

17:30A-5 et al

LEGISLATIVE HISTORY CHECKLIST  
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(Insurance Guaranty Funds)

NJSA: 17:30A-5 et al

LAWS OF: 1996 CHAPTER: 156

BILL NO: A810

SPONSOR(S): Farragher

DATE INTRODUCED: January 11, 1996

COMMITTEE: ASSEMBLY: Insurance

SENATE: Commerce

AMENDED DURING PASSAGE: Yes Amendments during passage denoted  
Second reprint enacted by superscript numbers

DATE OF PASSAGE: ASSEMBLY: May 6, 1996

SENATE: November 7, 1996

DATE OF APPROVAL: January 8, 1997

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:  
REPORTS: No

HEARINGS: No

KBP:pp

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P.L. 1996, CHAPTER 156, *approved January 8, 1997*  
Assembly, No. 810 (*Second Reprint*)

1 AN ACT concerning the New Jersey Property-Liability Insurance  
2 Guaranty Association and the New Jersey Surplus Lines Insurance  
3 Guaranty Fund and amending P.L.1974, c.17 and P.L.1984, c.101.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7

8 1. Section 5 of P.L.1974, c.17 (C.17:30A-5) is amended to read as  
9 follows:

10 5. As used in this act:

11 a. (Deleted by amendment.)

12 b. "Association" means the New Jersey Property-Liability  
13 Insurance Guaranty Association created under section 6;

14 c. "Commissioner" means the Commissioner of Insurance of this  
15 State;

16 d. "Covered claim" means an unpaid claim, including one of  
17 unearned premiums, which arises out of and is within the coverage,  
18 and not in excess of the applicable limits of an insurance policy to  
19 which this act applies, issued by an insurer, if such insurer becomes an  
20 insolvent insurer after January 1, 1974, and (1) the claimant or insured  
21 is a resident of this State at the time of the insured event; or (2) the  
22 property from which the claim arises is permanently located in this  
23 State. "Covered claim" shall not include any amount due any  
24 reinsurer, insurer, insurance pool, or underwriting association, as  
25 subrogation recoveries or otherwise; provided, that a claim for any  
26 such amount, asserted against a person insured under a policy issued  
27 by an insurer which has become an insolvent insurer, which, if it were  
28 not a claim by or for the benefit of a reinsurer, insurer, insurance pool,  
29 or underwriting association, would be a "covered claim," may be filed  
30 directly with the receiver of the insolvent insurer, but in no event may  
31 any such claim be asserted in any legal action against the insured of

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

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

<sup>1</sup> Assembly AIN committee amendments adopted March 25, 1996.

<sup>2</sup> Senate SCM committee amendments adopted June 3, 1996.

1 such insolvent insurer.

2 A "covered claim" shall not include amounts for interest on  
3 unliquidated claims, punitive damages unless covered by the policy,  
4 counsel fees for prosecuting suits for claims against the association,  
5 and assessments or charges for failure of such insolvent insurer to have  
6 expeditiously settled claims.

7 A "covered claim" shall not include a claim filed with the  
8 association after the final date set by the court for the filing of claims  
9 against the liquidator or receiver of an insolvent insurer unless the  
10 claimant demonstrates unusual hardship and the commissioner  
11 approves of treatment of the claim as a "covered claim." <sup>1</sup>"Unusual  
12 hardship" shall be defined in regulations promulgated by the  
13 commissioner <sup>2</sup>[to provide protection for claimants who have  
14 losses] <sup>1</sup> With respect to insurer insolvencies pending as of the  
15 effective date of this 1996 amendatory act, a "covered claim" shall not  
16 include a claim filed with the association: (1) more than one year after  
17 the effective date of this 1996 amendatory act or (2) the date set by  
18 the court for the filing of claims against the liquidator or receiver of  
19 the insolvent insurer, whichever date occurs later;

20 e. "Insolvent insurer" means (1) a licensed insurer admitted  
21 pursuant to R.S.17:32-1 et seq. or authorized pursuant to R.S.17:17-1  
22 et seq., or P.L.1945, c.161 (C.17:50-1 et seq.) to transact the business  
23 of insurance in this State either at the time the policy was issued or  
24 when the insured event occurred, and (2) which is determined to be  
25 insolvent by the court of competent jurisdiction. "Insolvent insurer"  
26 does not include any unauthorized or nonadmitted insurer whether or  
27 not deemed eligible for surplus lines pursuant to P.L.1960, c.32  
28 (C.17:22-6.37 et seq.);

