

17:1-13 to 17:1-24

LEGISLATIVE HISTORY CHECKLIST
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("Dept. of Banking & Insurance Act
of 1996")

NJSA: 17:1-13 to 17:1-24

LAWS OF: 1996 CHAPTER: 45

BILL NO: S1363

SPONSOR(S): Inverso and Adler

DATE INTRODUCED: June 13, 1996

COMMITTEE: ASSEMBLY: ---

SENATE: Budget

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

DATE OF PASSAGE: ASSEMBLY: June 27, 1996

SENATE: June 27, 1996

DATE OF APPROVAL: June 28, 1996

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: No

SENATE: Yes

FISCAL NOTE: Yes

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

See newspaper clipping--attached:
"N.J. merges 2 departments, : 6-28-96, Trenton Times.

KBP:pp

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§§1,4,6,7,9-16-
C.17:1-13 to
17:1-24
§18-Repealer
§19-Note to §§1-18

P.L. 1996, CHAPTER 45, *approved June 28, 1996*
Senate No. 1363 (*First Reprint*)

1 AN ACT merging the Departments of Banking and Insurance and
2 revising various parts of the statutory law.

3

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

6

7 1. (New section) This act shall be known and may be cited as the
8 "Department of Banking and Insurance Act of 1996."

9

10 2. R.S.17:1-1 is amended to read as follows:

11 17:1-1. The Department of Banking and Insurance, hereinafter in
12 **[this Title]** Title 17 of the Revised Statutes and Title 17B of the New
13 Jersey Statutes designated as the "department," created and established
14 by an act entitled "An act to establish a Department of Banking and
15 Insurance," approved February 10th, one thousand eight hundred and
16 ninety-one (L.1891, c.6, p.17), and charged with the execution of all
17 laws relative to insurance, banking, savings, trust, guarantee, safe
18 deposit, indemnity, mortgage, investment and loan corporations **[is]**,
19 continued and **[is hereby]** constituted as a principal department in the
20 executive branch of the State Government by the "Department of
21 Banking and Insurance Act of 1948," P.L.1948, c.88 (C.17:1-1.1 et
22 al.), is reconstituted as a principal department in the executive branch
23 of State Government by this 1996 amendatory and supplementary act.
24 The department, having been divided into two separate principal
25 departments, the Department of Banking, pursuant to P.L.1970, c.11
26 (C.17:1B-1 et seq.), and the Department of Insurance, pursuant to
27 P.L.1970, c.12 (C.17:1C-1 et seq.), is recombined and designated as
28 the Department of Banking and Insurance by this 1996 amendatory
29 and supplementary act. Such department shall be vested with all the
30 powers and charged with all the duties and subject to all the
31 obligations and penalties which, on February 10th, one thousand eight
32 hundred and ninety-one, were vested in, conferred and imposed upon
33 the Secretary of State, acting as commissioner of insurance, or upon
34 the board of bank commissioners or any other officer or board charged
35 with the execution of the laws relative to subjects herein above recited,
36 **[as also building and loan corporations or associations organized**
37 **under the laws of other States, transacting or to be admitted to**

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:

¹ Senate SBA committee amendments adopted June 20, 1996.

1 transact business in this State] as well as any additional duties,
2 powers, and obligations prescribed in this 1996 amendatory and
3 supplementary act or by any other law.

4 All the powers, functions and duties of the existing Department of
5 Banking and Department of Insurance and the commissioners thereof
6 are continued in the Department of Banking and Insurance, and in the
7 office of the commissioner thereof.

8 (cf: P.L.1948, c.88, s.1)

9

10 3. R.S.17:1-2 is amended to read as follows:

11 17:1-2. a. The head of the reconstituted department, to be
12 denominated the Commissioner of Banking and Insurance and
13 hereinafter in **[this]** Title 17 of the Revised Statutes and Title 17B of
14 the New Jersey Statutes, designated the "commissioner," shall be
15 appointed by the Governor, with the advice and consent of the Senate,
16 and shall serve at the pleasure of the Governor during the Governor's
17 term of office and until the appointment and qualification of the
18 commissioner's successor. The person in office as the Commissioner
19 of Insurance on June 30, 1996, shall at the pleasure of the Governor
20 hold the office of Commissioner of Banking and Insurance
21 reestablished by this 1996 amendatory and supplementary act for the
22 unexpired term for which the commissioner was appointed, and until
23 a successor is appointed and qualified. No person shall be appointed
24 commissioner who is in any way connected with the management or
25 control of any corporation, firm, association, institution, or licensee
26 affected by **[this chapter]** Title 17 of the Revised Statutes or Title 17B
27 of the New Jersey Statutes, and **[he]** the commissioner shall
28 immediately be dismissed from office if at any time **[he]** the
29 commissioner becomes so interested. **[Before entering upon the**
30 **discharge of his duties the commissioner shall give bond, conditioned**
31 **for the faithful discharge of his duties, in the sum of twenty-five**
32 **thousand dollars (\$25,000.00) with two good and sufficient sureties,**
33 **freeholders of this State to be approved by the Governor, and take an**
34 **oath of office before one of the justices of the Supreme Court in form**
35 **similar to that required of the Secretary of State. The bond and oath**
36 **of office shall be filed in the Department of State.**

37 The commissioner shall have no dealings or transactions in any
38 capacity with any bank or trust company under the jurisdiction of the
39 department save in the strict performance of his duties, except the
40 institutions with which he was dealing prior to his appointment, under
41 penalty of immediate dismissal from his office of employment.

42 No deputy commissioner or examiner in the department shall have
43 any dealings or transactions in any capacity with any bank or trust
44 company under the jurisdiction of the department save in the strict
45 performance of his duties, under penalty of immediate dismissal from
46 his office or employment.]

1 The commissioner shall receive such salary as shall be provided by
2 law.

3 ~~【The commissioner shall coordinate the activities of the
4 department.】~~

5 The commissioner shall devote full time to the performance of the
6 duties of commissioner.

7 b. Neither the commissioner nor any officer or employee of the
8 department shall have any ownership of, interest in, or any dealings or
9 transactions in any capacity with any financial institution, insurance
10 company or other entity chartered, licensed or regulated by the
11 department, except in the strict performance of the commissioner's,
12 officer's or employee's duties. This prohibition shall not preclude the
13 commissioner, or officers or employees of the department from
14 continuing routine banking services with financial institutions,
15 including but not limited to, mortgages, checking and savings
16 accounts, and personal loans, entered into prior to their employment,
17 or from establishing banking accounts and from obtaining loans and
18 other services normally obtained by members of the general public, or
19 from obtaining insurance or making claims involving their person,
20 property or affairs, under the same terms and conditions as are
21 available to members of the general public. This prohibition shall not
22 apply to investments in mutual funds, deferred compensation plans,
23 blind trusts, or similar investments, in which the commissioner, officer
24 or employee does not make or influence the selection of individual
25 investments.

