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ASSEMBLY, No. 2265

STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED MARCH 20, 2000

Sponsored by:

Assemblyman CHRISTOPHER "KIP" BATEMAN

District 16 (Morris and Somerset)

Assemblyman ALAN M. AUGUSTINE

District 22 (Middlesex, Morris, Somerset and Union)

SYNOPSIS

Allows banks and other lenders to act as title insurance producers.

CURRENT VERSION OF TEXT

As introduced.



A2265 BATEMAN, AUGUSTINE

2

1 AN ACT allowing certain banks and other lenders to act as title
2 insurance producers, amending P.L.1991, c.18 and repealing
3 section 27.1 of P.L.1948, c.67.

4

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

7

8 1. Section 1 of P.L.1991, c.18 (C. 17:46B-30.1) is amended to
9 read as follows:

10 1. [No bank, trust company, bank and trust company or other
11 lending institution, mortgage service, mortgage brokerage or mortgage
12 guaranty company or any service company of or for any lending
13 institution or any officer or employee of any of the foregoing shall be
14 licensed as or permitted to act as an insurance producer for a title
15 insurance company.] No bank, trust company, bank and trust
16 company, or other lending institution, mortgage service, mortgage
17 brokerage or mortgage guaranty company, or any service company of
18 or for any lending institution shall make the selection of a particular
19 title insurance company or insurance producer a condition precedent
20 to the granting of any mortgage loan.

21 (cf: P.L.1991, c.18, s.1)

22

23 2. Section 27.1 of P.L.1948, c.67 (C.17:9A-27.1) is repealed.

24

25 3. This act shall take effect immediately.

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STATEMENT

29

30 In the case of Valley National Bank v. LaVecchia, 59 F. Supp. 2d
31 432 (D.N.J. 1999), the Federal District Court, District of New Jersey,
32 ruled that certain national banks may sell title insurance in New Jersey
33 despite the provisions of section 1 of P.L.1991, c.18 (C.17:46B-30.1)
34 because federal law permitting banks to sell insurance preempts state
35 laws to the contrary. As a result of this holding, State chartered
36 banking institutions have not been able to sell title insurance, although
37 national banks and their subsidiaries in New Jersey have been able to
38 do so.

39 Under the financial modernization provisions of the recently
40 enacted federal Gramm-Leach-Bliley Act, title insurance may be sold
41 by financial holding company subsidiaries and by subsidiaries of
42 national banks, regardless of any state law to the contrary. National
43 banks may also sell title insurance directly in a state if the banks

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.

A2265 BATEMAN, AUGUSTINE

3

1 chartered in that state are authorized to sell title insurance.

2 This bill will eliminate the competitive disadvantage to State
3 chartered banking institutions by repealing the provisions of State law
4 which have prohibited the sale of title insurance by lending institutions
5 in New Jersey.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2265

STATE OF NEW JERSEY

DATED: JUNE 22, 2000

The Assembly Banking and Insurance Committee reports favorably and with committee amendments Assembly, No. 2265.

As amended by the committee, the bill allows State or federally chartered banks, savings banks, savings and loan associations or their subsidiaries to sell title insurance and repeals the current prohibition against those institutions acting as insurance producers in the sale of title insurance.

The committee amended the bill to clarify that the provisions of the bill are limited to State or federally chartered banks, savings banks, savings and loan associations or their subsidiaries.

[First Reprint]

ASSEMBLY, No. 2265

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED MARCH 20, 2000

Sponsored by:

Assemblyman CHRISTOPHER "KIP" BATEMAN

District 16 (Morris and Somerset)

Assemblyman ALAN M. AUGUSTINE

District 22 (Middlesex, Morris, Somerset and Union)

Co-Sponsored by:

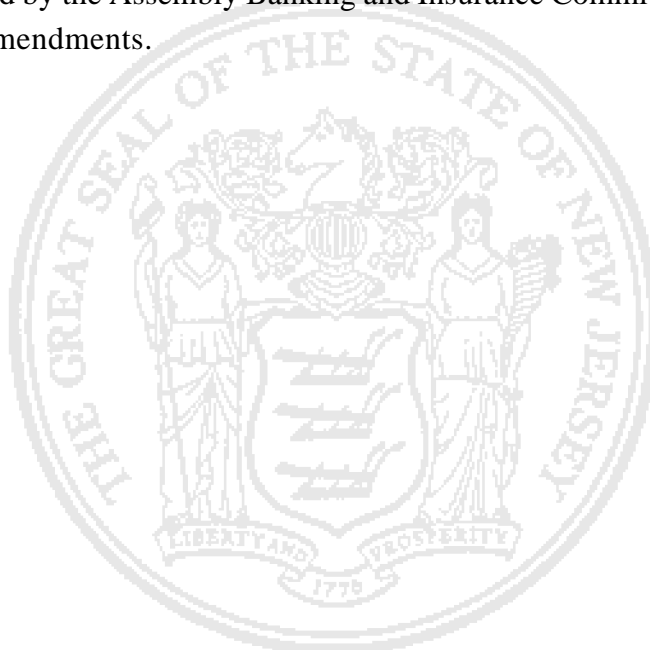
Senators Bennett and Turner

SYNOPSIS

Allows banks and certain other lenders to act as title insurance producers.

CURRENT VERSION OF TEXT

As reported by the Assembly Banking and Insurance Committee on June 22, 2000, with amendments.



(Sponsorship Updated As Of: 9/22/2000)

A2265 [1R] BATEMAN, AUGUSTINE

2

1 AN ACT allowing ¹[certain]¹ banks and ¹certain¹ other lenders to act
2 as title insurance producers, amending P.L.1991, c.18 and repealing
3 section 27.1 of P.L.1948, c.67.

4

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

7

8 1. Section 1 of P.L.1991, c.18 (C. 17:46B-30.1) is amended to
9 read as follows:

10 1. [No bank, trust company, bank and trust company or other
11 lending institution, mortgage service, mortgage brokerage or mortgage
12 guaranty company or any service company of or for any lending
13 institution or any officer or employee of any of the foregoing shall be
14 licensed as or permitted to act as an insurance producer for a title
15 insurance company.] ¹Except for a State or federally chartered bank,
16 savings bank, savings and loan association or its subsidiary or any
17 officer or employee of any of the foregoing, no other lending
18 institution, mortgage service, mortgage brokerage or mortgage
19 guaranty company or service company or any person licensed pursuant
20 to P.L.1996, c.157 (C.17:11C-1 et seq.) shall be licensed as or
21 permitted to act as an insurance producer for a title insurance
22 company.¹ No bank, trust company, bank and trust company, or other
23 lending institution, mortgage service, mortgage brokerage or mortgage
24 guaranty company, or any service company of or for any lending
25 institution shall make the selection of a particular title insurance
26 company or insurance producer a condition precedent to the granting
27 of any mortgage loan.

28 (cf: P.L.1991, c.18, s.1)

29

30 2. Section 27.1 of P.L.1948, c.67 (C.17:9A-27.1) is repealed.

31

32 3. This act shall take effect immediately.

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 ABI committee amendments adopted June 22, 2000.

P.L. 2000, CHAPTER 140, *approved November 1, 2000*
Assembly, No. 2265 (*First Reprint*)

1 AN ACT allowing ¹[certain]¹ banks and ¹certain¹ other lenders to act
2 as title insurance producers, amending P.L.1991, c.18 and repealing
3 section 27.1 of P.L.1948, c.67.