29 f. "Member insurer" means any person who (1) writes any kind of  
30 insurance to which this act applies under section 2 b. including the  
31 exchange of reciprocal or interinsurance contracts and (2) is a licensed  
32 insurer admitted or authorized to transact the business of insurance in  
33 this State. "Member insurer" does not include any unauthorized or  
34 nonadmitted insurer whether or not deemed eligible for surplus lines  
35 pursuant to P.L.1960, c.32 (C.17:22-6.37 et seq.);

36 g. "Net direct written premiums" means direct gross premiums  
37 written in this State on insurance policies to which this act applies, less  
38 return premiums thereon and dividends paid or credited to  
39 policyholders on such direct business. "Net direct written premiums"  
40 does not include premiums on contracts between insurers or  
41 reinsurers, and does not include premiums on policies issued by an  
42 insurer as a member of the New Jersey Insurance Underwriting  
43 Association pursuant to P.L.1968, c.129 (C.17:37A-1 et seq.).  
44 (cf: P.L.1981, c.201, s.3)

45

46 2. Section 12 of P.L.1974, c.17 (C.17:30A-12) is amended to read

1 as follows:

2 12. a. Any person having a covered claim which may be recovered  
3 from more than one insurance guaranty association or its equivalent  
4 shall seek recovery first from the association of the place of residence  
5 of the insured at the time of the insured event except that if it is a first  
6 party claim for damage to property with a permanent location, he shall  
7 seek recovery first from the association of the location of the property.  
8 Any recovery under this act shall be reduced by the amount of  
9 recovery from any other insurance guaranty association or its  
10 equivalent. However, if recovery is denied or deferred by the  
11 association, a person may proceed to recover from any other insurance  
12 guaranty association or its equivalent from which recovery may be  
13 legally sought.

14 b. Any person having a claim against an insurer, whether or not the  
15 insurer is a member insurer, under any provision in an insurance policy  
16 other than a policy of an insolvent insurer which is also a covered  
17 claim, shall be required to exhaust first his right under that other  
18 policy. An amount payable on a covered claim under P.L.1974, c.17  
19 (C.17:30A-1 et seq.) shall be reduced by the amount of recovery under  
20 any such insurance policy.  
21 (cf: P.L.1974, c.17, s.12)

22  
23 3. Section 3 of P.L.1984, c.101 (C.17:22-6.72) is amended to read  
24 as follows:

25 3. As used in this act:

26 a. "Association" means the New Jersey Property-Liability  
27 Insurance Guaranty Association created pursuant to P.L.1974, c.17  
28 (C.17:30A-1 et seq.).

29 b. "Covered claim" means an unpaid claim, including a claim for  
30 unearned premiums, which arises out of and is within the coverage,  
31 and not in excess of the applicable limits of an insurance policy to  
32 which this act applies, and which was issued by a surplus lines insurer  
33 which was eligible to transact insurance business in this State at the  
34 time the policy was issued and which has been determined to be an  
35 insolvent insurer on or after June 1, 1984, if (1) the claimant or  
36 policyholder is a resident of this State at the time of the occurrence of  
37 the insured event for which a claim has been made, or (2) the property  
38 from which the claim arises is permanently located in this State.

39 "Covered claim" shall not include any amount due any reinsurer,  
40 insurance pool or underwriting association, as subrogation recoveries  
41 or otherwise, except that a claim for any such amount, asserted against  
42 a person insured under a policy issued by a surplus lines insurer which  
43 has become an insolvent insurer, which, if it were not a claim by or for  
44 the benefit of a reinsurer, insurer, insurance pool, or underwriting  
45 association, would be a "covered claim," may be filed directly with the  
46 receiver of the insolvent insurer, but in no event may any such claim

1 be asserted in any legal action against the insured of that insolvent  
2 insurer. "Covered claim" shall also not include amounts for interest on  
3 unliquidated claims, punitive damages unless covered by the policy,  
4 counsel fees for prosecuting suits for claims against the fund, and  
5 assessments or charges for failure by an insolvent insurer to have  
6 expeditiously settled claims.

