Jersey write applications for contracts  
84 on a variable basis in this State.

1 3. N. J. S. 17B:28-5 is amended to read as follows:

2 17B:28-5. Form of contract. a. No contract on a variable basis  
3 shall be delivered or issued for delivery in this State by any insurer  
4 until a copy of the form thereof (and, in the case of a contract on  
5 a group basis, the form of any certificate evidencing variable  
6 benefits issued pursuant thereto) and any form of application for  
7 such contract shall have been filed with the commissioner. No

8 such form shall be issued or used until the commissioner shall give  
9 his prior written acknowledgment of the filing of such form. The  
10 commissioner shall disapprove or withdraw approval of any such  
11 contract form, application or certificate if:

12 (i) Such form contains provisions which are unjust, unfair,  
13 inequitable, ambiguous, misleading, likely to result in misrepre-  
14 sentation or contrary to law, or

15 (ii) Sales of contracts in such form are being solicited by any  
16 means of advertising, communication or dissemination of infor-  
17 mation which involves misleading or inadequate description of the  
18 provisions of the contract.

19 He shall notify the insurer, specifying particulars, of his dis-  
20 approval. It shall be unlawful for such insurer thereafter to  
21 issue any contract or certificate thereunder or use any application  
22 in the form so disapproved. Such disapproval of the commissioner  
23 shall be subject to review by the Superior Court in a proceeding  
24 in lieu of prerogative writ.

25 b. Illustrations of benefits payable under any contract on a  
26 variable basis shall not involve projections of past investment  
27 experience into the future and shall conform with reasonable reg-  
28 ulations promulgated by the commissioner.

29 c. No individual annuity contract on a variable basis shall be  
30 delivered or issued for delivery in this State unless it contains in  
31 substance the following provisions:

32 (i) That, in the event of default in the payment of any consid-  
33 eration beyond the period of grace allowed by the contract for the  
34 payment thereof, the insurer will make payment of the value of  
35 the contract, in accordance with a plan provided by the contract,  
36 commencing not later than the date contractual payments by the  
37 insurer were otherwise to have commenced in accordance with  
38 the contract;

39 (ii) That, upon request of the contract holder received by the  
40 insurer at least 4 months prior to the date contractual payments  
41 by the insurer were otherwise to have commenced, the insurer  
42 will make payment of the value of the contract in accordance with  
43 a plan provided by the contract and selected by the contract holder,  
44 commencing as of the first day of the first month which is at least  
45 4 months after the date of receipt of such request, unless another  
46 date of commencement is requested by the contract holder and  
47 agreed to by the insurer;

48 (iii) That the insurer will mail to the contract holder at least  
49 once in each contract year after the first, at his last address known  
50 to the insurer, a report in a form approved by the commissioner,

51 which shall include a statement of the number of units credited to  
52 such contract and the dollar value of a unit as of a date not more  
53 than 2 months previous to the date of mailing and a statement in a  
54 form and of a date approved by the commissioner of the invest-  
55 ments held in the variable contract account designated in such  
56 contract.

57 d. Any individual contract on a variable basis delivered or  
58 issued for delivery in this State shall stipulate the [expense,  
59 mortality, and] investment increment factors to be used in comput-  
60 ing the dollar amount of variable benefits or other contractual pay-  
61 ments or values thereunder, and shall guarantee that expense and  
62 mortality results shall not adversely affect such dollar amounts,  
63 except that such guarantee need not apply to any investment  
64 management fee which is subject to change with the approval by  
65 vote of the persons having beneficial interests in the variable con-  
66 tract account in which such contract participates. The mortality  
67 and investment increment factors used in computing the dollar  
68 amount of variable benefits or other contractual payments or  
69 values under an individual *annuity* contract on a variable basis  
70 shall not produce a larger initial payment than would be produced  
71 by the use of the mortality table or tables specified in N. J. S.  
72 17B:19-8 (the Standard Valuation Law), as amended, and as such  
73 provision may be amended from time to time, as acceptable mini-  
74 mum mortality standards for the valuation of the reserve liabilities  
75 of individual annuity and pure endowment contracts, and an annual  
76 investment increment assumption of 5%.

