R.S. 17:49-1
COPY NO. 2

LEGISLATIVE HISTORY OF R.S. 17:49-1

(Individual Insurance Business)

No similar bills introduced in 1937 or 1938.

Laws 1939, Chapter 186, sec. 1 - S-131 - Introduced February 13, 1939 by Sen. Van Winkle.

Not amended during passage. This bill had statement:

> The Court of Errors and Appeals has recently held that the present insurance statute is insufficient to prevent the transaction of the business of insurance by individuals. It is the purpose of this bill to regulate the transaction of insurance business by individuals in the same manner that corporations are now regulated.
>
> This bill is urged by the Department of Banking and Insurance.

We found no hearings or reports on this bill; nor any discussion in the New Jersey Law Journal, or any newspaper articles.

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SENATE, No. 131

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 13, 1939

By Mr. VAN WINKLE

Referred to Committee on Banking and Insurance

AN ACT to regulate the transaction of the business of insurance by individuals, partnerships and unincorporated associations in this State.

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

1. Individual insurance authorized; prerequisites to doing business. No person, partnership, or unincorporated association of persons shall engage in the business of insurance in this State except as agent of a person, association, or corporation authorized to do the business of insurance in this State, unless possessed of unencumbered assets in excess of his or their liabilities in a sum equal to the capital stock and surplus required of an insurance corporation of this State organized upon the stock plan, doing the same kind of business, and invested in the same manner; nor unless he or they shall have deposited with the Commissioner of Banking and Insurance securities of the same character and amount required of an insurance company organized upon the stock plan doing business in this State, nor unless the Commissioner of Banking and Insurance shall have granted to him or them a certificate to the effect that he or they have complied with all the provisions of law which an insurance corporation of this State is required to observe, and that the business of insurance specified therein may be safely intrusted to the person, partnership or association to whom the certificate is granted.

2. Applicability of laws governing insurance corporations. Every person, partnership or association receiving any such certificate shall be subject to the insurance laws of this State and to the jurisdiction and supervision of the Commissioner of Banking and Insurance in the same manner as if an insurance corporation organized upon the stock plan pursuant to the laws of this State, and authorized to do the business of insurance specified in the certificate.

3. Designation. No such person, partnership, or association shall transact business under a corporate or fictitious name, or under any name, style or title other than the true name of such person, or of the persons comprising such partnership or association.

4. Application of act. This act shall not apply to any fraternal beneficiary association, mutual benefit association, Lloyds association, or any association of individuals exempt by law from the operation of the insurance laws of this State, nor shall it operate to permit the transaction of business by inter-insurers or reciprocal underwriters.

5. Construction of terms, for the purposes of this act,

a. the business of insurance shall include the issuance of all kinds of endowment policies and annuity contracts;

b. the legal effect of an undertaking to pay the equivalent of money, or to do some act of value, except the furnishing of services, upon the happening of a certain or contingent event, shall be the same as an undertaking on the part of an insurer to pay a certain or an ascertainable sum of money.

6. Penalties. Any person who shall violate any provision of this act shall be guilty of a misdemeanor and shall be punished accordingly, and, in addition thereto, shall be liable to a penalty in the sum of five hundred dollars ($500.00) for each violation, to be sued for and collected by the Commissioner of Banking and Insurance in an action at law in the name of the State. The Court of Chancery shall have jurisdiction to restrain any violation of this act in an action brought for that purpose by the

Commissioner of Banking and Insurance, and may appoint a receiver for those assets of any person, partnership, or association of persons actually employed in the conduct of business in violation of this act.

7. This act shall take effect immediately.

STATEMENT

The Court of Errors and Appeals has recently held that the present insurance statute is insufficient to prevent the transaction of the business of insurance by individuals. It is the purpose of this bill to regulate the transaction of insurance business by individuals in the same manner that corporations are now regulated.

This bill is urged by the Department of Banking and Insurance.

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