

17B:18-13

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(Life and health insurance--
amendments)

NJSA: 17B:18-13

LAWS OF: 1973 **CHAPTER:** 22

BILL NO: S796

SPONSOR(S): Stout and others

DATE INTRODUCED: March 20, 1972

COMMITTEE: **ASSEMBLY:** Insurance
SENATE: Labor

AMENDED DURING PASSAGE: No

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SENATE: May 15, 1972

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FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: No

COMMITTEE STATEMENT: **ASSEMBLY:** No
SENATE: Yes

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MESSAGE ON SIGNING: No

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HEARINGS: No

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SENATE, No. 796

STATE OF NEW JERSEY

INTRODUCED MARCH 20, 1972

By Senators STOUT, CAFIERO and LYNCH

Referred to Committee on Labor, Industry and Professions

AN ACT concerning insurance and revising parts of the statutory
law.

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

1 1. Section 1 of P. L. 1959, c. 168 (C. 17:38-1.1) is amended to
2 read as follows:

3 1. One year after the effective date of this supplementary act,
4 and thereafter, no domestic, foreign or alien fraternal benefit
5 society authorized to do business in this State shall issue or deliver
6 in this State any certificate or other evidence of any contract of
7 insurance or endorsement thereto against loss or damage from the
8 sickness, or the bodily injury or death of the insured by accident,
9 except in conformity with the [act to which this act is a supple-
10 ment] *provisions of chapter 26 of Title 17B of the New Jersey*
11 *Statutes.*

1 2. Section 2 of P. L. 1959, c. 168 (C. 17:38-1.2) is amended to
2 read as follows:

3 2. [Sections 2 and 12 of the act to which this act is a supple-
4 ment] *Section 17B:26-2 of Title 17B* shall not apply to fraternal
5 benefit societies nor shall that part of section [3] *17B:26-4* apply
6 which requires that the policy, including the endorsements and the
7 attached papers, if any, constitutes the entire contract of insurance.
8 The word "policy" as used in [the act to which this act is a supple-
9 ment] *chapter 26 of Title 17B* shall mean "certificate" as applied
10 to fraternal benefit societies.

1 3. Section 6 of P. L. 1960, c. 32 (C. 17:22-6.40) is amended to
2 read as follows:

3 6. Section 6 through 31 of this act (C. 17:22-6.40 through
4 17:22-6.65) constitute and may be referred to as "the surplus lines

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

5 law." This act does not apply to life insurance [and annuity con-
 6 tracts] *companies writing life insurance, accident and health in-*
 7 *surance and annuities*, nor to risks insured under exceptions (e) and
 8 (f) of section 3 of this act (*C. 17:22-6.37*), nor to insurance cover-
 9 ages which are independently procured as provided in section 30
 10 (*C. 17:22-6.64*) of this act.

1 4. N. J. S. 17B:18-13 is amended to read as follows:

2 17B:18-13. The qualified voters of the insurer shall consist of
 3 every policyholder who is [21] 18 years of age or more and whose
 4 policy has been in force for at least 1 year. For the purposes of this
 5 section the term "policyholder" shall mean a. the person insured
 6 under an individual policy of life or health insurance, except where
 7 such policy declares some other person to be the owner thereof, in
 8 which case such owner shall be deemed to be the policyholder, b. the
 9 person to whom any annuity or pure endowment is presently or
 10 prospectively payable by the terms of an individual annuity or
 11 pure endowment contract except where the policy or contract
 12 declares some other person to be the owner thereof, in which case
 13 such owner shall be deemed to be the policyholder, c. the policy-
 14 holder of any group life or health policy and d. the contract holder
 15 of any group annuity contract.

1 5. N. J. S. 17B:18-23 is amended to read as follows:

2 17B:18-23. The qualified voters of the insurer shall consist of
 3 every policyholder who is [21] 18 years of age or more and whose
 4 policy has been in force for at least 1 year. For the purposes of this
 5 section the term "policyholder" shall mean a. the person insured
 6 under an individual policy of life or health insurance, except where
 7 such policy declares some other person to be the owner thereof, in
 8 which case such owner shall be deemed to be the policyholder, b. the
 9 person to whom any annuity or pure endowment is presently or
 10 prospectively payable by the terms of an individual annuity or pure
 11 endowment contract except where the policy or contract declares
 12 some other person to be the owner thereof, in which case such
 13 owner shall be deemed to be the policyholder, c. the policyholder
 14 of any group life or health policy and d. the contract holder of any
 15 group annuity contract.