26 No department examiner shall examine any entity with which the
27 examiner conducts personal or family banking or insurance activities.

28 Any violation of this section shall be cause for dismissal of the
29 violator by the appointing authority.

30 (cf: P.L.1948, c.88, s.2)

31

32 4. (New section) a. The commissioner may appoint such deputy
33 commissioners and assistant commissioners as the commissioner shall
34 deem necessary, to serve at the pleasure of the commissioner, subject
35 to the provisions of Title 11A of the New Jersey Statutes. Each
36 deputy or assistant commissioner shall exercise those powers and
37 perform those duties of the commissioner as the commissioner may
38 prescribe or delegate under the commissioner's direction and
39 supervision. ¹~~【The】~~ Subject to the provisions of paragraph (2) of
40 subsection d. and paragraph (2) of subsection e. of this section, the¹
41 commissioner shall designate one or more department officials to
42 exercise the powers and perform the duties of the commissioner during
43 the commissioner's absence, disability, or when otherwise specified by
44 the commissioner.

45 b. Subject to applicable laws ¹and the provisions of subsections d.
46 and e. of this section¹, the commissioner shall have the authority to

1 establish, engage, organize, and maintain in the department
2 administrative personnel and structure as the commissioner deems
3 necessary to perform all personnel, planning and budget and finance
4 responsibilities, examinations, investigations, regulatory
5 responsibilities or other duties or services as may be required for the
6 efficient and effective operation of the department.

7 1c. There is established within the Department of Banking and
8 Insurance, a Division of Banking and a Division of Insurance. The
9 Department of Banking and Insurance shall be organized so that,
10 subject to the supervision of the commissioner, the Director of the
11 Division of Banking shall be in charge of the functions and duties that
12 relate to banking and supervise and regulate those entities previously
13 supervised and regulated by the Department of Banking, and the
14 Director of the Division of Insurance shall be in charge of the
15 functions and duties that relate to insurance and supervise and regulate
16 those entities previously supervised and regulated by the Department
17 of Insurance.

18 d. The Director of the Division of Banking shall be appointed by
19 the Governor, with the advice and consent of the Senate, and shall
20 serve at the pleasure of the Governor, provided however, that the
21 person in office as the Deputy and Acting Commissioner of Banking
22 on June 30, 1996, shall, at the pleasure of the Governor, hold the
23 office of Director of the Division of Banking. The director shall devote
24 his entire time and attention to the duties of the office. The Director
25 of the Division of Banking shall not, within the five years immediately
26 preceding appointment as Director of the Division of Banking, have
27 been employed by, acted as agent or contractor for, or managed or
28 controlled any entity, other than an entity affiliated with a banking
29 institution as defined pursuant to section 1 of P.L.1948, c.67
30 (C.17:9A-1), that was engaged in the insurance business pursuant to
31 Subtitle 3 of Title 17 of the Revised Statutes, Title 17B of the New
32 Jersey Statutes, or P.L.1973, c.337 (C.26:2J-1 et seq.), except that the
33 provision shall not apply to any person appointed as Director of the
34 Division of Banking on or before September 1, 1996. The duties and
35 responsibilities of the Director of the Division of Banking shall include
36 the following:

37 (1) to organize the work of the Division of Banking into the
38 offices, bureaus and other organizational units as the director may
39 determine, subject to the approval of the commissioner;

40 (2) in the absence of the commissioner, to be acting commissioner
41 for all matters relating to banking;

42 (3) to review all banking institutions and other lenders and
43 depository institutions, other than insurance entities, to ensure the
44 safety and soundness of those institutions, and to make
45 recommendations to the commissioner for appropriate action to ensure
46 the safety and soundness of the institutions;

1 (4) to monitor the comparability of New Jersey laws and
2 regulations with the laws and regulations governing federally chartered
3 banks, savings banks and credit unions and to prepare for inclusion in
4 the department's annual report required pursuant to subsection h. of
5 section 6 of this 1996 amendatory and supplementary act, a report on
6 the operation of the dual banking system in New Jersey;

7 (5) to exercise those powers and perform those duties as the
8 commissioner may prescribe or delegate under the commissioner's
9 direction and supervision.

10 e. The Director of the Division of Insurance shall be appointed by
11 the Governor, with the advice and consent of the Senate, and shall
12 serve at the pleasure of the Governor, provided however, that the
13 person in office as the Deputy Commissioner of Insurance for Property
14 and Casualty on June 30, 1996, shall, at the pleasure of the Governor,
15 hold the office of Director of the Division of Insurance. The director
16 shall devote his entire time and attention to the duties of the office.
17 The Director of the Division of Insurance shall not, within the five
18 years immediately preceding appointment as Director of the Division
19 of Insurance, have been employed by, acted as agent or contractor for,
20 or managed or controlled any entity that was engaged in the banking
21 business pursuant to Subtitle 2 of Title 17 of the Revised Statutes,
22 except that the provision shall not apply to any person appointed as
23 Director of the Division of Insurance on or before September 1, 1996.
24 The duties and responsibilities of the Director of the Division of
25 Insurance shall include the following:

26 (1) to organize the work of the Division of Insurance into the
27 offices, bureaus and other organizational units as the director may
28 determine, subject to the approval of the commissioner;

29 (2) in the absence of the commissioner, to be acting commissioner
30 for all matters relating to insurance;

31 (3) to exercise those powers and perform those duties as the
32 commissioner may prescribe or delegate under the commissioner's
33 direction and supervision.¹

34
35 5. Section 3 of P.L.1948, c.88 (17:1-3.1) is amended to read as
36 follows:

37 3. There shall be within the Department of Banking and Insurance
38 a division which shall be known as the division of the New Jersey real
39 estate commission. The terms of office of the members of the
40 commission as of the effective date of this 1996 amendatory and
41 supplementary act shall not be affected by this act. The commission
42 shall continue to be constituted and the members thereof shall continue
43 to be appointed as provided by law.

