

17:17-20

LEGISLATIVE HISTORY CHECKLIST
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(Insurers--transfer)

NJSA: 17:17-20

LAWS OF: 1994 **CHAPTER:** 189

BILL NO: A2222

SPONSOR(S): Garrett and Farragher

DATE INTRODUCED: September 29, 1994

COMMITTEE: **ASSEMBLY:** Insurance
SENATE: ---

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** November 14, 1994
SENATE: December 19, 1994

DATE OF APPROVAL: December 23, 1994

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes
SENATE: No

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

DEPR
Not Reported

KBG:pp

P.L.1994, CHAPTER 189, approved December 23, 1994
1994 Assembly No. 2222

1 AN ACT concerning the transfer of domicile of certain insurers.

2

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

5 1. a. An insurer that is formed under the laws of another state
6 and is admitted to transact the business of insurance in this State
7 may become a domestic insurer upon the commissioner's
8 determination that the company has complied with all applicable
9 requirements of Title 17 of the Revised Statutes relating to the
10 formation of a domestic insurer of the same type. If the
11 commissioner approves the domestication of a foreign insurer
12 pursuant to this section, the insurer shall be entitled to a
13 certificate of authority equivalent to that which was previously
14 held as a foreign insurer and the insurer shall be subject to the
15 authority and jurisdiction of this State. The newly domesticated
16 insurer shall amend its articles of incorporation to provide that
17 the corporation is a continuation of the corporate existence of
18 the original foreign corporation through the adoption of this State
19 as its corporate domicile, and that the original date of
20 incorporation in its original domiciliary state is the date of
21 incorporation of such domestic insurer. For purposes of the
22 premium tax laws, pursuant to P.L.1945, c.132 (C.54:18A-1 et
23 seq.), however, the date of licensure shall be the date on which
24 the commissioner approves the domestication in this State.

25 b. Any domestic insurer may, upon the written approval of the
26 commissioner, transfer its domicile to any other state in which it
27 is admitted to transact the business of insurance. The company
28 shall cease to be a domestic insurer as of the effective date of
29 the transfer approved by the commissioner. Such a company shall
30 be admitted to transact the business of insurance in this State if
31 the company is otherwise qualified as a foreign insurer pursuant
32 to the applicable requirements of Title 17 of the Revised Statutes.

33 c. Every insurer authorized to transact business in the State
34 shall notify the commissioner of the details of any proposed
35 transfer of domicile at least 60 days prior to the effective date
36 of the proposed transfer, however, the commissioner may approve
37 a shorter period for providing such notice. Such an insurer shall
38 file promptly any resulting amendments to corporate documents
39 filed or required to be filed with the commissioner.

40 d. Prior to granting approval for any foreign insurer to become
41 a domestic insurer, or for a domestic insurer to transfer its
42 domicile to another state, the commissioner may conduct
43 whatever investigations, examinations or hearings he deems
44 necessary, and may subject the issuance of his approval to the
45 conditions and restrictions that he determines are reasonable and

1 necessary for the protection of the company's policyholders or
2 the public.

3 e. The transfer of domicile of an insurer pursuant to the
4 provisions of this section shall not be construed to alter either
5 the existing rights, franchises and interests, or the duties,
6 obligations and liabilities of the insurer transferring domicile,
7 except as otherwise provided by law. Insurers who transfer
8 domicile shall continue to be subject to all the liabilities, claims
9 and demands against the company which were in existence prior
10 to the transfer of domicile. Any action or proceeding pending at
11 the time of the consummation of the process by which the
12 domicile is transferred in which the company is a party shall not
13 abate or discontinue by reason of the transfer of domicile, but
14 shall be prosecuted to a final resolution in the same manner as if
15 the transfer of domicile had not taken place.

16 f. The certificate of authority, insurance producer
17 appointments and licenses, rating systems and other documents
18 required to be maintained for regulatory purposes, which are in
19 existence and approved for use in this State at the time any
20 insurer licensed to transact the business of insurance in this State
21 transfers its corporate domicile to this or any other state by
22 merger, consolidation, transfer, or any other lawful method, shall
23 continue in full force and effect upon such transfer if the
24 commissioner is satisfied that the insurer remains duly qualified
25 to transact the business of insurance in this State. All
26 outstanding policies of any transferring insurer shall remain in
27 full force and effect and need not be endorsed as to the new
28 name of the company or its new location unless so ordered by the
29 commissioner. To the extent required by law, every transferring
30 insurer shall file new policy forms with the commissioner on or
31 before the effective date of the transfer, but may use existing
32 policy forms with appropriate endorsements if allowed by, and
33 under such conditions as approved by, the commissioner.

34 2. a. An insurer that is formed under the laws of another state
35 and is admitted to transact the business of insurance in this State
36 may become a domestic insurer upon the commissioner's
37 determination that the company has complied with all applicable
38 requirements of Title 17B of the New Jersey Statutes relating to
39 the formation of a domestic insurer of the same type. If the
40 commissioner approves the domestication of a foreign insurer
41 pursuant to this section, the insurer shall be entitled to a
42 certificate of authority equivalent to that which was previously
43 held as a foreign insurer and the insurer shall be subject to the
44 authority and jurisdiction of this State. The newly domesticated
45 insurer shall amend its articles of incorporation to provide that
46 the corporation is a continuation of the corporate existence of
47 the original foreign corporation through the adoption of this State
48 as its corporate domicile, and that the original date of
49 incorporation in its original domiciliary state is the date of
50 incorporation of such domestic insurer. For purposes of the
51 premium tax laws, pursuant to P.L.1945, c.132 (C.54:18A-1 et
52 seq.), however, the date of licensure shall be the date on which
53 the commissioner approves the domestication in this State.

