

17:23-4

April 30, 1971

LEGISLATIVE NOTES ON R.S. 17:23-4
(Compulsory examination of life insurance companies)
(1970 amendment)

L. 1970, Chapter 139 - S772
Introduced April 13, 1970 by Bateman.
Bill had statement (copies enclosed).
Not amended during passage.

No clippings located at:

V.F. - N.J. - Insurance-Life.
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SENATE, No. 772

STATE OF NEW JERSEY

INTRODUCED APRIL 13, 1970

By Senator BATEMAN

Referred to Committee on Insurance

AN ACT to change the frequency of the compulsory examination by the Commissioner of Insurance of every life insurance company of this State from 3 to 5 years and amending R. S. 17:23-4.

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

1 1. R. S. 17:23-4 is amended to read as follows:

2 17:23-4. The commissioner may, whenever he deems it expedient,
3 make or cause to be made, an examination of the assets and liabil-
4 ities, method of conducting business and all other affairs of any
5 insurance company authorized to transact business in this State,
6 and shall make such an examination of every life insurance com-
7 pany of this State at least once in **[3]** 5 years. For the purpose of
8 the examination the commissioner may authorize and employ such
9 person or persons to conduct the same or to assist therein as he
10 deems advisable. The examination may be conducted in any State
11 or country in which the company examined is incorporated or has
12 an office, agent or place of business.

13 The reasonable expenses of the examination shall be fixed and
14 determined by the commissioner, and he shall collect them from
15 the corporation examined, which shall pay them on presentation
16 of a detailed account of the expenses.

17 If any company, after the examination, is adjudged insolvent by
18 the Superior Court, the expense of the examination, if unpaid,
19 shall be ordered paid out of the assets of the company.

20 No insurance company shall, either directly or indirectly pay,
21 by way of gift, credit or otherwise, any other or further sum to
22 the commissioner or to any person in the employ of the department,
23 for extra service or for purposes of legislation, or for any other
24 purpose.

1 2. This act shall take effect immediately.

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

STATEMENT

The proposed legislation would provide the Commissioner of the Department of Insurance with greater flexibility in examining the assets and liabilities of insurance companies.

The present requirement is that all insurance companies shall be examined at least once every 3 years. Given limited staff, the frequency of this requirement makes it difficult to do an in-depth analysis of any one corporation. Yet, it is apparent that it would be preferable to focus examination efforts on the "shakier" companies, since the purpose of the section to be amended is to insure stability and prevent bankruptcy.

Given that purpose, it is also logical that the larger more "established" firms need not be reviewed as frequently as once every 3 years.

By extending the period to 5 years, present staff could do the required in-depth analyses and meet the requirement of any analysis of all corporations periodically. The commissioner would still have the discretion to review even an "established" insurance company at any time.