

17B:20-8

LEGISLATIVE HISTORY CHECKLIST
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(Securities held by insurers--
valuation standards)

NJSA: 17B:20-8 et al

LAWS OF: 1993 **CHAPTER:** 242

BILL NO: A83

SPONSOR(S) Wolfe and others

DATE INTRODUCED: February 1, 1993

COMMITTEE: **ASSEMBLY:** Insurance

SENATE: Commerce

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

DATE OF PASSAGE: **ASSEMBLY:** May 13, 1993

SENATE: June 28, 1993

DATE OF APPROVAL: August 9, 1993

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

See newspaper clipping--attached:

KBG:pp

P.L.1993, CHAPTER 242, approved August 9, 1993

1993 Assembly No. 83

1 AN ACT concerning the valuation of certain securities and the
2 filing of certain reports by certain insurers and amending and
3 supplementing parts of the statutory law.

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

7 1. N.J.S.17B:20-8 is amended to read as follows:

8 17B:20-8. [The commissioner shall promulgate a regulation or
9 regulations which shall establish valuation procedures and
10 practices with respect to securities] Except as otherwise required
11 by the commissioner, securities held by insurers authorized to do
12 business in this State [which shall, as far as practicable and unless
13 the commissioner shall make a determination to the contrary or
14 unless otherwise provided by statute, be those adopted by the
15 Subcommittee on Valuation of] shall be valued in accordance with
16 the published valuation standards of the Securities Valuation
17 Office of the National Association of Insurance Commissioners.
18 Every insurer licensed to transact business in this State shall
19 comply with the filing and valuation requirements of the
20 Securities Valuation Office of the National Association of
21 Insurance Commissioners or requirements established by the
22 commissioner, as applicable, with respect to the valuation of
23 securities. Any insurer that fails to comply with the provisions of
24 this section shall be subject to a penalty of not less than \$1,000
25 nor more than \$5,000 for a first violation, and not less than
26 \$2,000 nor more than \$10,000 for each subsequent violation.

27 (cf: N.J.S.17B:20-8)

28 2. N.J.S.17B:21-1 is amended to read as follows:

29 17B:21-1. a. Every insurer transacting business in this State
30 shall annually, on or before March 1, file with the commissioner a
31 statement subscribed and sworn to by its president or the
32 chairman of the board if he is the chief executive officer and
33 secretary, or, in their absence, by 2 of its officers and by a
34 qualified actuary, showing the financial condition at the close of
35 business on December 31 of the year last preceding, and its
36 business for that year in the format adopted by the National
37 Association of Insurance Commissioners and in use at the time
38 the statement is due. The annual statement shall be prepared in
39 accordance with the annual statement instructions and the
40 Accounting Practices and Procedures Manual adopted by the
41 National Association of Insurance Commissioners, and all
42 applicable provisions of law. Additionally, every insurer shall file

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 quarterly statements in the format adopted by the National
2 Association of Insurance Commissioners covering the periods
3 ending on March 31, June 30 and September 30, which shall be
4 filed within 45 days after each such date. Quarterly statements
5 shall be confidential and shall not be subject to public inspection
6 or copying pursuant to P.L.1963, c.73 (C.47:1A-1 et seq.). [The
7 statement] All statements shall be submitted in the form and
8 contain [the] any additional matters the commissioner prescribes.

9 b. The commissioner may also address any inquiries to the
10 insurer or its officers in relation to its condition or affairs, or any
11 matter connected with its transactions, and the officers of the
12 insurer shall promptly reply in writing to all such inquiries. The
13 commissioner may, for good cause, extend the time within which
14 the statement or any part thereof may be filed. The annual
15 [statement] and quarterly statements of an alien insurer shall
16 embrace only its business and condition in the United States, and
17 shall be subscribed and sworn to by its resident manager or
18 principal representative in charge of its United States business.

19 c. If an insurer [authorized to do business] domiciled in this
20 State makes a request in writing no more than 60 days prior to
21 December 1, the commissioner shall annually, in the month of
22 December, furnish to such insurer one or more blanks [which shall
23 conform substantially to] in the form of the statement adopted by
24 the National Association of Insurance Commissioners and in use
25 at the time furnished.

26 d. Insurers issuing both participating and nonparticipating
27 policies shall make such separate statement of profits and losses,
28 margins and expenses, with reference to each of such kinds of
29 business, and showing the manner in which any general outlays of
30 the insurer have been apportioned to each of such kinds of
31 business, as may be required by the commissioner.

32 e. The commissioner shall have power to make from time to
33 time such modifications and addition in such form and the
34 matters contained therein as he may deem desirable or necessary
35 to ascertain the condition and affairs of the insurer.