1 6. N. J. S. 17B:18-26 is amended to read as follows:

2 17B:18-26. If the public directors shall file a demand pursuant to
 3 section 17B:18-24 that other candidates be nominated, the election
 4 shall be according to the method prescribed in this section as
 5 follows:

6 a. The commissioner within 30 days after the receipt of such
7 demand by the public directors, shall appoint a nominating com-
8 mittee of 15 of such qualified voters who shall appear to the com-
9 missioner to be willing and qualified to select a candidate for each
10 of the offices of the elected directors whose terms of office expire
11 at the date of the next ensuing election. No officer, director, em-
12 ployee or agent of the corporation, nor any relative thereof by
13 blood or connection by marriage in nearer degree than second
14 cousin, nor any person who shall have served on such a nomi-
15 nating committee at any previous time, shall be eligible to be named
16 by the commissioner to serve upon such nominating committee.
17 The commissioner shall forthwith cause notice of the time and
18 place of the first meeting of such committee to be sent to each
19 member thereof. Within 30 days following the appointment or
20 within such further period of time not exceeding 15 days as may
21 be determined by the commissioner, the nominating committee shall
22 by a majority vote select a candidate, suitable by training and
23 experience to serve, for each such office of elected director, other
24 than any candidate nominated by the board of directors, and shall
25 within such period file with the commissioner a certificate setting
26 forth the names, addresses and occupations of the candidates so
27 nominated, together with a statement in writing from each of such
28 candidates that he will accept if elected. The commissioner shall
29 notify the secretary of the corporation of the names, addresses and
30 occupations of the candidates so selected by the nominating com-
31 mittee.

32 b. When nominations shall have been made by such nominating
33 committee, the commissioner shall cause notice of the election to
34 be published at least 4 times at intervals of not less than 1 week,
35 the first publication to be not more than 5 months and the last
36 publication not less than 3 months prior to the date of the election
37 in at least three newspapers published in each state of the United
38 States and in each province of Canada in which the corporation is
39 authorized to do business, one of such publications in each state
40 or province to be, whenever possible, in a newspaper published in
41 the capital city of such state or province. Not less than 4 months
42 prior to the date of the election, copies of such notice shall be posted
43 in such offices maintained by the corporation as the commissioner
44 may direct, in a conspicuous place to which the general public has
45 access, and shall remain so posted until the record date hereinafter
46 specified. Such notice shall contain the names, addresses and occu-
47 pations of the candidates nominated by the board of directors and

48 of the candidates nominated by the nominating committee, and shall
49 advise the policyholders as to the procedure required by sections
50 17B:18-18 to 17B:18-28, inclusive, to be followed in voting. The
51 death or withdrawal of any candidate or the nomination of any
52 candidate in his place before or after the completion of publication
53 or posting shall not invalidate such notice. The omission of any
54 publication or posting herein prescribed shall not invalidate such
55 notice nor the election to which it relates.

56 c. The commissioner shall prepare the form of ballot which
57 shall contain: (1) the names of the candidates for director nomi-
58 nated by the board of directors, and so designated, and separately
59 the names of the candidates for director nominated by the nomi-
60 nating committee, and so designated; (2) the following statement:
61 "The Commissioner of Insurance of New Jersey neither approves
62 nor disapproves the nomination of any of the aforesaid candi-
63 dates"; (3) blank lines for the insertion of the policy number and
64 signature of the qualified voter; and (4) such instructions for the
65 proper completion of the ballot as the commissioner may deem
66 necessary, including a statement of the date of the election and that
67 the ballot must be received on or before such date. Each ballot shall
68 be accompanied by a gummed postpaid return envelope, addressed
69 to the commissioner, on which the words "Ballot for Directors"
70 shall be printed. The commissioner shall cause ballots to be mailed
71 at least 30 days prior to the date of the election to all applicants
72 for ballots who appear to him, after checking the applications
73 against the records of the corporation, to be qualified voters of the
74 corporation on the record date. No election shall be held invalid
75 by reason of any irregularity or failure in the preparation or for-
76 warding of any ballots pursuant hereto.