44 (cf: P.L.1948, c.88, s.3)

- 1 6. (New section) The commissioner, as administrator and chief
2 executive office of the department, shall:
- 3 a. Administer the work of the department;
- 4 b. Appoint and remove officers and other personnel employed
5 within the department, subject to the provisions of Title 11A of the
6 New Jersey Statutes, and other applicable statutes, except as otherwise
7 specifically provided;
- 8 c. Perform, exercise and discharge the functions, powers and duties
9 of the department through those divisions established by law or as the
10 commissioner deems necessary;
- 11 d. Organize the work of the department pursuant to the structure
12 or organizational units the commissioner determines to be necessary
13 for efficient and effective operation, and which are not inconsistent
14 with the provisions of this 1996 amendatory and supplementary act;
- 15 e. Formulate, adopt, issue and promulgate, pursuant to the
16 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
17 seq.), in the name of the department, rules and regulations authorized
18 by law for the efficient conduct of the work and general administration
19 of the department, and the appropriate regulation of the institutions,
20 companies, agencies, boards, commissions, and other entities within
21 its jurisdiction, including licensees, officers and employees as
22 authorized by law;
- 23 f. Determine all matters of policy within the commissioner's
24 jurisdiction;
- 25 g. Institute or cause to be instituted the legal proceedings of
26 processes necessary to enforce properly and give effect to any of the
27 commissioner's powers or duties;
- 28 h. Make a report each year to the Governor and to the Legislature
29 of the department's operations for the proceeding fiscal year, and
30 render such other reports as the Governor shall from time to time
31 request, or as may be required by law;
- 32 i. Appoint advisory committees which may be desirable to advise
33 and assist the department or a division in carrying out its functions and
34 duties;
- 35 j. Perform such other functions as may be prescribed by law in this
36 act or by any other law; and
- 37 k. Maintain suitable headquarters for the department and such
38 other quarters as the commissioner shall deem necessary to the proper
39 functioning of the department.
- 40
- 41 7. (New section) For the purpose of effectuating the powers and
42 duties of the department and the commissioner, the commissioner may
43 cause to be examined under oath any and all persons whatsoever and
44 compel by subpoena upon appropriate notice the attendance of
45 witnesses and the production of such books, records, accounts, papers,
46 and other documents as are appropriate. If any person shall refuse to

1 obey a subpoena, or to produce evidence as required thereby, the
2 commissioner may apply ex parte to any court having jurisdiction over
3 that person for an order compelling the appearance of the witness to
4 give testimony or to produce evidence as required thereby, or both.
5 Any person failing to obey the court order may be punished by the
6 court for contempt.

7

8 8. R.S.17:1-8 is amended to read as follows:

9 17:1-8. The commissioner shall charge for a license and for all
10 services performed by ~~him~~ the department the fees provided in ~~this~~
11 Title 17 of the Revised Statutes or Title 17B of the New Jersey
12 Statutes, or in lieu thereof or where not so provided, such fees as ~~he~~
13 the commissioner shall prescribe by rule or regulation, including but
14 not limited to application fees, license fees, assessments, and charges
15 for investigations and examinations. ~~He~~The commissioner shall
16 make ~~quarterly~~ returns to the Director of the Division of Budget and
17 Accounting of all fees and moneys collected by ~~him~~ the department,
18 and pay the sum so collected into the State Treasury.

19 (cf: P.L.1971, c.238, s.1)

20

21 9. (New section) All appropriations and other moneys available
22 and to become available to any department, division, bureau, board,
23 commission, or other entity or agency, the functions, powers and
24 duties of which have been assigned or transferred to the Department
25 of Banking or to the Department of Insurance are hereby transferred
26 to the Department of Banking and Insurance re-established by this
27 1996 amendatory and supplementary act, and shall be available for the
28 objects and purposes for which appropriated, subject to any terms,
29 restrictions, limitations, or other requirements imposed by State or
30 federal law.

31

32 10. (New section) Employees of any department, division, bureau,
33 board, commission or other agency or entity, the functions, powers
34 and duties of which have been assigned or transferred to the
35 Department of Banking or to the Department of Insurance or to any
36 agency continued or constituted therein, shall be assigned or
37 transferred pursuant to Title 11A of the New Jersey Statutes to the
38 reconstituted Department of Banking and Insurance as the
39 commissioner may determine are needed for the proper performance
40 of the duties of the department.

41

42 11. (New section) Nothing in this 1996 amendatory and
43 supplementary act shall be construed to deprive any person of any
44 tenure rights or of any right or protection provided him or her by Title
45 11A of the New Jersey Statutes, or under any pension law or
46 retirement system.

1 12. (New section) All files, books, papers, records, information
2 management systems, equipment and other property of any
3 department, division, bureau, commission, board, or other agency or
4 entity, the functions, powers and duties of which have been assigned
5 or transferred to the Department of Banking or to the Department of
6 Insurance, or to any agency designated, continued or constituted by
7 this 1996 amendatory and supplementary act, shall upon the effective
8 date of this act be assigned or transferred to the Department of
9 Banking and Insurance as directed by the commissioner or the
10 commissioner's designee.

11

12 13. (New section) With respect to the functions, powers and
13 duties continued in the Department of Banking and Insurance by this
14 1996 amendatory and supplementary act, whenever in any law, rule,
15 regulation, order, agreement, stipulation, judicial or administrative
16 proceeding or otherwise, reference is made to the Department of
17 Banking or to the Department of Insurance, or to the Commissioner
18 of Banking or to the Commissioner of Insurance, the same shall mean
19 and refer to the Department of Banking and Insurance, and the
20 Commissioner of Banking and Insurance, respectively.

21

22 14. (New section) This 1996 amendatory and supplementary act
23 shall not affect the orders, rules, regulations, bulletins, plans of
24 operation, contracts, settlement or consent agreements, or stipulations
25 heretofore made, promulgated by, or approved by the Commissioners
26 of Banking or Insurance, or any department, division, bureau, board
27 or other agency, the functions powers and duties of which have been
28 assigned or transferred to the reconstituted Department of Banking
29 and Insurance by this act, or to any other agency designated, continued
30 or constituted hereunder, but those orders, rules, regulations, bulletins,
31 plans of operation, contracts, settlement or consent agreements, and
32 stipulations shall continue with full force and effect until amended or
33 repealed pursuant to law.