36 (cf: N.J.S.17B:21-1)

37 3. R.S.17:23-1 is amended to read as follows:

38 17:23-1. Every insurance company transacting business in this
39 State shall annually, on or before March first, file in the
40 department a statement, subscribed and sworn to by its president
41 and secretary, or, in their absence, by two of its principal
42 officers, showing its financial condition at the close of business
43 on December thirty-first of the year last preceding, and its
44 business for that year in the format adopted by the National
45 Association of Insurance Commissioners and in use at the time
46 the statement is due. The annual statement shall be prepared in
47 accordance with the annual statement instructions and the
48 Accounting Practices and Procedures Manual adopted by the
49 National Association of Insurance Commissioners, and all
50 applicable provisions of law. Additionally, every insurance
51 company shall file quarterly statements in the format adopted by
52 the National Association of Insurance Commissioners covering
53 the periods ending on March 31, June 30 and September 30, which
54 shall be filed within 45 days after each such date. Quarterly

1 statements shall be confidential and shall not be subject to public
2 inspection or copying pursuant to P.L.1963, c.73 (C.47:1A-1 et
3 seq.). [The statement] All statements shall be submitted in the
4 form and contain [the] any additional matters the commissioner
5 prescribes. The commissioner may also address any inquiries to
6 the company or its officers in relation to its condition or affairs,
7 or any matter connected with its transactions, and the officers of
8 the company shall promptly reply in writing to all the inquiries.
9 The commissioner may, for good cause, extend the time within
10 which the statement or any part thereof may be filed. The
11 annual [statement] and quarterly statements of a company of a
12 foreign country shall embrace only its business and condition in
13 the United States, and shall be subscribed and sworn to by its
14 resident manager or principal representative in charge of its
15 American business.

16 [The] if an insurance company domiciled in this State makes a
17 request in writing no more than 60 days prior to December 1, the
18 commissioner shall, annually, in the month of December furnish
19 to [each of the companies authorized to do business in this State
20 and required to make an annual statement to the department,]
21 that company one or more blanks in the form [adapted for such
22 statements, which shall conform substantially to the form] of the
23 statement adopted by the National Association of Insurance
24 Commissioners and in use [on the effective date of this act] at
25 the time furnished. [A life insurance company issuing both
26 participating and nonparticipating policies, shall make such
27 separate statement of profits and losses, margins and expenses,
28 with reference to each of such kinds of business, and showing the
29 manner in which any general outlays of the company have been
30 apportioned to each of such kinds of business, as may be required
31 by the commissioner.] The commissioner shall have power to
32 make from time to time such modifications and additions in such
33 form and the matters contained therein as he may deem desirable
34 or necessary to ascertain the condition and affairs of the
35 company.

36 (cf: P.L.1947, c.321, s.1)

37 4. (New section) Except as otherwise required by the
38 commissioner, securities held by an insurance company
39 transacting business in this State in accordance with the
40 provisions of Title 17 of the Revised Statutes shall be valued in
41 accordance with the published valuation standards of the
42 Securities Valuation Office of the National Association of
43 Insurance Commissioners. Every insurance company licensed to
44 transact business in this State shall comply with the filing and
45 valuation requirements of the Securities Valuation Office of the
46 National Association of Insurance Commissioners or requirements
47 established by the commissioner, as applicable, with respect to
48 the valuation of securities. Any insurance company that fails to
49 comply with the provisions of this section shall be subject to a
50 penalty of not less than \$1,000 nor more than \$5,000 for a first
51 violation, and not less than \$2,000 nor more than \$10,000 for each
52 subsequent violation.

53 5. Section 54 of P.L.1975, c.106 (C.17:46B-55) is amended to
54 read as follows:

1 54. Annual statements of title insurance companies; form and
2 content.

3 a. Every title insurance company which is authorized to do a
4 title insurance business in this State, shall file in the office of the
5 commissioner annually, on or before March 1, a statement, to be
6 known as its annual statement, executed in duplicate, verified by
7 the oath of at least two of its principal officers, showing its
8 condition on December 31 then next preceding in the format
9 adopted by the National Association of Insurance Commissioners
10 and in use at the time the statement is due. The annual
11 statement shall be prepared in accordance with the annual
12 statement instructions and the Accounting Practices and
13 Procedures Manual adopted by the National Association of
14 Insurance Commissioners, and all applicable provisions of law.
15 Additionally, every title insurance company shall file quarterly
16 statements in the format adopted by the National Association of
17 Insurance Commissioners covering the periods ending on March
18 31, June 30 and September 30, which shall be filed within 45 days
19 after each such date. Quarterly statements shall be confidential
20 and shall not be subject to public inspection or copying pursuant
21 to P.L.1963, c.73 (C.47:1A-1 et seq.). [Such statement] All
22 statements shall be submitted in [such] the form and [shall]
23 contain [such] any additional matters [as] the commissioner [shall
24 prescribe] prescribes.