7 A "covered claim" shall not include a claim filed with the fund after  
8 the final date set by the court for the filing of claims against the  
9 liquidator or receiver of an insolvent insurer unless the claimant  
10 demonstrates unusual hardship and the commissioner approves of  
11 treatment of the claim as a "covered claim." <sup>2</sup>"Unusual hardship" shall  
12 be defined in regulations promulgated by the commissioner.<sup>2</sup> With  
13 respect to insurer insolvencies pending as of the effective date of this  
14 1996 amendatory act, a "covered claim" shall not include a claim filed  
15 with the fund: (1) more than one year after the effective date of this  
16 1996 amendatory act or (2) the date set by the court for the filing of  
17 claims against the liquidator or receiver of the insolvent insurer,  
18 whichever date occurs later.

19 c. "Fund" means the New Jersey Surplus Lines Insurance Guaranty  
20 Fund created pursuant to section 4 of this act.

21 d. "Insolvent insurer" means an insurer which was an eligible  
22 surplus lines insurer at the time the insurance policy was issued or  
23 when the insured event occurred, and which is determined to be  
24 insolvent by a court of competent jurisdiction in this State or the state  
25 or place in which the surplus lines insurer is domiciled. "Insolvent  
26 insurer" does not include an admitted insurer issuing insurance  
27 pursuant to section 10 of P.L.1960, c.32 (C.17:22-6.44).

28 e. "Member insurer" means an eligible, nonadmitted or surplus lines  
29 insurer required to be a member of, and that is subject to, assessments  
30 by the fund.

31 f. "Net direct written premiums" means direct gross premiums on  
32 insurance policies written by a surplus lines insurer to which this act  
33 applies, less return premiums thereon and dividends paid or credited  
34 to policyholders on that direct business. If a policy issued by a surplus  
35 lines insurer covers risks or exposures only partially in this State, the  
36 "net direct written premiums" shall be computed, for assessment  
37 purposes, on that portion of the premium subject to the premium  
38 receipts tax levied in accordance with section 25 of P.L.1960, c.32  
39 (C.17:22-6.59)

40 "Net direct written premiums" do not include premiums on  
41 contracts between insurers or reinsurers.

42 g. "Surplus lines insurer" means a nonadmitted insurer approved as  
43 an eligible, nonadmitted or unauthorized insurer pursuant to section 11  
44 of P.L.1960, c.32 (C.17:22-6.45) at the time the policies were issued  
45 against which a covered claim may be filed in accordance with this act.  
46 (cf: P.L.1987, c.237, s.1)

1       4. Section 10 of P.L.1984, c.101 (C.17:22-6.79) is amended to  
2 read as follows:

3       10. a. Any person having a covered claim that may be recovered  
4 from more than one insurance guaranty association, or its equivalent,  
5 shall seek recovery first from the association of the place of residence  
6 of the policyholder at the time of the insured event, except that if it is  
7 a first party claim for damage to property with a permanent location,  
8 he shall seek recovery first from the association of the jurisdiction in  
9 which the property is located. Any recovery under this act shall be  
10 reduced by the amount of recovery from any other insurance guaranty  
11 association; except that, if recovery is denied or deferred by that  
12 association, a person may proceed to recover from any other insurance  
13 guaranty association from which recovery may be legally sought.

14       b. Any person having a claim against an insurer, whether or not the  
15 insurer is a member insurer, under any provision in an insurance policy  
16 other than a policy of an insolvent insurer which is also a covered  
17 claim, shall be required to exhaust first his right under that other  
18 policy. An amount payable on a covered claim under P.L.1984, c.101  
19 (C.17:22-6.70 et seq.) shall be reduced by the amount of recovery  
20 under any such insurance policy.

21 (cf: P.L.1984, c.101, s.10)

22

23       5. This act shall take effect immediately and shall apply to all  
24 pending unpaid claims and all claims filed on or after the effective date  
25 of this act.

26

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28

29

30 Establishes bar date for filing claims and requires exhaustion of other  
31 policies in regard to claims against certain insurance guaranty funds.

ASSEMBLY, No. 810

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblywoman FARRAGHER and Assemblyman KRAMER

1 AN ACT concerning the New Jersey Property-Liability Insurance  
2 Guaranty Association and the New Jersey Surplus Lines Insurance  
3 Guaranty Fund and amending P.L.1974, c.17 and P.L.1984, c.101.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7

8 1. Section 5 of P.L.1974, c.17 (C.17:30A-5) is amended to read as  
9 follows:

10 5. As used in this act:

11 a. (Deleted by amendment.)