34

35 15. (New section) This 1996 amendatory and supplementary act
36 shall not affect actions or proceedings, civil or criminal, brought by or
37 against the Commissioners of Banking and Insurance, or any
38 department, division, bureau, board, commission, or other agency, the
39 functions, powers and duties of which have been herein assigned or
40 transferred to the reconstituted Department of Banking and Insurance,
41 or to any agency designated, continued, or constituted hereunder, and
42 pending on the effective date of this act.

43

44 16. (New section) a. There shall be established the Department
45 of Banking and Insurance Study Commission whose purpose shall be
46 to examine the effects of the merger of the Department of Banking and

1 the Department of Insurance into the Department of Banking and
 2 Insurance.

3 b. The study commission shall consist of the following members:

4 (1) the Commissioner of Banking and Insurance, or the
 5 commissioner's designee, who shall serve ex officio;

6 (2) Two members of the Senate appointed by the Senate President
 7 and two members of the General Assembly appointed by the Speaker
 8 of the General Assembly, with no more than one of either group of
 9 two being of the same political party;

10 (3) Five representatives of the financial services industry, one to be
 11 appointed by the Senate President, one to be appointed by the Speaker
 12 of the General Assembly and three to be appointed by the Governor;

13 (4) Five representatives of insurers doing business in this State, one
 14 to be appointed by the Senate President, one to be appointed by the
 15 Speaker of the General Assembly, and three to be appointed by the
 16 Governor;

17 (5) Three representatives of the real estate industry, one to be
 18 appointed by the Senate President, one to be appointed by the Speaker
 19 of the General Assembly, and one to be appointed by the Governor;

20 (6) Three public members, one to be appointed by the Senate
 21 President, one to be appointed by the Speaker of the General
 22 Assembly, and one to be appointed by the Governor.

23 c. The commissioner shall convene the study commission no later
 24 than January 2, 2001, and the commission shall report its findings and
 25 recommendations to the Governor and the Legislature no later than 12
 26 months after January 2, 2001.¹

27

28 ¹[16.] 17. Section 1 of P.L.1958, c.66 (C.17:1-8.1) is amended to
 29 read as follows:

30 1. The commissioner [shall make and enforce, and may alter,
 31 modify, amend, or repeal rules and regulations to effectuate the
 32 purposes of this Title and not inconsistent with the provisions
 33 thereof]may, in accordance with the "Administrative Procedure Act,"
 34 P.L.1968, c.410 (C.52:14B-1 et seq.), promulgate such rules and
 35 regulations as are necessary to effectuate the purposes of this 1996
 36 amendatory and supplementary act.

37 (cf: P.L.1958, c.66, s.1)

38

39 ¹[17.] 18. The following are repealed:

40 R.S.17:1-3;

41 R.S.17:1-4;

42 R.S.17:1-6;

43 R.S.17:1-7;

44 Sections 2 through 4 of P.L.1958, c.66 (C.17:1-8.2 through

45 17:1-8.4);

46 P.L.1958, c.68 (C.17:1-8.5 through 17:1-8.11);

1 R.S.17:1-9;
2 Section 18 of P.L.1981, c.103 (C.17:1-9.1);
3 R.S.17:1-10;
4 Section 5 of P.L.1981, c.74 (C.17:1-12);
5 P.L.1970, c.11 (C.17:1B-1 et seq.);
6 Section 1 of P.L.1970, c.88 (C.17:1B-3a); and
7 P.L.1970, c.12 (C.17:1C-1 et seq.)

8

9 ¹[18.] 19.¹ (New section) This act shall take effect on July 1,
10 1996, except that any appointment, any confirmation of any
11 appointment, or any personnel activity consistent with the purposes of
12 this act may be made prior to that date.

13

14

15

16

17 Merges Departments of Banking and Insurance.

[First Reprint]
SENATE, No. 1363

STATE OF NEW JERSEY

INTRODUCED JUNE 13, 1996

By Senators INVERSO and ADLER

1 AN ACT merging the Departments of Banking and Insurance and
2 revising various parts of the statutory law.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

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7 1. (New section) This act shall be known and may be cited as the
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10 2. R.S.17:1-1 is amended to read as follows:

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12 **[this Title]** Title 17 of the Revised Statutes and Title 17B of the New
13 Jersey Statutes designated as the "department," created and established
14 by an act entitled "An act to establish a Department of Banking and
15 Insurance," approved February 10th, one thousand eight hundred and
16 ninety-one (L.1891, c.6, p.17), and charged with the execution of all
17 laws relative to insurance, banking, savings, trust, guarantee, safe
18 deposit, indemnity, mortgage, investment and loan corporations **[is]**,
19 continued and **[is hereby]** constituted as a principal department in the
20 executive branch of the State Government by the "Department of
21 Banking and Insurance Act of 1948," P.L.1948, c.88 (C.17:1-1.1 et
22 al.), is reconstituted as a principal department in the executive branch
23 of State Government by this 1996 amendatory and supplementary act.
24 The department, having been divided into two separate principal
25 departments, the Department of Banking, pursuant to P.L.1970, c.11
26 (C.17:1B-1 et seq.), and the Department of Insurance, pursuant to
27 P.L.1970, c.12 (C.17:1C-1 et seq.), is recombined and designated as
28 the Department of Banking and Insurance by this 1996 amendatory
29 and supplementary act. Such department shall be vested with all the
30 powers and charged with all the duties and subject to all the
31 obligations and penalties which, on February 10th, one thousand eight

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:

¹ Senate SBA committee amendments adopted June 20, 1996.

1 hundred and ninety-one, were vested in, conferred and imposed upon
2 the Secretary of State, acting as commissioner of insurance, or upon
3 the board of bank commissioners or any other officer or board charged
4 with the execution of the laws relative to subjects herein above recited,
5 【as also building and loan corporations or associations organized
6 under the laws of other States, transacting or to be admitted to
7 transact business in this State】 as well as any additional duties,
8 powers, and obligations prescribed in this 1996 amendatory and
9 supplementary act or by any other law.

10 All the powers, functions and duties of the existing Department of
11 Banking and Department of Insurance and the commissioners thereof
12 are continued in the Department of Banking and Insurance, and in the
13 office of the commissioner thereof.

