

40A:5-34.1

LEGISLATIVE HISTORY CHECKLIST  
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(Joint insurance funds)

NJSA: 40A:5-34.1

LAWS OF: 1996 CHAPTER: 4

BILL NO: S274

SPONSOR(S): Cardinale

DATE INTRODUCED: Pre-filed

COMMITTEE: ASSEMBLY: ---

SENATE: Commerce

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

DATE OF PASSAGE: ASSEMBLY: February 8, 1996

SENATE: February 5, 1996

DATE OF APPROVAL: March 5, 1996

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: No  
SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: Yes

FOLLOWING WERE PRINTED:  
REPORTS: No

HEARINGS: No

KBP:pp

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[First Reprint]  
SENATE, No. 274

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Senator CARDINALE

1 AN ACT concerning certain joint insurance funds and amending  
2 P.L.1967, c.283 and P.L.1983, c.372.

3

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

6

7 1. Section 1 of P.L.1967, c.283 (C.40A:5-34.1) is amended to read  
8 as follows:

9 1. The board of chosen freeholders of any county or the governing  
10 body of any municipality, as the case may be, may provide by blanket  
11 bond for the bonding of certain county or municipal officers and  
12 employees for faithful performance and discharge of their duties.  
13 Blanket bond coverage may be by one or more blanket bonds issued  
14 by a surety company or companies or one or more underwriters or by  
15 a joint insurance fund established pursuant to P.L.1983, c.372  
16 (C.40A:10-36 et seq.)<sup>1</sup> of which the county or municipality is a  
17 member<sup>1</sup>. Blanket bond coverage may be provided in lieu of an  
18 individual bond as to any officer or employee required by law to be  
19 bonded, except treasurers and tax collectors, by whatever title known,  
20 provided the blanket bond meets the requirements for the individual  
21 bond in amount, rights of cancellation, and the governmental agencies  
22 in whose favor it runs.

23 Whenever a copy of an individual bond is required by law to be  
24 filed with or supplied to specified officers, evidence of blanket bond  
25 coverage filed with or supplied to such officers by the board of  
26 chosen freeholders or governing body shall be compliance with such  
27 requirement.

28 (cf: P.L.1967, c.283, s.1)

29

30 2. Section 1 of P.L.1983, c.372 (C. 40A:10-36) is amended to read  
31 as follows:

**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> Senate SCM committee amendments adopted January 18, 1996.

1       1. a. The governing body of any local unit, including any  
2 contracting unit as defined in section 2 of P.L.1971, c.198  
3 (C.40A:11-2), may by resolution or ordinance, as appropriate, agree  
4 to join together with any other local unit or units to establish a joint  
5 insurance fund for the purpose of insuring against liability, property  
6 damage, and workers' compensation as provided in Articles 3 and 4 of  
7 chapter 10 of Title 40A of the New Jersey Statutes, insuring against  
8 loss or theft of monies or securities, providing blanket bond coverage  
9 of certain county or municipal officers and employees for faithful  
10 performance and discharge of their duties as provided under section 1  
11 of P.L.1967, c.283 (C.40A:5-34.1), and providing contributory or  
12 non-contributory group health insurance or group term life insurance,  
13 or both, to employees or their dependents or both, through self  
14 insurance, the purchase of commercial insurance or reinsurance, or any  
15 combination thereof, and may appropriate such moneys as are required  
16 therefor. The maximum risk to be retained for group term life  
17 insurance by a joint insurance fund on a self-insured basis shall not  
18 exceed a face amount of \$5,000 per covered employee or dependent  
19 or more if approved by the Commissioners of Insurance and  
20 Community Affairs. As used in this subsection: (1) "life insurance"  
21 means life insurance as defined pursuant to N.J.S.17B:17-3; (2)  
22 "health insurance" means health insurance as defined pursuant to  
23 N.J.S.17B:17-4 or service benefits as provided by health service  
24 corporations, hospital service corporations or medical service  
25 corporations authorized to do business in this State; and (3)  
26 "dependent" means dependent as defined pursuant to N.J.S.40A:10-16.

27       b. The governing body of any local unit, including any contracting  
28 unit as defined in section 2 of P.L.1971, c.198 (C.40A:11-2), may by  
29 resolution or ordinance, as appropriate, agree to join together with any  
30 other local unit or units to establish a joint insurance fund for the sole  
31 purpose of insuring against bodily injury and property damage claims  
32 arising from environmental impairment liability and legal  
33 representation therefor to the extent and for coverages approved by  
34 the Commissioner of Insurance.