77 Any group contract on a variable basis delivered or issued for  
78 delivery in the State shall stipulate the expense, mortality and  
79 investment increment factors to be used in computing the dollar  
80 amount payable with respect to a unit of variable benefits pur-  
81 chased thereunder and shall guarantee that expense and mortality  
82 results shall not adversely affect such dollar amounts, except that  
83 such guarantee need not apply to any investment management fee  
84 which is subject to change with the approval by vote of the per-  
85 sons having beneficial interests in the variable contract account in  
86 which such contract participates.

87 "Expense," as used in this subsection (d), may exclude some or  
88 all taxes, as stipulated in the contract.

89 e. [Any contract on a variable basis delivered or issued for  
90 delivery in this State may provide for a death benefit not in excess  
91 of the greater of (i) the sum of the stipulated payments or  
92 premiums paid under the contract and (ii) the amount that would

93 have been payable under the contract upon surrender.] (*Deleted*  
94 *by amendment.*)

1 4. N. J. S. 17B:28-6 is amended to read as follows:

2 17B:28-6. Administration. Any insurer *maintaining one or more*  
3 *separate accounts* [issuing a contract on a variable basis] shall  
4 submit annually to the commissioner a report of the business of its  
5 [variable contract] *separate* accounts. Such report shall be made  
6 either by a separate annual statement for such business or by  
7 suitable additions to such insurer's regular annual statement, in  
8 either case on a form prescribed by the commissioner, and shall  
9 include details as to all of the income, disbursements, assets and  
10 liability items associated with the [variable contract] *separate*  
11 accounts.

12 The commissioner shall make a separate valuation of the assets  
13 of the [variable contract] *separate* accounts and a copy of such  
14 valuation shall be filed in the commissioner's office as a public  
15 document. Such valuation shall be in accordance with section  
16 17B:28-10.

17 The commissioner shall further prescribe by regulation the steps  
18 to be taken by the insurer in disposing of those holdings which at  
19 any time subsequent to purchase fail to meet the standards and  
20 regulations for new investments.

1 5. N. J. S. 17B:28-7 is amended to read as follows:

2 17B:28-7. Separate accounts; approval by commissioner. Any  
3 present or future domestic insurer shall have authority to establish  
4 and operate [a] *one or more* separate [account] *accounts* [known  
5 as a variable contract account. Any insurer may establish more  
6 than one such separate account], *and to issue separate account*  
7 *contracts, whether or not contracts on a variable basis, with the*  
8 *approval of the commissioner, and the issuance or delivery of such*  
9 *contracts in this State by any foreign or alien insurer shall be*  
10 *subject to like approval. The commissioner, in granting or with-*  
11 *holding any such approval, shall consider in addition to the matters*  
12 *referred to in N. J. S. 17B:28-2, 17B:28-5, and 17B:28-15, if*  
13 *applicable, the following:*

14 a. *The type or types of contracts the funds from which will be*  
15 *placed in the separate accounts;*

16 b. *The extent to which, if any, the dollar amount of benefits or*  
17 *other contractual payments or values under such contracts will be*  
18 *guaranteed;*

19 c. *The investment limitations that will be applicable to the*  
20 *separate account;*

21 *d. The manner of valuing the assets of the account and the*  
 22 *method or methods to be used to compute the liabilities arising from*  
 23 *the contracts described in (a);*

24 *e. If such contracts are annuity contracts, whether or not they*  
 25 *will be participating; and*

26 *f. Such other matters as the commissioner shall deem relevant.*

27 *Any such approval by the commissioner may be subject to such*  
 28 *conditions as he may impose as being necessary for the protection*  
 29 *of the public or of such insurer's policyholders. Any approval by*  
 30 *the commissioner pursuant to this section may be granted with*  
 31 *respect to a single separate account or a class of separate accounts*  
 32 *having common characteristics.*

1 6. N. J. S. 17B:28-8 is amended to read as follows:

2 17B:28-8. Amounts placed in accounts; liabilities. Except as  
 3 may be otherwise specifically provided by the contract, all amounts  
 4 **[received in connection]** with respect to any contract on a variable  
 5 basis shall be placed in the variable contract account designated in  
 6 such contract, and all liabilities on any such contract shall be set up  
 7 in said account.