14 (cf: P.L.1948, c.88, s.1)

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16 3. R.S.17:1-2 is amended to read as follows:

17 17:1-2. a. The head of the reconstituted department, to be
18 denominated the Commissioner of Banking and Insurance and
19 hereinafter in 【this】 Title 17 of the Revised Statutes and Title 17B of
20 the New Jersey Statutes, designated the "commissioner," shall be
21 appointed by the Governor, with the advice and consent of the Senate,
22 and shall serve at the pleasure of the Governor during the Governor's
23 term of office and until the appointment and qualification of the
24 commissioner's successor. The person in office as the Commissioner
25 of Insurance on June 30, 1996, shall at the pleasure of the Governor
26 hold the office of Commissioner of Banking and Insurance
27 reestablished by this 1996 amendatory and supplementary act for the
28 unexpired term for which the commissioner was appointed, and until
29 a successor is appointed and qualified. No person shall be appointed
30 commissioner who is in any way connected with the management or
31 control of any corporation, firm, association, institution, or licensee
32 affected by 【this chapter】 Title 17 of the Revised Statutes or Title 17B
33 of the New Jersey Statutes, and 【he】 the commissioner shall
34 immediately be dismissed from office if at any time 【he】 the
35 commissioner becomes so interested. 【Before entering upon the
36 discharge of his duties the commissioner shall give bond, conditioned
37 for the faithful discharge of his duties, in the sum of twenty-five
38 thousand dollars (\$25,000.00) with two good and sufficient sureties,
39 freeholders of this State to be approved by the Governor, and take an
40 oath of office before one of the justices of the Supreme Court in form
41 similar to that required of the Secretary of State. The bond and oath
42 of office shall be filed in the Department of State.

43 The commissioner shall have no dealings or transactions in any
44 capacity with any bank or trust company under the jurisdiction of the
45 department save in the strict performance of his duties, except the
46 institutions with which he was dealing prior to his appointment, under

1 penalty of immediate dismissal from his office of employment.

2 No deputy commissioner or examiner in the department shall have
3 any dealings or transactions in any capacity with any bank or trust
4 company under the jurisdiction of the department save in the strict
5 performance of his duties, under penalty of immediate dismissal from
6 his office or employment.】

7 The commissioner shall receive such salary as shall be provided by
8 law.

9 【The commissioner shall coordinate the activities of the
10 department.】

11 The commissioner shall devote full time to the performance of the
12 duties of commissioner.

13 b. Neither the commissioner nor any officer or employee of the
14 department shall have any ownership of, interest in, or any dealings or
15 transactions in any capacity with any financial institution, insurance
16 company or other entity chartered, licensed or regulated by the
17 department, except in the strict performance of the commissioner's,
18 officer's or employee's duties. This prohibition shall not preclude the
19 commissioner, or officers or employees of the department from
20 continuing routine banking services with financial institutions,
21 including but not limited to, mortgages, checking and savings
22 accounts, and personal loans, entered into prior to their employment,
23 or from establishing banking accounts and from obtaining loans and
24 other services normally obtained by members of the general public, or
25 from obtaining insurance or making claims involving their person,
26 property or affairs, under the same terms and conditions as are
27 available to members of the general public. This prohibition shall not
28 apply to investments in mutual funds, deferred compensation plans,
29 blind trusts, or similar investments, in which the commissioner, officer
30 or employee does not make or influence the selection of individual
31 investments.

32 No department examiner shall examine any entity with which the
33 examiner conducts personal or family banking or insurance activities.

34 Any violation of this section shall be cause for dismissal of the
35 violation by the appointing authority.

36 (cf: P.L.1948, c.88, s.2)

37

38 4. (New section) a. The commissioner may appoint such deputy
39 commissioners and assistant commissioners as the commissioner shall
40 deem necessary, to serve at the pleasure of the commissioner, subject
41 to the provisions of Title 11A of the New Jersey Statutes. Each
42 deputy or assistant commissioner shall exercise those powers and
43 perform those duties of the commissioner as the commissioner may
44 prescribe or delegate under the commissioner's direction and
45 supervision. ¹【The】 Subject to the provisions of paragraph (2) of
46 subsection d. and paragraph (2) of subsection e. of this section, the¹

1 commissioner shall designate one or more department officials to
2 exercise the powers and perform the duties of the commissioner during
3 the commissioner's absence, disability, or when otherwise specified by
4 the commissioner.

5 b. Subject to applicable laws ¹and the provisions of subsections d.
6 and e. of this section¹, the commissioner shall have the authority to
7 establish, engage, organize, and maintain in the department
8 administrative personnel and structure as the commissioner deems
9 necessary to perform all personnel, planning and budget and finance
10 responsibilities, examinations, investigations, regulatory
11 responsibilities or other duties or services as may be required for the
12 efficient and effective operation of the department.

13 ¹c. There is established within the Department of Banking and
14 Insurance, a Division of Banking and a Division of Insurance. The
15 Department of Banking and Insurance shall be organized so that,
16 subject to the supervision of the commissioner, the Director of the
17 Division of Banking shall be in charge of the functions and duties that
18 relate to banking and supervise and regulate those entities previously
19 supervised and regulated by the Department of Banking, and the
20 Director of the Division of Insurance shall be in charge of the
21 functions and duties that relate to insurance and supervise and regulate
22 those entities previously supervised and regulated by the Department
23 of Insurance.

24 d. The Director of the Division of Banking shall be appointed by
25 the Governor, with the advice and consent of the Senate, and shall
26 serve at the pleasure of the Governor, provided however, that the
27 person in office as the Deputy and Acting Commissioner of Banking
28 on June 30, 1996, shall, at the pleasure of the Governor, hold the
29 office of Director of the Division of Banking. The director shall devote
30 his entire time and attention to the duties of the office. The Director
31 of the Division of Banking shall not, within the five years immediately
32 preceding appointment as Director of the Division of Banking, have
33 been employed by, acted as agent or contractor for, or managed or
34 controlled any entity, other than an entity affiliated with a banking
35 institution as defined pursuant to section 1 of P.L.1948, c.67
36 (C.17:9A-1), that was engaged in the insurance business pursuant to
37 Subtitle 3 of Title 17 of the Revised Statutes, Title 17B of the New
38 Jersey Statutes, or P.L.1973, c.337 (C.26:2J-1 et seq.), except that the
39 provision shall not apply to any person appointed as Director of the
40 Division of Banking on or before September 1, 1996. The duties and
41 responsibilities of the Director of the Division of Banking shall include
42 the following:

43 (1) to organize the work of the Division of Banking into the
44 offices, bureaus and other organizational units as the director may
45 determine, subject to the approval of the commissioner;

46 (2) in the absence of the commissioner, to be acting commissioner

1 for all matters relating to banking:

2 (3) to review all banking institutions and other lenders and
3 depository institutions, other than insurance entities, to ensure the
4 safety and soundness of those institutions, and to make
5 recommendations to the commissioner for appropriate action to ensure
6 the safety and soundness of the institutions;

7 (4) to monitor the comparability of New Jersey laws and
8 regulations with the laws and regulations governing federally chartered
9 banks, savings banks and credit unions and to prepare for inclusion in
10 the department's annual report required pursuant to subsection h. of
11 section 6 of this 1996 amendatory and supplementary act, a report on
12 the operation of the dual banking system in New Jersey;

13 (5) to exercise those powers and perform those duties as the
14 commissioner may prescribe or delegate under the commissioner's
15 direction and supervision.