12 b. "Association" means the New Jersey Property-Liability  
13 Insurance Guaranty Association created under section 6;

14 c. "Commissioner" means the Commissioner of Insurance of this  
15 State;

16 d. "Covered claim" means an unpaid claim, including one of  
17 unearned premiums, which arises out of and is within the coverage,  
18 and not in excess of the applicable limits of an insurance policy to  
19 which this act applies, issued by an insurer, if such insurer becomes an  
20 insolvent insurer after January 1, 1974, and (1) the claimant or insured  
21 is a resident of this State at the time of the insured event; or (2) the  
22 property from which the claim arises is permanently located in this  
23 State. "Covered claim" shall not include any amount due any  
24 reinsurer, insurer, insurance pool, or underwriting association, as  
25 subrogation recoveries or otherwise; provided, that a claim for any  
26 such amount, asserted against a person insured under a policy issued  
27 by an insurer which has become an insolvent insurer, which, if it were  
28 not a claim by or for the benefit of a reinsurer, insurer, insurance pool,  
29 or underwriting association, would be a "covered claim," may be filed  
30 directly with the receiver of the insolvent insurer, but in no event may  
31 any such claim be asserted in any legal action against the insured of  
32 such insolvent insurer.

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

**Matter underlined thus is new matter.**

1 A "covered claim" shall not include amounts for interest on  
2 unliquidated claims, punitive damages unless covered by the policy,  
3 counsel fees for prosecuting suits for claims against the association,  
4 and assessments or charges for failure of such insolvent insurer to have  
5 expeditiously settled claims.

6 A "covered claim" shall not include a claim filed with the  
7 association after the final date set by the court for the filing of claims  
8 against the liquidator or receiver of an insolvent insurer unless the  
9 claimant demonstrates unusual hardship and the commissioner  
10 approves of treatment of the claim as a "covered claim." With respect  
11 to insurer insolvencies pending as of the effective date of this 1995  
12 amendatory act, a "covered claim" shall not include a claim filed with  
13 the association: (1) more than one year after the effective date of this  
14 1995 amendatory act or (2) the date set by the court for the filing of  
15 claims against the liquidator or receiver of the insolvent insurer,  
16 whichever date occurs later;

17 e. "Insolvent insurer" means (1) a licensed insurer admitted  
18 pursuant to R.S.17:32-1 et seq. or authorized pursuant to R.S.17:17-1  
19 et seq., or P.L.1945, c.161 (C.17:50-1 et seq.) to transact the business  
20 of insurance in this State either at the time the policy was issued or  
21 when the insured event occurred, and (2) which is determined to be  
22 insolvent by the court of competent jurisdiction. "Insolvent insurer"  
23 does not include any unauthorized or nonadmitted insurer whether or  
24 not deemed eligible for surplus lines pursuant to P.L.1960, c.32  
25 (C.17:22-6.37 et seq.);

26 f. "Member insurer" means any person who (1) writes any kind of  
27 insurance to which this act applies under section 2 b. including the  
28 exchange of reciprocal or interinsurance contracts and (2) is a licensed  
29 insurer admitted or authorized to transact the business of insurance in  
30 this State. "Member insurer" does not include any unauthorized or  
31 nonadmitted insurer whether or not deemed eligible for surplus lines  
32 pursuant to P.L.1960, c.32 (C.17:22-6.37 et seq.);

33 g. "Net direct written premiums" means direct gross premiums  
34 written in this State on insurance policies to which this act applies, less  
35 return premiums thereon and dividends paid or credited to  
36 policyholders on such direct business. "Net direct written premiums"  
37 does not include premiums on contracts between insurers or  
38 reinsurers, and does not include premiums on policies issued by an  
39 insurer as a member of the New Jersey Insurance Underwriting  
40 Association pursuant to P.L.1968, c.129 (C.17:37A-1 et seq.).  
41 (cf: P.L.1981, c.201, s.3)

42

43 2. Section 12 of P.L.1974, c.17 (C.17:30A-12) is amended to read  
44 as follows:

45 12. a. Any person having a covered claim which may be recovered  
46 from more than one insurance guaranty association or its equivalent



1 shall seek recovery first from the association of the place of residence  
2 of the insured at the time of the insured event except that if it is a first  
3 party claim for damage to property with a permanent location, he shall  
4 seek recovery first from the association of the location of the property.  
5 Any recovery under this act shall be reduced by the amount of  
6 recovery from any other insurance guaranty association or its  
7 equivalent. However, if recovery is denied or deferred by the  
8 association, a person may proceed to recover from any other insurance  
9 guaranty association or its equivalent from which recovery may be  
10 legally sought.