77 d. Each qualified voter of the corporation shall be entitled to
78 cast one vote and all ballots shall be cast by mail upon the forms
79-80 provided and shall be according to the provisions of sections
81 17B:18-18 to 17B:18-28, inclusive, any existing law of this State to
82 the contrary notwithstanding. Policyholders who are qualified
83 voters may obtain ballots by applying therefor either in person or
84 by mail to the commissioner, or to any office maintained by the cor-
85 poration, on or before the record date which shall be 70 days prior
86 to the date of the election, stating in such application for a ballot,
87 the name, address, policy number and date of birth of the applicant,
87A The corporation shall prepare a list or other catalog of the appli-
87B cants for ballots in such form as the commissioner may direct,
88 showing the name, address and policy number of the applicant,
89 whether or not he is **[21]** 18 years of age or more and whether his

90 policy has been in force at least 1 year ; and such list or catalog shall
91 specify any applicants for ballots appearing not to be qualified
92 voters of the corporation according to its records, with a statement
93 of the reason therefor. Such list or catalog shall be transmitted at
94 least 40 days before the date of the election to the commissioner.
95 The commissioner shall cause notice of disqualification to be given
96 to any applicant who shall appear to him to be not a qualified voter
97 of the corporation, with a statement of the reason therefor ; and
98 shall grant such applicant reasonable opportunity, within such
99 period as may be fixed by the commissioner in his sole discretion,
100 to present facts in support of his application. The list or catalog,
101 shall remain on file with the commissioner until 30 days after the
102 election and shall be open to inspection by any qualified voter of
103 the corporation, as the commissioner shall determine.

104 e. Ballots received by the commissioner on or before the date of
105 the election shall be canvassed by the commissioner. The commis-
106 sioner may employ such persons to assist him in canvassing the
107 ballots as he deems necessary. No ballot shall be counted unless
108 it is received by the commissioner on or before the date of the
109 election, nor unless it shall set forth the number of the qualified
110 voter's policy, be signed by him in person and be completed in
111 accordance with the instructions appearing thereon ; and no ballot
112 shall be counted if cast for any person other than for one nominated
113 as provided in sections 17B:18-18 to 17B:18-28, inclusive, nor if
114 cast for more than the number of elected directors whose offices are
115 to be filled at such election. The commissioner shall be the sole
116 judge as to the qualifications of the voters and the proper casting of
117 the ballots. All ballots received by the commissioner shall at the
118 conclusion of the election be placed in sealed packages and pre-
119 served by him for at least 1 year from the date of the election. The
120 four persons receiving the highest number of votes for the offices of
121 elected director to be filled shall be elected for full terms. In case
122 two or more persons shall receive the same number of votes for the
123 same office, the commissioner shall decide the election by lot. At
124 the conclusion of the election, the commissioner shall certify in
125 writing to the secretary of the corporation the result thereof.

126 f. In case of the death or withdrawal of any candidate prior to a
127 date 50 days before the date of the election, the board of directors
128 or the nominating committee, whichever shall have nominated such
129 candidate, shall nominate a candidate in his place by filing not later
130 than 40 days before the date of the election a certificate similar to
131 that required for the original nominations ; and in case of the death
132 or withdrawal of any candidate within 50 days before the date of

133 the election, no substitution of a candidate shall be made to take
 134 the place of the candidate so dying or withdrawing, and the election
 135 shall nevertheless proceed. If the report of the canvass of the votes
 136 at the election shows the number of votes so cast for the candidates
 137 so dying or withdrawing, for whom no substitution shall have been
 138 made, was such that he would have been elected except for the fact
 139 of his death or withdrawal, a vacancy in the board of directors shall
 140 be deemed to have occurred as of the date of the election and the
 141 same shall be filled by a majority vote of the entire number of either
 142 the board of directors or the nominating committee, whichever shall
 143 have nominated such candidate.