16 e. The Director of the Division of Insurance shall be appointed by
17 the Governor, with the advice and consent of the Senate, and shall
18 serve at the pleasure of the Governor, provided however, that the
19 person in office as the Deputy Commissioner of Insurance for Property
20 and Casualty on June 30, 1996, shall, at the pleasure of the Governor,
21 hold the office of Director of the Division of Insurance. The director
22 shall devote his entire time and attention to the duties of the office.
23 The Director of the Division of Insurance shall not, within the five
24 years immediately preceding appointment as Director of the Division
25 of Insurance, have been employed by, acted as agent or contractor for,
26 or managed or controlled any entity that was engaged in the banking
27 business pursuant to Subtitle 2 of Title 17 of the Revised Statutes,
28 except that the provision shall not apply to any person appointed as
29 Director of the Division of Insurance on or before September 1, 1996.
30 The duties and responsibilities of the Director of the Division of
31 Insurance shall include the following:

32 (1) to organize the work of the Division of Insurance into the
33 offices, bureaus and other organizational units as the director may
34 determine, subject to the approval of the commissioner;

35 (2) in the absence of the commissioner, to be acting commissioner
36 for all matters relating to insurance;

37 (3) to exercise those powers and perform those duties as the
38 commissioner may prescribe or delegate under the commissioner's
39 direction and supervision.¹

40

41 5. Section 3 of P.L.1948, c.88 (17:1-3.1) is amended to read as
42 follows:

43 3. There shall be within the Department of Banking and Insurance
44 a division which shall be known as the division of the New Jersey real
45 estate commission. The terms of office of the members of the
46 commission as of the effective date of this 1996 amendatory and

1 supplementary act shall not be affected by this act. The commission
2 shall continue to be constituted and the members thereof shall continue
3 to be appointed as provided by law.

4 (cf: P.L.1948, c.88, s.3)

5
6 6. (New section) The commissioner, as administrator and chief
7 executive office of the department, shall:

8 a. Administer the work of the department;

9 b. Appoint and remove officers and other personnel employed
10 within the department, subject to the provisions of Title 11A of the
11 New Jersey Statutes, and other applicable statutes, except as otherwise
12 specifically provided;

13 c. Perform, exercise and discharge the functions, powers and duties
14 of the department through those divisions established by law or as the
15 commissioner deems necessary;

16 d. Organize the work of the department pursuant to the structure
17 or organizational units the commissioner determines to be necessary
18 for efficient and effective operation, and which are not inconsistent
19 with the provisions of this 1996 amendatory and supplementary act;

20 e. Formulate, adopt, issue and promulgate, pursuant to the
21 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
22 seq.), in the name of the department, rules and regulations authorized
23 by law for the efficient conduct of the work and general administration
24 of the department, and the appropriate regulation of the institutions,
25 companies, agencies, boards, commissions, and other entities within
26 its jurisdiction, including licensees, officers and employees as
27 authorized by law;

28 f. Determine all matters of policy within the commissioner's
29 jurisdiction;

30 g. Institute or cause to be instituted the legal proceedings of
31 processes necessary to enforce properly and give effect to any of the
32 commissioner's powers or duties;

33 h. Make a report each year to the Governor and to the Legislature
34 of the department's operations for the proceeding fiscal year, and
35 render such other reports as the Governor shall from time to time
36 request, or as may be required by law;

37 i. Appoint advisory committees which may be desirable to advise
38 and assist the department or a division in carrying out its functions and
39 duties;

40 j. Perform such other functions as may be prescribed by law in this
41 act or by any other law; and

42 k. Maintain suitable headquarters for the department and such
43 other quarters as the commissioner shall deem necessary to the proper
44 functioning of the department.

45
46 7. (New section) For the purpose of effectuating the powers and

1 duties of the department and the commissioner, the commissioner may
2 cause to be examined under oath any and all persons whatsoever and
3 compel by subpoena upon appropriate notice the attendance of
4 witnesses and the production of such books, records, accounts, papers,
5 and other documents as are appropriate. If any person shall refuse to
6 obey a subpoena, or to produce evidence as required thereby, the
7 commissioner may apply ex parte to any court having jurisdiction over
8 that person for an order compelling the appearance of the witness to
9 give testimony or to produce evidence as required thereby, or both.
10 Any person failing to obey the court order may be punished by the
11 court for contempt.

12

13 8. R.S.17:1-8 is amended to read as follows:

14 17:1-8. The commissioner shall charge for a license and for all
15 services performed by ~~him~~ the department the fees provided in
16 ~~this~~ Title 17 of the Revised Statutes or Title 17B of the New Jersey
17 Statutes, or in lieu thereof or where not so provided, such fees as ~~he~~
18 the commissioner shall prescribe by rule or regulation, including but
19 not limited to application fees, license fees, assessments, and charges
20 for investigations and examinations. ~~He~~The commissioner shall
21 make ~~quarterly~~ returns to the Director of the Division of Budget and
22 Accounting of all fees and moneys collected by ~~him~~ the department,
23 and pay the sum so collected into the State Treasury.

24 (cf: P.L.1971, c.238, s.1)

25

26 9. (New section) All appropriations and other moneys available
27 and to become available to any department, division, bureau, board,
28 commission, or other entity or agency, the functions, powers and
29 duties of which have been assigned or transferred to the Department
30 of Banking or to the Department of Insurance are hereby transferred
31 to the Department of Banking and Insurance re-established by this
32 1996 amendatory and supplementary act, and shall be available for the
33 objects and purposes for which appropriated, subject to any terms,
34 restrictions, limitations, or other requirements imposed by State or
35 federal law.