11 b. Any person having a claim against an insurer, whether or not the  
12 insurer is a member insurer, under any provision in an insurance policy  
13 other than a policy of an insolvent insurer which is also a covered  
14 claim, shall be required to exhaust first his right under that other  
15 policy. An amount payable on a covered claim under P.L.1974, c.17  
16 (C.17:30A-1 et seq.) shall be reduced by the amount of recovery under  
17 any such insurance policy.

18 (cf: P.L.1974, c.17, s.12)

19

20 3. Section 3 of P.L.1984, c.101 (C.17:22-6.72) is amended to read  
21 as follows:

22 3. As used in this act:

23 a. "Association" means the New Jersey Property-Liability  
24 Insurance Guaranty Association created pursuant to P.L.1974, c.17  
25 (C.17:30A-1 et seq.).

26 b. "Covered claim" means an unpaid claim, including a claim for  
27 unearned premiums, which arises out of and is within the coverage,  
28 and not in excess of the applicable limits of an insurance policy to  
29 which this act applies, and which was issued by a surplus lines insurer  
30 which was eligible to transact insurance business in this State at the  
31 time the policy was issued and which has been determined to be an  
32 insolvent insurer on or after June 1, 1984, if (1) the claimant or  
33 policyholder is a resident of this State at the time of the occurrence of  
34 the insured event for which a claim has been made, or (2) the property  
35 from which the claim arises is permanently located in this State.

36 "Covered claim" shall not include any amount due any reinsurer,  
37 insurance pool or underwriting association, as subrogation recoveries  
38 or otherwise, except that a claim for any such amount, asserted against  
39 a person insured under a policy issued by a surplus lines insurer which  
40 has become an insolvent insurer, which, if it were not a claim by or for  
41 the benefit of a reinsurer, insurer, insurance pool, or underwriting  
42 association, would be a "covered claim," may be filed directly with the  
43 receiver of the insolvent insurer, but in no event may any such claim  
44 be asserted in any legal action against the insured of that insolvent  
45 insurer. "Covered claim" shall also not include amounts for interest on  
46 unliquidated claims, punitive damages unless covered by the policy,

1 counsel fees for prosecuting suits for claims against the fund, and  
2 assessments or charges for failure by an insolvent insurer to have  
3 expeditiously settled claims.

4 A "covered claim" shall not include a claim filed with the fund after  
5 the final date set by the court for the filing of claims against the  
6 liquidator or receiver of an insolvent insurer unless the claimant  
7 demonstrates unusual hardship and the commissioner approves of  
8 treatment of the claim as a "covered claim." With respect to insurer  
9 insolvencies pending as of the effective date of this 1995 amendatory  
10 act, a "covered claim" shall not include a claim filed with the fund: (1)  
11 more than one year after the effective date of this 1995 amendatory act  
12 or (2) the date set by the court for the filing of claims against the  
13 liquidator or receiver of the insolvent insurer, whichever date occurs  
14 later.

15 c. "Fund" means the New Jersey Surplus Lines Insurance Guaranty  
16 Fund created pursuant to section 4 of this act.

17 d. "Insolvent insurer" means an insurer which was an eligible  
18 surplus lines insurer at the time the insurance policy was issued or  
19 when the insured event occurred, and which is determined to be  
20 insolvent by a court of competent jurisdiction in this State or the state  
21 or place in which the surplus lines insurer is domiciled. "Insolvent  
22 insurer" does not include an admitted insurer issuing insurance  
23 pursuant to section 10 of P.L.1960, c.32 (C.17:22-6.44).

24 e. "Member insurer" means an eligible, nonadmitted or surplus lines  
25 insurer required to be a member of, and that is subject to, assessments  
26 by the fund.

27 f. "Net direct written premiums" means direct gross premiums on  
28 insurance policies written by a surplus lines insurer to which this act  
29 applies, less return premiums thereon and dividends paid or credited  
30 to policyholders on that direct business. If a policy issued by a surplus  
31 lines insurer covers risks or exposures only partially in this State, the  
32 "net direct written premiums" shall be computed, for assessment  
33 purposes, on that portion of the premium subject to the premium  
34 receipts tax levied in accordance with section 25 of P.L.1960, c.32  
35 (C.17:22-6.59)

36 "Net direct written premiums" do not include premiums on  
37 contracts between insurers or reinsurers.

