

17:16D-12

LEGISLATIVE HISTORY CHECKLIST
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(Commercial insurance--late payments)

NJSA: 17:16D-12

LAWS OF: 1995 CHAPTER: 348

BILL NO: A1074

SPONSOR(S): Farragher

DATE INTRODUCED: January 24, 1994

COMMITTEE: ASSEMBLY Insurance

SENATE: Commerce

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

DATE OF PASSAGE: ASSEMBLY: January 10, 1995

SENATE: December 21, 1995

DATE OF APPROVAL: January 5, 1996

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

[SECOND REPRINT]
ASSEMBLY, No. 1074

STATE OF NEW JERSEY

INTRODUCED JANUARY 24, 1994

By Assemblywoman FARRAGHER and Assemblyman Bagger

1 AN ACT concerning insurance premium financing and amending
2 P.L.1968, c.221.

3

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

6 1. Section 12 of P.L.1968, c.221 (C.17:16D-12) is amended to
7 read as follows:

8 12. 1a.¹ Delinquency charges. A premium finance agreement
9 may provide for the payment by the insured of a delinquency
10 charge of \$1.00 to a maximum of 5% of the delinquent
11 installment but not to exceed \$5.00 on any installment which is in
12 default for a period of 10 days or more, except that, if the loan is
13 primarily for other than personal, family or household purposes,
14 the delinquency charge may be ²[5% on that part of the
15 delinquent installment which is \$5,000 or less; 3% on that part of
16 the delinquent installment which is more than \$5,000 but does not
17 exceed \$15,000; and 2% on that part of the delinquent installment
18 that exceeds \$15,000] 1.5% of the amount of the delinquent
19 installment, but there may be a minimum delinquency charge of
20 \$25². If the default results in the cancellation of any insurance
21 contract listed in the agreement, the agreement may provide for
22 the payment by the insured of a cancellation charge; such charge
23 shall be \$5.00, less any delinquency charge on the installment in
24 default.

25 1b. A delinquency charge under this section may be collected
26 only once on any installment, however long it remains in default.
27 A delinquency charge may be collected at the time it accrues or
28 at any time afterward.

29 c. No delinquency charge may be collected under this section
30 on an installment which is paid in full within 10 days after its
31 scheduled due date even though an earlier maturing installment
32 or a delinquency charge on an earlier installment has not been
33 paid in full.¹

34 (cf: P.L.1968, c.221, s.12)

35 2. This act shall take effect immediately.

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40 Concerns delinquent charges on late premium insurance finance
41 payments in the case of commercial insurance.

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AIN committee amendments adopted February 7, 1994.

² Assembly floor amendments adopted December 1, 1994.

ASSEMBLY, No. 1074
STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

INTRODUCED JANUARY 24, 1994

By Assemblywoman FARRAGHER

1 AN ACT concerning insurance premium financing and amending
2 P.L.1968, c.221.

3

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

6 1. Section 12 of P.L.1968, c.221 (C.17:16D-12) is amended to
7 read as follows:

8 12. Delinquency charges. A premium finance agreement may
9 provide for the payment by the insured of a delinquency charge of
10 \$1.00 to a maximum of 5% of the delinquent installment but not
11 to exceed \$5.00 on any installment which is in default for a
12 period of 10 days or more , except that, if the loan is primarily
13 for other than personal, family or household purposes, the
14 delinquency charge may be 5% on that part of the delinquent
15 installment which is \$5,000 or less; 3% on that part of the
16 delinquent installment which is more than \$5,000 but does not
17 exceed \$15,000; and 2% on that part of the delinquent installment
18 that exceeds \$15,000. If the default results in the cancellation of
19 any insurance contract listed in the agreement, the agreement
20 may provide for the payment by the insured of a cancellation
21 charge; such charge shall be \$5.00, less any delinquency charge on
22 the installment in default.

23 (cf: P.L.1968, c. 221, s.12)

24 2. This act shall take effect immediately.

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STATEMENT

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29 This bill permits a company which engages in insurance
30 premium financing to impose on commercial policies a
31 delinquency charge of up to 5% on that part of the delinquent
32 installment which is \$5,000 or less; 3% on that part of the
33 delinquent installment which is more than \$5,000 but does not
34 exceed \$15,000; and 2% on that part of the delinquent installment
35 that exceeds \$15,000. This bill does not apply to insurance
36 premium financing for personal, family or household purposes.
37 Under current law there is a \$5 cap on the amount that may be
38 charged, regardless of the borrower.

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43 Concerns delinquent charges on late premium insurance finance
44 payments in the case of commercial insurance.

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

Matter underlined thus is new matter.

ASSEMBLY INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1074

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 7, 1994

The Assembly Insurance Committee reports favorably and with committee amendments Assembly Bill No. 1074.

As amended by the committee this bill permits a company which engages in insurance premium financing to impose on commercial policies a delinquency charge of up to 5% on that part of the delinquent installment which is \$5,000 or less; 3% on that part of the delinquent installment which is more than \$5,000 but does not exceed \$15,000; and 2% on that part of the delinquent installment that exceeds \$15,000. This bill does not apply to insurance premium financing for personal, family or household purposes. Under current law there is a \$5 cap on the amount that may be charged, regardless of the borrower.

The amendments provide that the delinquency charges may be collected only once on any installment, however long it remains in default, and that no delinquency charge may be collected on an installment which is paid in full within 10 days after its scheduled due date even though an earlier maturing installment or a delinquency charge on an earlier installment has not been paid in full.

This bill was introduced in the 1994 legislative session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

SENATE COMMERCE COMMITTEE

STATEMENT TO

[SECOND REPRINT]

ASSEMBLY, No. 1074

STATE OF NEW JERSEY

DATED: FEBRUARY 6, 1995

The Senate Commerce Committee reports favorably Assembly Bill No. 1074 [2R].

This bill permits a company which engages in insurance premium financing to impose a delinquency charge of up to 1.5% of the amount of a delinquent installment or \$25, whichever is more, on late payments on premium loans for commercial policies. This bill does not apply to insurance premium loans for personal, family or household purposes. Under current law there is a \$5 cap on the amount that may be charged, regardless of the borrower.

The bill further provides, in regard to late installment payments on consumer and commercial policies, that the delinquency charges may be collected only once on any installment, however long it remains in default, and that no delinquency charge may be collected on an installment which is paid in full within 10 days after its scheduled due date even though an earlier maturing installment or a delinquency charge on an earlier installment has not been paid in full.