144 g. The commissioner shall conduct the election, may make such
 145 reasonable regulations for the conduct of the election not incon-
 146 sistent with the provisions of sections 17B:18-18 to 17B:18-28, in-
 147 clusive, as may appear to him to be necessary or desirable, and
 148 shall authorize payment of expenses incurred by the corporation
 149 for the purpose of advising policyholders, to the extent and in the
 150 manner he deems appropriate, as to the qualifications of the candi-
 151 dates. He may employ such persons as he may consider necessary
 152 to assist him in the performance of the duties imposed upon him
 153 under sections 17B:18-18 to 17B:18-28, inclusive, and may require
 154 the corporation to furnish assistance in such respects and in such
 155 manner as he may direct. All expenses incurred by the commis-
 156 sioner or by the nominating committee with the approval of the
 157 commissioner, in performing any of the duties imposed upon them
 158 by this act shall be borne by the corporation, and shall be paid by it
 159 upon the order of the commissioner. If the commissioner shall so
 160 request, the corporation shall advance to the commissioner funds
 161 reasonably sufficient to defray such expenses and the commissioner
 162 shall remit such funds to the State Treasurer as custodian thereof.
 163 The State Treasurer shall hold such funds separate from all other
 164 State moneys and shall disburse the same only upon vouchers
 165 signed by the commissioner, who shall account to the corporation
 166 therefor.

1 7. N. J. S. 17B:18-44 is amended to read as follows:

2 17B:18-44. A domestic insurer which purchases stock of another
 3 **[insurer]** *insurance company* in compliance with section 17B:20-4
 4 may pay therefor in cash or its equivalent or in its own capital stock,
 5-6 and may issue its capital stock in payment to the persons from whom
 7 the same may be purchased or acquired, or otherwise for the
 8 purpose of the purchase or acquisition. The stock so purchased
 9 or acquired shall constitute lawful payment for the capital stock
 10 issued to purchase or acquire it and any capital stock so issued

11 shall be deemed a part of the capital of the issuing company. The
 12 company may exhibit the amount of capital so paid up in its
 13 advertisements.

1 8. N. J. S. 17B:18-48 is amended to read as follows:

2 17B:18-48. When an [insurance company] *insurer* doing busi-
 3 ness in this State advertises its assets, it shall, in the same connec-
 4 tion and equally conspicuously, advertise its liabilities, the same to
 5-6 be determined in the manner required in making the annual state-
 7 ments to the commissioner. All advertisements purporting to show
 8 the capital of the company shall exhibit only the amount of capital
 9 actually paid in cash. In the case of a company organized under
 10 the laws of a foreign country, its assets shall be considered to be
 11 only the amounts deposited with the officials of the several states
 12 of the union or held by trustees in the United States for the benefit
 13 of the policyholders and creditors of the company in the United
 14 States. All policies, renewals, signs, circulars, cards, or other
 15 means by which public announcements are made, shall be held to
 16 be advertisements within the meaning of this section.

1 9. N. J. S. 17B:18-52 is amended to read as follows:

2 17B:18-52. No domestic insurer shall:

3 a. Pay any salary, compensation or emolument to any of its
 4 officers, directors[,] or trustees, [or employees,] or any salary,
 5 compensation or emolument amounting in any year to more than
 6 \$30,000.00 to any person, unless the payment is first authorized
 7 by a vote of its board of directors;

8 b. Make any agreement with any of its officers, trustees or
 9 salaried employees whereby it agrees that for any service rendered
 10 or to be rendered he shall receive any salary, compensation or
 11 emolument that will extend beyond a period of 24 months from the
 12 date of the agreement, but nothing herein shall be construed to
 13 prevent a domestic insurer from deferring the payment of any
 14 salary, compensation or emolument for such period of time and
 15 upon such terms as it may determine or from entering into con-
 16 tracts with its agents or brokers for the payment of renewal
 17 commissions.

18 c. Grant any pension to any officer, director, employee or trustee
 19 thereof or to any member of his family after his death, except that
 20 according to a plan submitted to and approved by the commis-
 21 sioner it may: (1) grant to its salaried officers and employees re-
 22 tirement and disability allowances and death benefits; (2) establish
 23 a profit sharing plan which meets the requirements of section
 24 401(a) of the Internal Revenue Code of 1954 or any similar legisla-
 25 tion which might take its place and which plan, at the option of the

26 insurer, may be in addition to any existing pension plan; and except
27 that it may with the approval of the commissioner provide reason-
28 able supplemental retirement allowances to any of its salaried
29 officers and employees and their dependents, whose retirement
30 benefits under the insurer's plan or plans are, in the opinion of its
31 board of directors, inadequate. Such allowances shall not exceed
32 the greater of \$3,000.00 per annum and the excess, if any, of 50%
33 of the individual's average salary, based on the 5 years im-
34 mediately prior to retirement, over such retirement benefits.