38 g. "Surplus lines insurer" means a nonadmitted insurer approved as  
39 an eligible, nonadmitted or unauthorized insurer pursuant to section 11  
40 of P.L.1960, c.32 (C.17:22-6.45) at the time the policies were issued  
41 against which a covered claim may be filed in accordance with this act.  
42 (cf: P.L.1987, c.237, s.1)

43

44 4. Section 10 of P.L.1984, c.101 (C.17:22-6.79) is amended to  
45 read as follows:

46 10. a. Any person having a covered claim that may be recovered

1 from more than one insurance guaranty association, or its equivalent,  
2 shall seek recovery first from the association of the place of residence  
3 of the policyholder at the time of the insured event, except that if it is  
4 a first party claim for damage to property with a permanent location,  
5 he shall seek recovery first from the association of the jurisdiction in  
6 which the property is located. Any recovery under this act shall be  
7 reduced by the amount of recovery from any other insurance guaranty  
8 association; except that, if recovery is denied or deferred by that  
9 association, a person may proceed to recover from any other insurance  
10 guaranty association from which recovery may be legally sought.

11 b. Any person having a claim against an insurer, whether or not the  
12 insurer is a member insurer, under any provision in an insurance policy  
13 other than a policy of an insolvent insurer which is also a covered  
14 claim, shall be required to exhaust first his right under that other  
15 policy. An amount payable on a covered claim under P.L.1984, c.101  
16 (C.17:22-6.70 et seq.) shall be reduced by the amount of recovery  
17 under any such insurance policy.

18 (cf: P.L.1984, c.101, s.10)

19

20 5. This act shall take effect immediately and shall apply to all  
21 pending unpaid claims and all claims filed on or after the effective date  
22 of this act.

23

24

#### 25 STATEMENT

26

27 This bill concerns claims filed against an insolvent insurer with the  
28 New Jersey Property-Liability Insurance Guaranty Association Fund  
29 and the New Jersey Surplus Lines Insurance Guaranty Fund. The bill  
30 provides that neither fund is responsible for paying a claim filed after  
31 the final date set by the court for the filing of claims against the  
32 insolvent insurer, except in cases of unusual hardship approved by the  
33 Commissioner of Insurance. The bill also provides that applicable  
34 policies of solvent insurers must be exhausted first before either fund  
35 is responsible for the covered claim.

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40 Establishes bar date for filing claims and requires exhaustion of other  
41 policies in regard to claims against certain insurance guaranty funds.

ASSEMBLY INSURANCE COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 810**

with committee amendments

**STATE OF NEW JERSEY**

DATED: MARCH 25, 1996

The Assembly Insurance Committee reports favorably and with committee amendments, Assembly Bill No. 810.

This bill concerns claims filed against an insolvent insurer with the New Jersey Property-Liability Insurance Guaranty Association Fund and the New Jersey Surplus Lines Insurance Guaranty Fund. The bill provides that neither fund is responsible for paying a claim filed after the final date set by the court for the filing of claims against the insolvent insurer, except in cases of unusual hardship approved by the Commissioner of Insurance. The bill also provides that applicable policies of solvent insurers must be exhausted first before either fund is responsible for the covered claim.

The committee amended the bill to provide that the Commissioner of Insurance shall define, through regulation, "unusual hardship" to provide protection for claimants who have losses.

This bill was pre-filed for introduction in the 1996 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

SENATE COMMERCE COMMITTEE

STATEMENT TO

[First Reprint]

**ASSEMBLY, No. 810**

with committee amendments

**STATE OF NEW JERSEY**

DATED: JUNE 3, 1996

The Senate Commerce Committee reports favorably and with committee amendments Assembly Bill No. 810 (1R).

This bill, as amended by the committee, concerns claims filed against an insolvent insurer with the New Jersey Property-Liability Insurance Guaranty Association Fund and the New Jersey Surplus Lines Insurance Guaranty Fund. The bill provides that neither fund is responsible for paying a claim filed after the final date set by the court for the filing of claims against the insolvent insurer, except in cases of unusual hardship approved by the Commissioner of Insurance. The commissioner must promulgate regulations defining unusual hardship. The bill also provides that applicable policies of solvent insurers must be exhausted first before either fund is responsible for the covered claim.

As amended by the committee, this bill is identical to Senate Bill No. 1197 (1R).