25 b. [The commissioner shall from time to time prescribe the
26 form of such annual statement as shall seem to him best adapted
27 to elicit a true exhibit of the condition of each such title insurer,
28 in respect to every matter which he may deem material. He shall
29 cause to be prepared and furnished to every title insurance
30 company uniform printed forms of the statements and schedules
31 required by him.] If a title insurance company domiciled in this
32 State makes a request in writing no more than 60 days prior to
33 December 1, the commissioner shall annually, in the month of
34 December, furnish to that company one or more blanks in the
35 form of the statement adopted by the National Association of
36 Insurance Commissioners, and in use at the time furnished.

37 (cf: P.L.1975, c.106, s.54)

38 6. (New section) Except as otherwise required by the
39 commissioner, securities held by a title insurance company
40 transacting business in this State in accordance with P.L.1975,
41 c.106 (C.17:46B-1 et seq.), shall be valued in accordance with the
42 published valuation standards of the Securities Valuation Office
43 of the National Association of Insurance Commissioners. Every
44 title insurance company licensed to transact business in this State
45 shall comply with the filing and valuation requirements of the
46 Securities Valuation Office of the National Association of
47 Insurance Commissioners or requirements established by the
48 commissioner, as applicable, with respect to the valuation of
49 securities. Any title insurance company that fails to comply with
50 the provisions of this section shall be subject to a penalty of not
51 less than \$1,000 nor more than \$5,000 for a first violation, and
52 not less than \$2,000 nor more than \$10,000 for each subsequent
53 violation.

54 7. This act shall take effect immediately.

STATEMENT

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This bill requires securities held by property-casualty insurers, life and health insurers and title insurers transacting business in this State to be valued in accordance with standards promulgated by the Securities Valuation Office of the National Association of Insurance Commissioners (NAIC), except to the extent the Commissioner of Insurance establishes alternative requirements.

The bill also requires that all insurers reporting to the Department of Insurance file the appropriate NAIC annual statement blank prepared in accordance with the NAIC's Accounting Practices and Procedures Manual. Finally, the bill requires insurers to submit quarterly statements which the department must keep confidential.

Provides for the valuation of securities held by property-casualty insurers and life and health insurers.

ASSEMBLY INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 83

STATE OF NEW JERSEY

DATED: MARCH 29, 1993

The Assembly Insurance Committee reports favorably Assembly Bill No. 83.

This bill requires securities held by property-casualty insurers, life and health insurers and title insurers transacting business in this State to be valued in accordance with standards promulgated by the Securities Valuation Office of the National Association of Insurance Commissioners (NAIC), except to the extent the Commissioner of Insurance establishes alternative requirements.

The bill also requires that all insurers reporting to the Department of Insurance file the appropriate NAIC annual statement blank prepared in accordance with the NAIC's Accounting Practices and Procedures Manual. Finally, the bill requires insurers to submit quarterly statements which the department must keep confidential.

SENATE COMMERCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 83

STATE OF NEW JERSEY

DATED: MAY 27, 1993

The Senate Commerce Committee reports favorably Assembly Bill No. 83.

This bill requires securities held by property-casualty insurers, life and health insurers and title insurers transacting business in this State to be valued in accordance with standards promulgated by the Securities Valuation Office of the National Association of Insurance Commissioners (NAIC), except to the extent the Commissioner of Insurance establishes alternative requirements.

The bill also requires that all insurers reporting to the Department of Insurance file the appropriate NAIC annual statement blank prepared in accordance with the NAIC's Accounting Practices and Procedures Manual. Finally, the bill requires insurers to submit quarterly statements which the department must keep confidential.

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OFFICE OF THE GOVERNOR NEWS RELEASE

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TRENTON, N.J. 08625

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GOVERNOR FLORIO SIGNS FINANCIAL SOLVENCY LEGISLATION

Governor Jim Florio today signed legislation that will increase the New Jersey Insurance Department's effectiveness in monitoring the industry's financial activities.

The 12-bill package adopts the insurer solvency standards recommended by the National Association of Insurance Commissioners (NAIC).

Under the NAIC Accreditation Program, state insurance departments must be accredited by January 1, 1994. Accredited states will not be permitted to accept financial examinations of domestic insurance companies by non-accredited states. An independent audit team will review New Jersey's standards to ensure their compliance with the program.

"This legislation will strengthen the Insurance Department's ability to regulate the industry and to take preventive measures if companies experience financial difficulties," Governor Florio said. "The citizens of New Jersey can rest assured that the NAIC Accreditation Program will enhance the capabilities of a department which already is one of the most proactive consumer protection agencies in the country."

Insurance Commissioner Samuel F. Fortunato praised the efforts of Governor Florio and several members of the State Legislature in adopting the legislation.

"We are grateful to the Governor and members of the Legislature for acting quickly on these bills," Fortunato stated. "Their support and sponsorship of vital elements of this package have shown that great things may be accomplished through a true team effort."

Failure to receive accreditation could have affected New Jersey's 27 domestic property and casualty companies and 12 life and health insurers. These companies would be subject to accredited state insurance departments' audits at the companies' expense. These additional costs ultimately would be passed on to policyholders.

The NAIC accreditation audit team is tentatively scheduled to review the state's financial solvency standards in October.

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