1 7. N. J. S. 17B:28-9 is amended to read as follows:

2 17B:28-9. Investment of assets; eligibility; definition.

3 a. The assets held in a **[variable contract]** separate account, or  
 4 any part thereof, may be invested in

5 (i) Common stock or shares of any investment company speci-  
 6 fied in the contract or contracts participating in such **[variable**  
 7 **contract]** separate account, and registered under the Investment  
 8 Company Act of 1940, whether or not such stock or shares satisfy  
 9 the dividend or earnings history requirements now or hereafter  
 10 contained in the provisions of this Title that regulate investments  
 11 by domestic insurers; provided that at the time of the first purchase  
 12 of such stock or shares of any such investment company, the in-  
 13 surer which maintains such account, or a subsidiary or affiliate of  
 14 such insurer, shall be the investment manager or investment adviser  
 15 of such investment company and, as long as such insurer which  
 16 maintains such account, or any subsidiary or affiliate of such in-  
 17 surer, shall continue as such investment manager or investment  
 18 adviser, the investments acquired by such investment company  
 19 shall be such as would be eligible for investment of **[variable con-**  
 20 **tract]** separate account assets by domestic insurers under the pro-  
 21 visions of this section excluding this clause (i);

22 (ii) Other investments made eligible for investment by domestic  
 23 insurers by the provisions of this Title that regulate investments



24 by domestic insurers, except for investments made eligible by the  
25 provision of chapter 20 of this Title which permits a domestic in-  
26 surer to make loans or investments not otherwise expressly qualified  
27 or permitted up to ~~3%~~ 5% of total admitted assets, as such pro-  
28 vision may be amended from time to time, or any similar or super-  
29 seding provision corresponding in substance thereto;

30 (iii) Investments authorized, specifically or by classes or other-  
31 wise, by the commissioner as appropriate to the nature and purpose  
32 of such ~~variable contract~~ separate account; and

33 (iv) Investments not otherwise eligible under the preceding  
34 clauses of this subsection, provided that at the time of making any  
35 such investment, and immediately after giving effect thereto, the  
36 aggregate cost of all investments held in such ~~variable contract~~  
37 separate account pursuant to this clause (iv) shall not exceed ~~3%~~  
38 5% of the aggregate market value of the assets held in such  
39 ~~variable contract~~ separate account;

40 provided that (A) any common stock or shares, other than com-  
41 mon stock or shares referred to in clause (i) of this subsection  
42 issued by an open-end investment company, shall be (1) common  
43 stock or shares which are listed or admitted to trading on a  
44 securities exchange in the United States of America or Canada, or  
45 (2) common stock or shares which are included on the National As-  
46 sociation of Securities Dealers' national price listings of "over-the-  
47 counter" securities, or (3) other common stock or shares which the  
48 commissioner shall have determined are publicly held and traded  
49 and as to which market quotations shall be available; (B) the  
50 quantitative investment limitations now or hereafter contained in  
51 this Title regulating investments by domestic insurers shall not be  
52 applicable to *investments for separate* ~~variable contract~~  
53 ~~account~~ accounts ~~investments~~, subject to the qualification that  
54 the provision contained in this Title limiting the percentage of  
55 voting stock of any one corporation that may be purchased or  
56 acquired by a domestic insurer, as such provision may be amended  
57 from time to time, or any similar or superseding provision  
58 corresponding in substance thereto, shall apply (subject to the  
59 provisions of section 17B:20-3 as such provisions may be amended  
60 from time to time, or any similar or superseding provisions  
61 corresponding in substance thereto), with respect to the aggregate  
62 of the voting stock of any one corporation held in all accounts of  
63 such insurer, except for all such stock that may be voted at the  
64 direction of a person or persons, other than such insurer or any  
65 subsidiary or affiliate of such insurer; and provided further that,  
66 subject to the next succeeding paragraph of this subsection, no

67 domestic insurer shall purchase for any *separate* [variable con-  
68 tract] account any security (other than common stock or shares  
69 referred to in clause (i) of this subsection issued by an open-end  
70 investment company) of any corporation, if after such purchase  
71 more than 10% of the market value of the assets of such *separate*  
72 [variable contract] account would be invested in the securities of  
73 such corporation.