36

37 10. (New section) Employees of any department, division, bureau,
38 board, commission or other agency or entity, the functions, powers
39 and duties of which have been assigned or transferred to the
40 Department of Banking or to the Department of Insurance or to any
41 agency continued or constituted therein, shall be assigned or
42 transferred pursuant to Title 11A of the New Jersey Statutes to the
43 reconstituted Department of Banking and Insurance as the
44 commissioner may determine are needed for the proper performance
45 of the duties of the department.

1 11. (New section) Nothing in this 1996 amendatory and
2 supplementary act shall be construed to deprive any person of any
3 tenure rights or of any right or protection provided him or her by Title
4 11A of the New Jersey Statutes, or under any pension law or
5 retirement system.

6
7 12. (New section) All files, books, papers, records, information
8 management systems, equipment and other property of any
9 department, division, bureau, commission, board, or other agency or
10 entity, the functions, powers and duties of which have been assigned
11 or transferred to the Department of Banking or to the Department of
12 Insurance, or to any agency designated, continued or constituted by
13 this 1996 amendatory and supplementary act, shall upon the effective
14 date of this act be assigned or transferred to the Department of
15 Banking and Insurance as directed by the commissioner or the
16 commissioner's designee.

17
18 13. (New section) With respect to the functions, powers and
19 duties continued in the Department of Banking and Insurance by this
20 1996 amendatory and supplementary act, whenever in any law, rule,
21 regulation, order, agreement, stipulation, judicial or administrative
22 proceeding or otherwise, reference is made to the Department of
23 Banking or to the Department of Insurance, or to the Commissioner
24 of Banking or to the Commissioner of Insurance, the same shall mean
25 and refer to the Department of Banking and Insurance, and the
26 Commissioner of Banking and Insurance, respectively.

27
28 14. (New section) This 1996 amendatory and supplementary act
29 shall not affect the orders, rules, regulations, bulletins, plans of
30 operation, contracts, settlement or consent agreements, or stipulations
31 heretofore made, promulgated by, or approved by the Commissioners
32 of Banking or Insurance, or any department, division, bureau, board
33 or other agency, the functions powers and duties of which have been
34 assigned or transferred to the reconstituted Department of Banking
35 and Insurance by this act, or to any other agency designated, continued
36 or constituted hereunder, but those orders, rules, regulations, bulletins,
37 plans of operation, contracts, settlement or consent agreements, and
38 stipulations shall continue with full force and effect until amended or
39 repealed pursuant to law.

40
41 15. (New section) This 1996 amendatory and supplementary act
42 shall not affect actions or proceedings, civil or criminal, brought by or
43 against the Commissioners of Banking and Insurance, or any
44 department, division, bureau, board, commission, or other agency, the
45 functions, powers and duties of which have been herein assigned or
46 transferred to the reconstituted Department of Banking and Insurance,

1 or to any agency designated, continued, or constituted hereunder, and
 2 pending on the effective date of this act.

3

4 '16. (New section) a. There shall be established the Department
 5 of Banking and Insurance Study Commission whose purpose shall be
 6 to examine the effects of the merger of the Department of Banking and
 7 the Department of Insurance into the Department of Banking and
 8 Insurance.

9 b. The study commission shall consist of the following members:

10 (1) the Commissioner of Banking and Insurance, or the
 11 commissioner's designee, who shall serve ex officio;

12 (2) Two members of the Senate appointed by the Senate President
 13 and two members of the General Assembly appointed by the Speaker
 14 of the General Assembly, with no more than one of either group of
 15 two being of the same political party;

16 (3) Five representatives of the financial services industry, one to be
 17 appointed by the Senate President, one to be appointed by the Speaker
 18 of the General Assembly and three to be appointed by the Governor;

19 (4) Five representatives of insurers doing business in this State, one
 20 to be appointed by the Senate President, one to be appointed by the
 21 Speaker of the General Assembly, and three to be appointed by the
 22 Governor;

23 (5) Three representatives of the real estate industry, one to be
 24 appointed by the Senate President, one to be appointed by the Speaker
 25 of the General Assembly, and one to be appointed by the Governor;

26 (6) Three public members, one to be appointed by the Senate
 27 President, one to be appointed by the Speaker of the General
 28 Assembly, and one to be appointed by the Governor.

29 c. The commissioner shall convene the study commission no later
 30 than January 2, 2001, and the commission shall report its findings and
 31 recommendations to the Governor and the Legislature no later than 12
 32 months after January 2, 2001.'

33

34 '[16.] 17.' Section 1 of P.L.1958, c.66 (C.17:1-8.1) is amended
 35 to read as follows:

36 1. The commissioner [shall make and enforce, and may alter,
 37 modify, amend, or repeal rules and regulations to effectuate the
 38 purposes of this Title and not inconsistent with the provisions
 39 thereof] may, in accordance with the "Administrative Procedure Act,"
 40 P.L.1968, c.410 (C.52:14B-1 et seq.), promulgate such rules and
 41 regulations as are necessary to effectuate the purposes of this 1996
 42 amendatory and supplementary act.

43 (cf: P.L.1958, c.66, s.1)

44

45 '[17.] 18.' The following are repealed:

46 R.S.17:1-3;

1 R.S.17:1-4;
2 R.S.17:1-6;
3 R.S.17:1-7;
4 Sections 2 through 4 of P.L.1958, c.66 (C.17:1-8.2 through
5 17:1-8.4);
6 P.L.1958, c.68 (C.17:1-8.5 through 17:1-8.11);
7 R.S.17:1-9;
8 Section 18 of P.L.1981, c.103 (C.17:1-9.1);
9 R.S.17:1-10;
10 Section 5 of P.L.1981, c.74 (C.17:1-12);
11 P.L.1970, c.11 (C.17:1B-1 et seq.);
12 Section 1 of P.L.1970, c.88 (C.17:1B-3a); and
13 P.L.1970, c.12 (C.17:1C-1 et seq.)

14
15 ¹~~18.~~ 19.¹ (New section) This act shall take effect on July 1,
16 1996, except that any appointment, any confirmation of any
17 appointment, or any personnel activity consistent with the purposes of
18 this act may be made prior to that date.

19

20

21

22

23 Merges Departments of Banking and Insurance.

1 any personnel activity consistent with the purposes of this act may be
2 made prior to that date.

