

17:22A-3

LEGISLATIVE HISTORY CHECKLIST
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(Insurer producer--licensing
requirements--exemptions)

NJSA: 17:22A-3
LAWS OF: 1994 **CHAPTER:** 157
BILL NO: A1296
SPONSOR(S): Garrett

DATE INTRODUCED: February 7, 1994
COMMITTEE: **ASSEMBLY:** Insurance
SENATE: Commerce
AMENDED DURING PASSAGE: No
DATE OF PASSAGE: **ASSEMBLY:** May 15, 1994
SENATE: October 27, 1994

DATE OF APPROVAL: December 9, 1994

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

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1 AN ACT exempting certain persons from licensure as insurance
2 producers and amending P.L.1987, c.293.

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

6 1. Section 3 of P.L.1987, c.293 (C.17:22A-3) is amended to
7 read as follows:

8 3. a. No person shall act as an insurance producer or maintain
9 or operate any office in this State for the transaction of the
10 business of an insurance producer, or receive any commission,
11 brokerage fee, compensation or other consideration for services
12 rendered as an insurance producer without first obtaining a
13 license from the commissioner granting authority for the kind of
14 insurance transacted. No insurance company or licensee shall pay
15 any commission, brokerage fee, compensation or other
16 consideration to any unlicensed person for services rendered in
17 this State as an insurance producer except for services rendered
18 while licensed. Engaging in a single act or transaction of the
19 business of an insurance producer, or holding oneself out to the
20 public or a licensee as being so engaged, shall be sufficient proof
21 of engaging in the business of an insurance producer. [This]

22 b. The provisions of subsection a. of this section shall not
23 apply to:

24 (1) the clerical duties of office employees nor the managerial
25 or supervisory duties of general agents or managers who do not
26 negotiate, solicit or effect insurance contracts;

27 (2) any regular salaried officer, employee or member of a
28 fraternal benefit society licensed and authorized to transact
29 business in this State pursuant to the provisions of P.L.1959,
30 c.167 (C.17:44A-1 et seq.) who devotes substantially all of his
31 services to activities other than the solicitation of fraternal
32 insurance contracts from the public, and who receives for the
33 solicitation of those contracts no commission or other
34 compensation directly dependent upon the amount of business
35 obtained; or

36 (3) any agent, representative or member of a fraternal benefit
37 society who devotes, or intends to devote, less than 50 percent of
38 his time to the solicitation and procurement of insurance
39 contracts for that fraternal benefit society. Any person who in
40 the preceding calendar year has solicited and procured life
41 insurance contracts on behalf of any fraternal benefit society in
42 an amount of insurance in excess of a total of \$50,000, or, in the

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.

1 case of any other kind or kinds of insurance which the society
2 writes, on the persons of more than 25 individuals and who has
3 received or will receive a commission or other compensation
4 therefrom, shall be presumed to be devoting, or intending to
5 devote, 50 percent of his time to the solicitation or procurement
6 of insurance contracts for that society.

7 (cf: P.L.1987, c.293, s.3)

8 2. This act shall take effect immediately.

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STATEMENT

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13 This bill exempts certain officers, employees and agents of
14 fraternal benefit societies from being licensed under the "New
15 Jersey Insurance Producer Licensing Act." This exemption would
16 apply to: officers, employees and members of a society who
17 devote substantially all of their time to other than selling
18 insurance and who do not receive any commission or
19 compensation directly dependent on the amount of insurance sold;
20 and any agent, representative or member of a society who sells
21 insurance on a part time basis.

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26 Exempts certain officers, employees and agents of fraternal
27 benefit societies from licensure as insurance producers.

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11 *SPONSOR'S* STATEMENT

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ASSEMBLY INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1296

STATE OF NEW JERSEY

DATED: FEBRUARY 7, 1994

The Assembly Insurance Committee reports favorably Assembly Bill No. 1296.

This bill exempts certain officers, employees and agents of fraternal benefit societies from being licensed under the "New Jersey Insurance Producer Licensing Act." This exemption would apply to: officers, employees and members of a society who devote substantially all of their time to activities other than selling insurance and who do not receive any commission or compensation directly dependent on the amount of insurance sold; and any agent, representative or member of a society who sells insurance on a part time basis.

SENATE COMMERCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1296

STATE OF NEW JERSEY

DATED: MAY 12, 1994

The Senate Commerce Committee reports favorably Assembly, No. 1296.

This bill exempts representatives of fraternal benefit societies who sell insurance only part-time or sell only minimal amounts of insurance for those societies from being licensed under the "New Jersey Insurance Producer Licensing Act," P.L.1987, c.293 (C. 17:22A-1 et seq.). Specifically, the proposed exemption from licensure would apply to: (1) any regular salaried officer, employee or member of a fraternal benefit society who devotes substantially all of his work time to activities other than the selling of fraternal benefit society insurance and receives no commission or other compensation directly dependent on the amount of insurance he sells; and (2) any agent, representative or member of a fraternal benefit society who devotes less than 50 percent of his work time to the sale of insurance for that society. A person who has sold life insurance worth more than \$50,000 or health insurance to more than 25 persons on behalf of any fraternal benefit society in the preceding calendar year and received commissions therefor would be presumed to be devoting 50 percent of his time selling insurance for that society.