74 Notwithstanding the foregoing provisions of this section or any  
75 other provision of law, a domestic insurer may [(i)] invest the  
76 assets, or any part thereof, held in a *separate* [variable contract]  
77 account established and maintained solely for one or more group  
78 contracts in any investment or investments authorized by the con-  
79 tract or contracts participating in such account, subject only to  
80 clause (B) of the proviso in the next preceding paragraph of this  
81 subsection relating to the percentage of voting stock of any one  
82 corporation that may be purchased or acquired[, and (ii) vote any  
83 stock or shares held in such an account in accordance with the  
84 instructions of such person or persons designated pursuant to such  
85 contract or contracts participating in such account]. For the  
86 purpose of this paragraph, a group contract shall not include, (1) a  
87 contract which provides benefits to individuals based upon the  
88 investment results of such an account unless such contract imple-  
89 ments a plan (a) which covers at least 100 individuals at the time  
90 of execution of such contract and (b) under which, if the crediting  
91 to such an account of the contributions made by any individual  
92 would affect his benefits under the plan, no portion of his contribu-  
93 tions in excess of 50% is so credited, unless he is offered an alterna-  
94 tive to having such portion so credited or, (2) except with the con-  
95 sent of the commissioner, a contract the holder of which is an  
96 association of individuals or the representative thereof.

97 Except as otherwise provided in this subsection, the investments  
98 held in the [variable contract] *separate* accounts of any domestic  
99 insurer shall be disregarded in determining whether the other in-  
100 vestments of such insurer comply with the provisions of this Title  
101 that regulate investments by domestic insurers as such provisions  
102 may be amended from time to time, or any similar or superseding  
103 provisions corresponding in substance thereto.

104 b. Notwithstanding any other provision of law, [in order to  
105 comply with the Investment Company Act of 1940,] a domestic  
106 insurer may, with respect to any [variable contract] *separate*  
107 account or any portion thereof

108 (i) Exercise any voting rights of any stock or shares in accord-  
109 ance with instructions from the person or persons *specified in, or*

110. *designated pursuant to, the contract or contracts participating*  
111 **[having the beneficial interests in such account ratably according**  
112 **to their respective interests]** in such account, or

113 (ii) Establish a committee for such account, the members of  
114 which may be directors or officers or other employees of such in-  
115 surer, or persons having no such relationship to such insurer, or  
116 any combination thereof, who may be elected to such membership  
117 by the vote of the persons having the beneficial interests in such  
118 account ratably according to their respective interests in such  
119 account *or in such other manner as the insurer shall deem appro-*  
120 *priate.* Such committee may have the power, which may be exer-  
121 cisable alone or in conjunction with others, or which may be dele-  
122 gated to such insurer or any other person, as investment manager  
123 or investment adviser, to authorize purchases and sales of invest-  
124 ments for such account *and to take such other action with respect*  
125 *to account investments as it shall deem appropriate,* provided that  
126 as long as such insurer or any subsidiary or affiliate of such insurer  
127 shall be the investment manager or investment adviser of such  
128 account, the investments of such account shall be eligible under the  
129 provisions of subsection (a) of this section. **[If compliance with**  
130 **the Investment Company Act of 1940 shall involve only a portion**  
131 **of a variable contract account,]** **[such]** *Such insurer may establish*  
132 *such a committee for only [such] a portion of a separate account,*  
133 *and its members may be similarly elected [by the vote of the per-*  
134 *sons having the beneficial interests in such portion].* Any such  
135 committee for only a portion of a **[variable contract]** *separate*  
136 *account may be given the further power to require the subdivision*  
137 *of such account into 2 accounts so that the portion with respect to*  
138 *which such committee shall be acting shall constitute a separate*  
139 **[variable contract]** *account.* If such committee shall so require,  
140 the insurer shall segregate from the account being so subdivided  
141 a portion of **[each]** *the [asset] assets* held with respect to the  
142 reserve liabilities of such account. Such portion shall be in the  
143 same proportion to the total of such asset as the reserve liability  
144 for the portion of the account with respect to which such committee  
145 is acting bears to the total reserve liability of such account; and  
146 notwithstanding any other provision of law, the assets so segre-  
147 gated shall be transferred to a separate **[variable contract]** *account*  
148 *with respect to which such committee shall act.*

149 c. The investments held in a **[variable contract]** *separate*  
150 *account and the liabilities chargeable against it shall at all times be*  
151 *clearly identifiable and distinguishable from the other investments*

152 and liabilities of the insurer. To the extent provided in the appli-  
 153 cable contract or contracts, assets held in a *separate* [variable  
 154 contract] account shall not be chargeable with liabilities arising out  
 155 of any other business of the corporation.