4

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

7

8 1. Section 1 of P.L.1991, c.18 (C. 17:46B-30.1) is amended to
9 read as follows:

10 1. [No bank, trust company, bank and trust company or other
11 lending institution, mortgage service, mortgage brokerage or mortgage
12 guaranty company or any service company of or for any lending
13 institution or any officer or employee of any of the foregoing shall be
14 licensed as or permitted to act as an insurance producer for a title
15 insurance company.] ¹Except for a State or federally chartered bank,
16 savings bank, savings and loan association or its subsidiary or any
17 officer or employee of any of the foregoing, no other lending
18 institution, mortgage service, mortgage brokerage or mortgage
19 guaranty company or service company or any person licensed pursuant
20 to P.L.1996, c.157 (C.17:11C-1 et seq.) shall be licensed as or
21 permitted to act as an insurance producer for a title insurance
22 company.¹ No bank, trust company, bank and trust company, or other
23 lending institution, mortgage service, mortgage brokerage or mortgage
24 guaranty company, or any service company of or for any lending
25 institution shall make the selection of a particular title insurance
26 company or insurance producer a condition precedent to the granting
27 of any mortgage loan.

28 (cf: P.L.1991, c.18, s.1)

29

30 2. Section 27.1 of P.L.1948, c.67 (C.17:9A-27.1) is repealed.

31

32 3. This act shall take effect immediately.

33

34

35

36

37 Allows banks and certain other lenders to act as title insurance
38 producers.

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 ABI committee amendments adopted June 22, 2000.

CHAPTER 140

AN ACT allowing banks and certain other lenders to act as title insurance producers, amending P.L.1991, c.18 and repealing section 27.1 of P.L.1948, c.67.

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

1. Section 1 of P.L.1991, c.18 (C. 17:46B-30.1) is amended to read as follows:

C.17:46B-30.1 Licensure, permission to act as insurance producer for title insurance company.

1. Except for a State or federally chartered bank, savings bank, savings and loan association or its subsidiary or any officer or employee of any of the foregoing, no other lending institution, mortgage service, mortgage brokerage or mortgage guaranty company or service company or any person licensed pursuant to P.L.1996, c.157 (C.17:11C-1 et seq.) shall be licensed as or permitted to act as an insurance producer for a title insurance company. No bank, trust company, bank and trust company, or other lending institution, mortgage service, mortgage brokerage or mortgage guaranty company, or any service company of or for any lending institution shall make the selection of a particular title insurance company or insurance producer a condition precedent to the granting of any mortgage loan.

Repealer.

2. Section 27.1 of P.L.1948, c.67 (C.17:9A-27.1) is repealed.

3. This act shall take effect immediately.

Approved November 1, 2000.

PO BOX 004
TRENTON, NJ 08625

Office of the Governor
NEWS RELEASE

CONTACT: Jayne O'Connor
Laura Otterbourg
609-777-2600

RELEASE: November 1, 2000

Governor Christie Whitman today signed the following legislation:

A-2122, sponsored by Assembly Members Wolfe (R-Monmouth/Ocean) and Malone (R-Burlington/Monmouth/Ocean) and Senators Palaia (R-Monmouth) and Turner (D-Mercer), establishes a Commission on Early Childhood Education in but not of the Department of Education. The bill incorporates recommendations made by the Governor in a conditional veto.

A-2123, sponsored by Assembly Members Wolfe (R-Monmouth/Ocean) and Malone (R-Burlington/Monmouth/Ocean) and Senators Palaia (R-Monmouth) and Turner (D-Mercer), establishes an Office on Early Childhood Education in the Department of Education. The bill incorporates recommendations made by the Governor in a conditional veto.

A-52, sponsored by Assembly Members Jones (D-Essex) and Bateman (R-Morris/Somerset), increases the maximum number of votes of a member of a mutual savings and loan association.

A-2265, sponsored by Assembly Members Bateman (R-Morris/Somerset) and Augustine (R-Middlesex/Morris/Somerset/Union) and Senator Bennett (R-Monmouth), allows banks, savings banks and savings and loan associations to act as title insurance producers.

S-631, sponsored by Senators Matheussen (R-Camden/Gloucester) and Singer (R-Burlington/Monmouth/Ocean) and Assembly Members Holzapfel (R-Monmouth/Ocean) and Moran (R-Atlantic/Burlington/Ocean), clarifies penalty for possession of 50 or more marijuana plants with intent to distribute.