

17:30 B-10

LEGISLATIVE HISTORY CHECKLIST

NJSA 17:30B-10

Laws of 1975 Chapter 76

Bill No. A2227

Sponsor(s) Salkind & Others

Date Introduced December 3, 1974

Committee: Assembly Banking & Insurance

Senate Labor, Industry & Professions

Amended during passage  Yes  No

Date of passage: Assembly February 24, 1975

Senate April 17, 1975

Date of approval May 1, 1975

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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10/4/76  
JUN 1977

ASSEMBLY, No. 2337

STATE OF NEW JERSEY

INTRODUCED DECEMBER 3, 1974

By Assemblymen SALKIND, FITZPATRICK, Assemblywoman BERMAN, Assemblymen VAN WAGNER, FLYNN, KOZLOSKI, Assemblywoman CURRAN and Assemblyman RYS

Referred to Committee on Banking and Insurance

AN ACT to amend "An act authorizing the Commissioner of Insurance to establish Special Joint Underwriting Associations, prescribing the powers, duties and functions thereof and supplementing Title 17 of the Revised Statutes," approved September 19, 1974 (P. L. 1974, c. 106).

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

1 1. Section 10 of P. L. 1974, c. 106 (C. 17:30B-10) is amended to  
2 read as follows:

3 10. a. A surcharge on insurance policies of the kind which are  
4 being assumed by the associations created hereunder shall be levied  
5 in amounts sufficient to recoup over a reasonable length of time a  
6 sum equal to the amounts necessary for reimbursement pursuant  
7 to section 5 b. of this act. The surcharge shall be a separate charge  
8 to the insured in addition to the premium to be paid and shall be  
9 reflected as such in the policy. The insurer shall be prohibited from  
10 absorbing such surcharge as an inducement for insurance or any  
11 other reason.

12 b. The amount of such surcharge shall be determined by the  
13 commissioner, but in no event shall the surcharge on any policy  
14 exceed **[\$2.00 per year]** *one-half of 1% of the policy premium.*

15 c. At any time moneys are recoverable from Gateway Insurance  
16 Company or any of its brokers or agents, or Financial Capital  
17 Corporation or any other lending institution financing Gateway  
18 auto insurance policies for New Jersey residents, or FISCO, Inc.,  
19 or any other subsidiary of FISCO, Inc. or any of its brokers or  
20 agents, said moneys shall be reimbursed to New Jersey automobile

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

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21 insurance policyholders in proportion to the surcharge imposed  
22 upon them under this act by virtue of rules and regulations adopted  
23 and promulgated by the Commissioner of Insurance; it being  
24 understood that all such reimbursement of moneys shall be within  
25 the scope of the Federal Bankruptcy laws.

1 2. This act shall take effect immediately.

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#### STATEMENT

The purpose of this bill is to correct an inequity which has become apparent in legislation that was enacted earlier this year to deal with insolvency of insurance companies. Under this legislation the Commissioner of Insurance is authorized to establish special underwriting associations to continue insurance coverage for claimants and policyholders of insolvent insurers, and surcharges on insurance policies of the same kind as those assumed are authorized to cover the costs arising from such assumption. The amount of such surcharge is subject to a maximum limit of \$2.00 per year on any policy.

Unfortunately, this dollar limit would apply equally to a small, individual policyholder as well as a large, commercial policyholder. Even though the insurance needs and policy premiums of different policyholders might vary greatly, the surcharge limit would be the same. A large trucking firm with a fleet insurance policy could not be required to pay much more than an individual with a single, passenger vehicle policy.

This bill will correct this inequity by changing the surcharge limit from \$2.00 per year to one-half of 1% of the policy premium.