156 No sale, transfer or exchange of investments may be made  
 157 between a [variable contract] *separate* account and any other  
 158 investment account of the insurer, except with the prior consent of  
 159 the commissioner, and no investments held in a [variable contract]  
 160 *separate* account, *other than an account of the kind described in the*  
 161 *penultimate paragraph of subsection (a) of this section*, shall be  
 162 pledged or transferred as collateral for a loan.

163 d. The term "Investment Company Act of 1940" as used in this  
 164 section shall mean an act of Congress approved August 22, 1940  
 165 entitled "Investment Company Act of 1940" as amended from time  
 166 to time, or any similar statute enacted in substitution therefor.

1 8. N. J. S. 17B:28-10 is amended to read as follows:

2 17B:28-10. Valuation of assets. *Except as the commissioner*  
 3 *may require or permit a different basis of valuation, the* [The]  
 4 valuation of [variable contract] *separate* account assets for all  
 5 purposes, including annual reports of the insurer to the commis-  
 6 sioner, shall be determined in accordance with the market value of  
 7 such assets notwithstanding the application of other valuation  
 8 methods to assets of the insurer other than the assets of [variable  
 9 contract] *separate* accounts. *If there shall be no readily available*  
 10 *market for any such assets, their market value may be determined*  
 11 *by reference to opinions or estimates based upon reasonably*  
 12 *current transactions in similar investments with such adjustments,*  
 13 *if any, as shall be deemed appropriate to take into account any*  
 14 *dissimilarities in the investment being valued, or such other method*  
 15 *as shall reflect what a willing buyer, under no pressure to buy,*  
 16 *would pay a willing seller, under no pressure to sell, for such in-*  
 17 *vestment.* The net asset value of common stock or shares of any in-  
 18 vestment company which is an open-end company shall be deemed  
 19 to be the market value thereof. Such valuation may be made as of  
 20 such valuation dates as the insurer shall establish from time to  
 21 time, except as otherwise required for such annual reports to the  
 22 commissioner.

1 9. N. J. S. 17B:28-13 is amended to read as follows:

2 17B:28-13. Distribution to stockholders. Any stock insurer  
 3 which establishes and operates one or more [variable contract]  
 4 *separate* accounts may withdraw therefrom for distribution to or  
 5 for the benefit of stockholders as to any calendar year an amount  
 6 which, when added to amounts so withdrawn as to the 4 preceding

7 calendar years, does not exceed 3% of the aggregate of gross in-  
8 vestment earnings and the net of profits and losses of such account  
9 for such 5 calendar years.

1 10. N. J. S. 17B:28-14 is amended to read as follows:

2 17B:28-14. Regulation of *separate account* contracts [issued on  
3 a variable basis], insurers issuing the same and sales agents. The  
4 commissioner shall have the sole and exclusive authority to regu-  
5 late the issuance and sale of *separate account* contracts [on a  
6 variable basis]; and such contracts, the insurers which issue them  
7 and the agents or other persons who sell them shall not be subject  
8 to the Uniform Securities Law (1967) (P. L. 1967, c. 93) as amended  
9 or supplemented, in the issuance or sale of such contracts.

1 11. (New section) Except for N. J. S. 17B:25-3, 17B:25-8,  
2 17B:25-9, 17B:25-13, 17B:25-19 and 17B:27-11, in the case of a  
3 variable life insurance policy and except as otherwise provided in  
4 this act, all pertinent provisions of Title 17B of the New Jersey  
5 Statutes shall apply to separate accounts and contracts relating  
6 thereto. Any individual variable life insurance contract, delivered  
7 or issued for delivery in this State shall contain loan, grace, rein-  
8 statement and nonforfeiture provisions acceptable to the commis-  
9 sioner. Any group variable life insurance contract, delivered or  
10 issued for delivery in this State shall contain a grace provision  
11 appropriate to such a contract. The commissioner shall have the  
12 sole authority to issue such reasonable rules and regulations as  
13 may be appropriate to carry out the purposes and provisions of  
14 this act.