35 (cf: P.L. 1993, c.269, s.13)

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37       3. This act shall take effect immediately.

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42       Allows county and municipal joint insurance funds to insure against  
43 loss or theft of monies or securities and to provide certain blanket  
44 bonds.

1 insurance fund for the purpose of insuring against liability, property  
2 damage, and workers' compensation as provided in Articles 3 and 4 of  
3 chapter 10 of Title 40A of the New Jersey Statutes, insuring against  
4 loss or theft of monies or securities, providing blanket bond coverage  
5 of certain county or municipal officers and employees for faithful  
6 performance and discharge of their duties as provided under section 1  
7 of P.L.1967, c.283 (C.40A:5-34.1), and providing contributory or  
8 non-contributory group health insurance or group term life insurance,  
9 or both, to employees or their dependents or both, through self  
10 insurance, the purchase of commercial insurance or reinsurance, or any  
11 combination thereof, and may appropriate such moneys as are required  
12 therefor. The maximum risk to be retained for group term life  
13 insurance by a joint insurance fund on a self-insured basis shall not  
14 exceed a face amount of \$5,000 per covered employee or dependent  
15 or more if approved by the Commissioners of Insurance and  
16 Community Affairs. As used in this subsection: (1) "life insurance"  
17 means life insurance as defined pursuant to N.J.S.17B:17-3; (2)  
18 "health insurance" means health insurance as defined pursuant to  
19 N.J.S.17B:17-4 or service benefits as provided by health service  
20 corporations, hospital service corporations or medical service  
21 corporations authorized to do business in this State; and (3)  
22 "dependent" means dependent as defined pursuant to N.J.S.40A:10-16.  
23 b. The governing body of any local unit, including any contracting  
24 unit as defined in section 2 of P.L.1971, c.198 (C.40A:11-2), may by  
25 resolution or ordinance, as appropriate, agree to join together with any  
26 other local unit or units to establish a joint insurance fund for the sole  
27 purpose of insuring against bodily injury and property damage claims  
28 arising from environmental impairment liability and legal  
29 representation therefor to the extent and for coverages approved by  
30 the Commissioner of Insurance.  
31 (cf: P.L. 1993, c.269, s.13)

32

33 3. This act shall take effect immediately.

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## STATEMENT

37

38 This bill allows county and municipal joint insurance funds  
39 established pursuant to P.L.1983, c.372 (C.40A:10-36 et seq.) to  
40 insure counties and municipalities against loss or theft of monies or  
41 securities and to provide blanket bond coverages of county and  
42 municipal officers and employees for faithful performance and  
43 discharge of their duties.

SENATE COMMERCE COMMITTEE

STATEMENT TO

**SENATE, No. 274**

with committee amendments

**STATE OF NEW JERSEY**

DATED: JANUARY 18, 1996

The Senate Commerce Committee reports favorably and with committee amendments Senate, No. 274.

This bill, as amended, allows county and municipal joint insurance funds established pursuant to P.L.1983, c.372 (C.40A:10-36 et seq.) to insure counties and municipalities against loss or theft of monies or securities and to provide blanket bond coverages of county and municipal officers and employees for faithful performance and discharge of their duties.



## OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001

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RELEASE: THURSDAY  
MARCH 7, 1996

Gov. Christie Whitman has signed legislation which allows county and municipal government to belong to joint insurance funds to insure against loss or theft of monies and securities. The legislation will also permit certain blanket bonds.

**S-274/A-683** was sponsored by Sen. Gerald Cardinale, (R-Bergen) and Assemblyman Richard Bagger (R-Middlesex/Morris/Somerset/Union).

"This legislation gives county and municipalities broader coverage against unforeseen and criminal loss," said Gov. Whitman. "This bill is a prudent and responsible measure to safeguard investments made by local governments."

Under current law, counties and municipalities may insure against loss or theft of monies or securities and provide blanket bond coverage of county and municipal officers and employees.

This bill allows counties and municipalities to obtain that coverage through joint insurance funds or "JIFs." A county or municipality may obtain this coverage from a JIF only if it is already a member of a JIF.

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