1 10. N. J. S. 17B:20-2 is amended to read as follows:

2 17B:20-2. No domestic insurer shall purchase more than 8% of
3 any class of stock which entitles the holder thereof to vote at all
4 elections of directors of any one corporation, unless it be: a
5 municipal corporation; a corporation engaged primarily in a
6 business involving the owning, developing, operating or leasing of
7 real property; or an investment company within the meaning of
8 the Investment Company Act of 1940 for which such insurer or
9 its subsidiary is the investment manager or investment adviser,
10 provided, that such investment company shall not own, control or
11 hold in its portfolio any investment which, if added to the other
12 investments of such insurer, would result in such insurer holding
13 more than 8% of any class of stock which entitles the holder
14 thereof to vote at all elections of directors of any one corporation.
15 No such insurer shall hold more than 8% of any such class of stock
16 of any investment company pursuant to this section at any time
17 when such insurer could not purchase such stock pursuant to the
18 foregoing provisions of this section. Neither shall the amount in-
19 vested by any such insurer in the voting stock of any one corpora-
20 tion exceed 2% of the total admitted assets of such insurer as of
21 December 31 next preceding, nor shall the aggregate investment in
22 the common stock of all corporations (exclusive of investments in
23 the common stock of subsidiaries pursuant to section 17B:20-4)
24 valued at cost exceed 15% of such assets except that to the extent
25 that such aggregate investment in stock exceeds 10% of such assets,
26 further investments shall be subject to regulation by the commis-
27 sioner under a formula which shall take into consideration the
28 actual mandatory securities valuation reserve, as defined by the
29 Subcommittee on Valuation of Securities of the National Associa-
30 tion of Insurance Commissioners, held by a company which is ap-
31 plicable to such stocks in the corresponding annual statement filed
32 with the department, nor shall the amount invested in the evidences
33 of indebtedness, preferred stock and certificates of receivers of any
34 one institution exceed 5% of such assets. Nothing herein contained

35 shall prevent any such insurer from purchasing, investing in or
 36 otherwise acquiring the voting stock of certain corporations as
 37 hereinafter provided in sections 17B:20-3 and 17B:20-4.

38 No investment shall be made by any such insurer unless the same
 39 shall be authorized by the board of directors, or by a committee
 40 thereof charged with the duty of supervising such investment, or
 41 shall be made in conformity with standards approved by such *board*
 42 *of directors* or such committee.

43 No such insurer shall enter into any agreement to withhold from
 44 sale any of its property or jointly or severally enter into any agree-
 45 ment to purchase the unsold amount of securities which are the
 46 subject of an offering for sale to the public or otherwise to
 47 guarantee the sale of such securities.

48 Nothing contained in this section shall prevent any such insurer
 49 from distributing shares of an investment company within the
 50 meaning of the Investment Company Act of 1940 for which such
 51 insurer or its subsidiary is the investment manager or investment
 52 adviser.

53 Any insurer may enter into an agreement to acquire any invest-
 54 ment permitted by law, directly with the issuer or owner thereof,
 55 and may participate with other investors provided that the obliga-
 56 tions of such insurer and such other investors shall be several and
 57 not joint.

58 The term "Investment Company Act of 1940" as used in this
 59 section shall mean an act of Congress approved August 22, 1940
 60 entitled "Investment Company Act of 1940" as amended from
 61 time to time, or any similar statute enacted in substitution there-
 62 for.

1 11. N. J. S. 17B:22-6 is amended to read as follows:

2 17B:22-6. Any person who solicits an application for life in-
 3 surance, health insurance or annuity, *other than a broker*, shall, in
 4 any controversy relating thereto between the insured or his bene-
 5 ficiary and the company issuing any contract upon the application,
 6 be regarded as the agent of the company, and not as the agent of
 7 the insured.

1 12. N. J. S. 17B:23-6 is amended to read as follows:

2 17B:23-6. Sections 17B:23-6 through **[17B:23-12]** 17B:23-11
 3 are deemed and declared to be remedial legislation for the protec-
 4 tion of the health and welfare of persons resident in this State by
 5 subjecting nonadmitted insurers which solicit, insure, or cause to
 6 be solicited such resident persons to the laws which govern all
 7 foreign insurers which do business in the State of New Jersey.