3

4

5

STATEMENT

6

7 This bill merges, or consolidates, the Department of Banking and
8 the Department of Insurance into one Department of Banking and
9 Insurance. In so doing, it recognizes the changes in the financial
10 marketplace since the establishment of separate departments in 1970.
11 Since 1970, and particularly since 1980, the product lines of banks and
12 insurance companies have become less clearly defined. This "blurring"
13 of product lines regularly confronts consumers who are offered
14 insurance-like products from banking institutions, financial services
15 through insurance companies and a panoply of financial services and
16 insurance products through banking and insurance holding companies.
17 The new Department of Banking and Insurance will provide a single
18 regulatory entity for these businesses, and the consumers of their
19 services as well, and will enhance the State's ability to provide
20 oversight and advocacy for the banking, insurance and real estate
21 industries.

22 Over one hundred years ago, the first Department of Banking and
23 Insurance was established as a principal department in the executive
24 branch of State Government. The single department was continued
25 and constituted as a single principal department in 1948 after the new
26 State Constitution limited the number of principal departments to 20.
27 The department was divided into the separate Departments of Banking
28 and Insurance in 1970. This bill recombines the two departments into
29 one to better serve the industries it will regulate and the consumers of
30 their products and to effect administrative efficiencies as well.

31

32

33

34

35 Merges Departments of Banking and Insurance.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1363

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 20, 1996

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 1363.

The bill, as amended, merges the Department of Banking and the Department of Insurance into one Department of Banking and Insurance. The bill provides that the person in the office as the Commissioner of Insurance on June 30, 1996, shall, at the pleasure of the Governor, hold the office of the Commissioner of Banking and Insurance for the unexpired term for which the commissioner was appointed, and until a successor is appointed and qualified. The bill creates two new divisions within the Department of Banking and Insurance: a Division of Banking and a Division of Insurance. Each division is under the immediate supervision of a director who is appointed by the Governor, with the advice and consent of the Senate, and who serves at the pleasure of the Governor. The bill also provides that the person currently in office as Deputy and Acting Commissioner of Banking shall, at the pleasure of the Governor, hold the office of the Director of the Division of Banking and that the person currently in office as the Deputy Commissioner of Insurance for Property and Casualty shall, at the pleasure of the Governor, hold the office of Director of the Division of Insurance.

Under the bill, the Department of Banking and Insurance shall be organized so that, subject to the supervision of the commissioner, the Director of the Division of Banking shall be in charge of the functions and duties that relate to banking and supervise and regulate those entities previously supervised and regulated by the Department of Banking, and the Director of the Division of Insurance shall be in charge of the functions and duties that relate to insurance and supervise and regulate those entities previously supervised and regulated by the Department of Insurance. The bill provides that in the absence of the commissioner, the Director of the Division of Banking will be acting commissioner for all matters relating to banking and the Director of the Division of Insurance will be acting commissioner for all matters relating to insurance.

Under the bill, a Department of Banking and Insurance Study

Commission is established to be convened by the commissioner no later than January 2, 2001. The commission will examine the effects of the merger of the two departments. Membership on the commission includes representatives from the executive and legislative branches as well as members from the banking, insurance and real estate industries and the public. The commission must complete its review and report its findings and recommendations to the Governor and the Legislature no later than 12 months after January 2, 2001.

As amended and reported, this bill is identical to the Assembly Committee Substitute for Assembly Bill No. 96 of 1996 (Azzolina/Garrett).

COMMITTEE AMENDMENTS:

Committee amendments: create the two new divisions in the Department of Banking and Insurance and provide that the director of each division is appointed by the Governor, with the advice and consent of the Senate; that the person currently in office as Deputy and Acting Commissioner of Banking will, at the pleasure of the Governor, hold the office of the Director of the Division of Banking and that the person currently in office as the Deputy Commissioner of Insurance for Property and Casualty will, at the pleasure of the Governor, hold the office of Director of the Division of Insurance; provide that the department is organized so that, subject to the supervision of the commissioner, the Director of the Division of Banking shall be in charge of the functions and duties that relate to banking and supervise and regulate those entities previously supervised and regulated by the Department of Banking, and the Director of the Division of Insurance shall be in charge of the functions and duties that relate to insurance and supervise and regulate those entities previously supervised and regulated by the Department of Insurance; provide that in the absence of the commissioner, the Director of the Division of Banking will be acting commissioner for all matters relating to banking and the Director of the Division of Insurance will be acting commissioner for all matters relating to insurance.

The committee amendments also establish a Department of Banking and Insurance Study Commission to be convened by the commissioner no later than January 2, 2001. The commission will examine the effects of the merger of the two departments. Membership on the commission includes representatives from the executive and legislative branches as well as members from the banking, insurance and real estate industries and the public. The commission must complete its review and report its findings and recommendations to the Governor and the Legislature no later than 12 months after January 2, 2001.

FISCAL IMPACT

According to statements made by the current Commissioner of Insurance, to this committee, the enactment of this bill will result in

annual savings to the State of \$2 million. These savings will be passed on to private industry by means of lower regulatory fees.

LEGISLATIVE FISCAL ESTIMATE TO
SENATE, No. 1363
STATE OF NEW JERSEY

DATED: JUNE 24, 1996

Senate Bill No. 1363 of 1996 creates a Department of Banking and Insurance as a principal department in the Executive Branch of State Government. The functions, powers and duties of the Department of Banking and the Department of Insurance are transferred to and consolidated in the new department. Both the existing Department of Banking and Department of Insurance are fully-funded by the industries they regulate, as will be the new department.

The Governor's FY 1997 Budget recommends an appropriation of \$39.2 million for the operation of the proposed Department of Banking and Insurance. The recommended appropriation is \$2.0 million less than the combined \$41.2 million FY 1996 adjusted appropriation for both departments. According to the Administration, the \$2.0 million reduction will be realized through the elimination of a commissioner's office and other administrative functions and through the integration of the existing departments' licensing and enforcement divisions. Specifically, the Governor's proposal provides for the elimination of 31 full-time employees as a result of the merger.

However, the Office of Legislative Services (OLS) notes that the Governor's Budget further recommends that the proposed department's decreased operating costs be reflected in a \$2.0 million reduction in fees and assessments to banks, thrifts and insurance companies. This reduction in fees, while marginal, is intended to help increase the competitiveness of the State's financial services industry. Thus, the OLS notes that the proposed merger will not result in any savings to the General Fund, as the \$2.0 million reduction in the department's State appropriation will be offset by a decline in the department's anticipated revenues. According to the Governor's Budget, anticipated revenues are expected to decrease from \$56.6 million in FY 1996 to \$54.2 million in FY 1997.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.