1 12. This act shall take effect immediately.

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#### STATEMENT

The purpose of this bill is expressed in its title.

This bill makes many technical amendments to the present New Jersey Separate Account Law, which has been in effect since 1959. These changes have the approval of the New Jersey Department of Insurance, and are designed to accomplish the following:

- A. Permit the sale in New Jersey of variable life insurance.
- B. Allow the creation of separate accounts that are not on a variable basis.
- C. Broaden the authority to establish committees to supervise the investments of some separate accounts.
- D. Permits the Department of Insurance to issue rules and regulations pertaining to separate accounts.

7 calendar years, does not exceed 3% of the aggregate of gross in-  
 8 vestment earnings and the net of profits and losses of such account  
 9 for such 5 calendar years.

1 10. N. J. S. 17B:28-14 is amended to read as follows:

2 17B:28-14. Regulation of *separate account* contracts [issued on  
 3 a variable basis], insurers issuing the same and sales agents. The  
 4 commissioner shall have the sole and exclusive authority to regu-  
 5 late the issuance and sale of *separate account* contracts [on a  
 6 variable basis]; and such contracts, the insurers which issue them  
 7 and the agents or other persons who sell them shall not be subject  
 8 to the Uniform Securities Law (1967) (P. L. 1967, c. 93) as amended  
 9 or supplemented, in the issuance or sale of such contracts.

1 11. (New section) Except for N. J. S. 17B:25-3, 17B:25-8,  
 2 17B:25-9, 17B:25-13, 17B:25-19 and 17B:27-11, in the case of a  
 3 variable life insurance policy and except as otherwise provided in  
 4 this act, all pertinent provisions of Title 17B of the New Jersey  
 5 Statutes shall apply to separate accounts and contracts relating  
 6 thereto. Any individual variable life insurance contract, delivered  
 7 or issued for delivery in this State shall contain loan, grace, rein-  
 8 statement and nonforfeiture provisions acceptable to the commis-  
 9 sioner. Any group variable life insurance contract, delivered or  
 10 issued for delivery in this State shall contain a grace provision  
 11 appropriate to such a contract. The commissioner shall have the  
 12 sole authority to issue such reasonable rules and regulations as  
 13 may be appropriate to carry out the purposes and provisions of  
 14 this act.

1 12. This act shall take effect immediately.

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#### STATEMENT

The purpose of this bill is expressed in its title.

This bill makes many technical amendments to the present New Jersey Separate Account Law, which has been in effect since 1959. These changes have the approval of the New Jersey Department of Insurance, and are designed to accomplish the following:

A. Permit the sale in New Jersey of variable life insurance.

B. Allow the creation of separate accounts that are not on a variable basis.

C. Broaden the authority to establish committees to supervise the investments of some separate accounts.

D. Permits the Department of Insurance to issue rules and regulations pertaining to separate accounts.

ASSEMBLY COMMERCE, BANKING AND INSURANCE  
COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 1874**

—◆—  
**STATE OF NEW JERSEY**  
—◆—

DATED: APRIL 23, 1976

This bill makes amendments to the present New Jersey Separate Account Law, and is designed to permit the sale in New Jersey of variable life insurance, allow the creation of separate accounts that are not on a variable basis, and broaden the insurer's authority to establish committees to supervise the investments of certain separate accounts. The Commissioner of Insurance would be granted the authority to promulgate rules and regulations pertaining to separate accounts.

SENATE LABOR, INDUSTRY AND  
PROFESSIONS COMMITTEE

STATEMENT TO  
ASSEMBLY, No. 1874

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STATE OF NEW JERSEY

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DATED: OCTOBER 7, 1976

This bill makes amendments to the present New Jersey Separate Account Law, and is designed to permit the sale in New Jersey of variable life insurance, allow the creation of separate accounts that are not on a variable basis, and broaden the insurer's authority to establish committees to supervise the investments of certain separate accounts. The Commissioner of Insurance would be granted the authority to promulgate rules and regulations pertaining to separate accounts.