54 b. Any domestic insurer may, upon the written approval of the

1 commissioner, transfer its domicile to any other state in which it
2 is admitted to transact the business of insurance. The company
3 shall cease to be a domestic insurer as of the effective date of
4 the transfer approved by the commissioner. Such a company shall
5 be admitted to transact the business of insurance in this State if
6 the company is otherwise qualified as a foreign insurer pursuant
7 to the applicable requirements of Title 17B of the New Jersey
8 Statutes.

9 c. Every insurer authorized to transact business in the State
10 shall notify the commissioner of the details of any proposed
11 transfer of domicile at least 60 days prior to the effective date
12 of the proposed transfer, however, the commissioner may approve
13 a shorter period for providing such notice. Such an insurer shall
14 file promptly any resulting amendments to corporate documents
15 filed or required to be filed with the commissioner.

16 d. Prior to granting approval for any foreign insurer to become
17 a domestic insurer, or for a domestic insurer to transfer its
18 domicile to another state, the commissioner may conduct
19 whatever investigations, examinations or hearings he deems
20 necessary, and may subject the issuance of his approval to the
21 conditions and restrictions that he determines are reasonable and
22 necessary for the protection of the company's policyholders or
23 the public.

24 e. The transfer of domicile of an insurer pursuant to the
25 provisions of this section shall not be construed to alter either
26 the existing rights, franchises and interests, or the duties,
27 obligations and liabilities of the insurer transferring domicile,
28 except as otherwise provided by law. Insurers who transfer
29 domicile shall continue to be subject to all the liabilities, claims
30 and demands against the company which were in existence prior
31 to the transfer of domicile. Any action or proceeding pending at
32 the time of the consummation of the process by which the
33 domicile is transferred in which the company is a party shall not
34 abate or discontinue by reason of the transfer of domicile, but
35 shall be prosecuted to a final resolution in the same manner as if
36 the transfer of domicile had not taken place.

37 f. The certificate of authority, insurance producer
38 appointments and licenses, rating systems and other documents
39 required to be maintained for regulatory purposes, which are in
40 existence and approved for use in this State at the time any
41 insurer licensed to transact the business of insurance in this State
42 transfers its corporate domicile to this or any other state by
43 merger, consolidation, transfer, or any other lawful method, shall
44 continue in full force and effect upon such transfer if the
45 commissioner is satisfied that the insurer remains duly qualified
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47 outstanding policies of any transferring insurer shall remain in
48 full force and effect and need not be endorsed as to the new
49 name of the company or its new location unless so ordered by the
50 commissioner. To the extent required by law, every transferring
51 insurer shall file new policy forms with the commissioner on or
52 before the effective date of the transfer, but may use existing
53 policy forms with appropriate endorsements if allowed by, and
54 under such conditions as approved by, the commissioner.

1 3. This act shall take effect immediately.
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4 STATEMENT
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6 This bill provides that an insurer organized under the laws of
7 any other state and admitted to do business in New Jersey may
8 become a domestic insurer by complying with all the
9 requirements of law in New Jersey relative to the organization
10 and licensing of a domestic insurer of the same type.

11 The bill provides that upon the approval of the Commissioner
12 of Insurance, a domestic insurer may transfer its domicile to any
13 other state, and upon its transfer, shall be admitted to this State,
14 if qualified, as a foreign insurer.

15 The bill provides that, subject to the commissioner's approval,
16 the certificate of authority, insurance producer appointments and
17 licenses, rating systems and other documents that are in
18 existence at the time an insurer licensed to transact the business
19 of insurance in this State transfers its corporate domicile to this
20 or any other state, shall continue in full force and effect upon
21 such transfer if that insurer remains duly qualified to transact
22 the business of insurance in this State.

23 The bill requires a transferring insurer to file new policy forms
24 with the commissioner on or before the effective date of
25 transfer, but permits the transferring insurer to continue to use
26 existing policy forms, subject to the approval of the
27 commissioner.

28 Under the provisions of the bill, a transferring insurer would be
29 required to notify the commissioner with respect to the details of
30 the proposed transfer 60 days prior to the date of the effective
31 date of the proposed transfer and to file promptly any resulting
32 amendments to corporate documents filed with or required to be
33 filed with the commissioner.

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38 Simplifies process by which insurance companies transfer
39 domicile.

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SPONSOR'S STATEMENT

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39 Simplifies process by which insurance companies transfer
domicile.

ASSEMBLY INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2222

STATE OF NEW JERSEY

DATED: OCTOBER 6, 1994

The Assembly Insurance Committee reports favorably Assembly Bill No. 2222.

This bill provides that an insurer organized under the laws of any other state and admitted to do business in New Jersey may become a domestic insurer by complying with all the requirements of law in New Jersey relative to the organization and licensing of a domestic insurer of the same type.

The bill provides that upon the approval of the Commissioner of Insurance, a domestic insurer may transfer its domicile to any other state, and upon its transfer, shall be admitted to this State, if qualified, as a foreign insurer.

The bill provides that, subject to the commissioner's approval, the certificate of authority, insurance producer appointments and licenses, rating systems and other documents that are in existence at the time an insurer licensed to transact the business of insurance in this State transfers its corporate domicile to this or any other state, shall continue in full force and effect upon such transfer if that insurer remains duly qualified to transact the business of insurance in this State.

The bill requires a transferring insurer to file new policy forms with the commissioner on or before the effective date of transfer, but permits the transferring insurer to continue to use existing policy forms, subject to the approval of the commissioner.

Under the provisions of the bill, a transferring insurer would be required to notify the commissioner with respect to the details of the proposed transfer 60 days prior to the date of the effective date of the proposed transfer and to file promptly any resulting amendments to corporate documents filed with or required to be filed with the commissioner.