8 These provisions shall be liberally construed to effectuate its pur-
9 pose and intent.

1 13. N. J. S. 17B:23-7 is amended to read as follows:

2 17B:23-7. Whenever used or referred to in sections 17B:23-6 to
3 ~~17B:23-12~~ 17B:23-11 the term "commissioner" shall mean the
4 Commissioner of Insurance.

1 14. 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
22 except the name and address of the insurer, name or title of the
23 policy, the brief description if any, and captions and subcaptions);
24 and

25 (5) the exceptions and reductions of indemnity are set forth in
26 the policy and, except those which are set forth in sections 17B:26-3
27 to 17B:26-31 inclusive, are printed, at the insurer's option, either
28 included with the benefit provision to which they apply, or under
29 an appropriate caption such as "exceptions," or "exceptions and
30 reductions," provided that if an exception or reduction specifically
31 applies only to a particular benefit of the policy, a statement of
32 such exception or reduction shall be included with the benefit pro-
33 vision to which it applies; and

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

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

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

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

71 d. If any policy is issued by an insurer domiciled in this State
72 for delivery to a person residing in another state, and if the official
73 having responsibility for the administration of the insurance laws
74 of such other state shall have advised the commissioner that any
75 such policy is not subject to approval or disapproval by such official,
76 the commissioner may by ruling require that such policy meet the
77 standards set forth in subsection a. of this section and in sections
78 17B:26-3 to 17B:26-31 inclusive.

1 15. This act shall take effect immediately.

SENATE LABOR, INDUSTRY AND PROFESSIONS
COMMITTEE

STATEMENT TO
SENATE, No. 796

STATE OF NEW JERSEY

DATED: MAY 11, 1972

This bill makes several amendments in the law relative to life and health insurance which are purported to be technical in nature. The law relative to life and health insurance was revised last year into Subtitle 3 of a new Title in the New Jersey Statutes (Title 17B) by P. L. 1971, c. 144. The short title for Subtitle 3 is the "Life and Health Insurance Code."

The first two sections of the bill amend sections of a law (P. L. 1959, c. 168—C. 17:38-1.1 and 1.2) concerning health and accident insurance by fraternal benefit societies. These sections were not changed by the revision. The amendment to the first section (C. 17:38-1.1) deletes a reference in the section to an act which has been revised in the code and inserts a reference to the relevant code chapter. The amendments in the second section (C. 17:38-1.2) are similar, deleting references to sections and acts revised in the code and inserting references to the relevant code chapter and sections.

The third section of the bill amends a section (C. 17:22-6.40) of "the surplus lines law" (C. 17:22-6.40 through 6.65). This law concerns the placing of insurance with insurers not authorized to write insurance in this State when coverage cannot be obtained from authorized insurers. The amended section currently provides that the surplus lines law shall not apply to life insurance and annuity contracts and to certain other risks not affected by the proposed amendments. The proposed amendment would change the provision relative to the applicability of the law to read that it shall not apply to life insurance *companies writing life insurance, accident and health insurance and annuities*. The remaining sections of the bill make amendments in the new code. Sections 4, 5 and 6 of the bill reduce the age limit for qualified voters of an insurer from 21 to 18 years of age in three relevant sections (N. J. S. 17B:18-13, 23 and 26). Section 7 deletes the word insurer and inserts insurance company in a section which concerns the purchase of stock in one insurance company by another insurer (N. J. S. 17B:18-44). Section 8 deletes the

word insurance company and inserts insurer in a section concerning advertising by insurers (N. J. S. 17B:18-48). Section 9 deletes employees from a section which limits the amount of compensation that may be paid by a domestic insurer without authorization by a vote of its board of directors. Section 10 adds words *board of* to a reference to the directors of an insurer (N. J. S. 17B:20-2). Section 11 adds an exclusion for brokers to a section which provides that any person who solicits an application for life insurance, health insurance or annuity shall be considered an agent of the insurance company in any controversy between the insured or his beneficiary and the company. Sections 12 and 13 delete erroneous references to N. J. S. 17B:23-12 and insert 17B:23-11 which is the last section in chapter 23. Section 14 adds the preposition *with* to a subsection of N. J. S. 17B:26-2 to clarify the wording of the section.