

LEGISLATIVE HISTORY CHECKLIST

NJSA 17:30B-2:17:30B-10

Laws of 1977 Chapter 278 (Joint Underwriting Assoc. Act--broaden coverage)

Bill No. S3430

Sponsor(s) Merlino and others

Date Introduced September 29, 1977

Committee: Assembly _____

Senate _____

Amended during passage Yes Amendments during passage denoted by asterisks.

Date of passage: Assembly October 17, 1977 Substituted for A3556, which was identical.

Senate September 29, 1977

Date of approval October 31, 1977

Following statements are attached if available:

Sponsor statement Yes

Committee Statement: Assembly No

Senate No

Fiscal Note No

Veto message No

Message on signing No

Following were printed:

Reports No

Hearings No

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SENATE, No. 3430

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 29, 1977

By Senators MERLINO, FELDMAN, BEDELL and ORECHIO

(Without Reference)

AN ACT to amend the "Joint Underwriting Association Act" approved September 19, 1974 (P. L. 1974, c. 106).

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

1 1. Section 2 of P. L. 1974, c. 106 (C. 17:30B-2) is amended to
2 read as follows:

3 2. a. The purpose of this act is to avoid financial loss to and
4 to reduce financial burdens on claimants and policyholders because
5 of the insolvency of insurers, to authorize the creation of special
6 underwriting associations to assume certain obligations of insolvent
7 insurers and to continue, without interruption and without addi-
8 tional cost, coverage for claimants and policyholders who transfer
9 their rights for unearned premiums from the said insolvent insurers
10 to said asociations, and to provide a means by which the costs
11 of such coverage can be equitably assumed.

12 b. This act shall apply to all kinds of [motor vehicle insurance]
13 direct insurance, except ocean or wet marine, life insurance, acci-
14 dent and health insurance, workers' compensation insurance, title
15 insurance, annuities and surety bonds *written by any company
16 enumerated in section 10 c. of this act*.

1 2. Section 10 of P. L. 1974, c. 106 (C. 17:30B-10) is amended to
2 read as follows:

3 10. a. A surcharge on insurance policies of the kind which are
4 being assumed by the associations created hereunder shall be levied
5 in amounts sufficient to recoup over a reasonable length of time a
6 sum equal to the amounts necessary for reimbursement pursuant
7 to section 5 b. of this act. The surcharge shall be a separate charge

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

8 to the insured in addition to the premium to be paid and shall be
9 reflected as such in the policy. The insurer shall be prohibited from
10 absorbing such surcharge as an inducement for insurance or any
11 other reason.

12 b. The amount of such surcharge shall be determined by the
13 commissioner, but in no event shall the surcharge on any policy
14 exceed one-half of 1% of the policy premium.

15 c. **[At any time]** *Whenever* moneys are **[recoverable]** *recovered*
16 *as a result of claims arising on or after September 19, 1974* from
17 **[Gateway Insurance Company or any of its brokers or agents, or**
18 **Financial Capital Corporation or any other lending institution**
19 **financing Gateway auto insurance policies for New Jersey resi-**
20 **dents, or FISCO, Inc., or any other subsidiary of FISCO, Inc.]**
21 **[insolvent insurers]* *Gateway Insurance Company, Empire*
22 *Mutual Insurance Company or Allcity Insurance Company**
23 *insurers or lending institutions financing insurance policies for *any*
24 *of said companies with respect to policies for* New Jersey residents*
25 *or any of [its] their* brokers or agents, said moneys shall be
26 **[reimbursed to New Jersey automobile insurance policyholders**
27 **in proportion to the surcharge imposed upon them under this act**
28 **by virtue of rules and regulations adopted and promulgated by the**
29 **Commissioner of Insurance; it being understood that all such reim-**
30 **bursement of moneys shall be within the scope of the Federal**
31 **Bankruptcy laws.]** *credited to the Joint Underwriting Association*
32 *Fund for use by the commissioner with respect to future*
33 *insolvencies.*

1 3. This act shall take effect immediately.

SENATE, No. 3430

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 29, 1977

By Senators MERLINO, FELDMAN, BEDELL and ORECHIO

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2 *of New Jersey:*

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2 read as follows:

3 2. a. The purpose of this act is to avoid financial loss to and
4 to reduce financial burdens on claimants and policyholders because
5 of the insolvency of insurers, to authorize the creation of special
6 underwriting associations to assume certain obligations of insolvent
7 insurers and to continue, without interruption and without addi-
8 tional cost, coverage for claimants and policyholders who transfer
9 their rights for unearned premiums from the said insolvent insurers
10 to said associations, and to provide a means by which the costs
11 of such coverage can be equitably assumed.

12 b. This act shall apply to all kinds of **[motor vehicle insurance]**
13 *direct insurance, except ocean or wet marine, life insurance, acci-*
14 *dent and health insurance, workers' compensation insurance, title*
15 *insurance, annuities and surety bonds.*

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4 being assumed by the associations created hereunder shall be levied
5 in amounts sufficient to recoup over a reasonable length of time a
6 sum equal to the amounts necessary for reimbursement pursuant
7 to section 5 b. of this act. The surcharge shall be a separate charge
8 to the insured in addition to the premium to be paid and shall be
9 reflected as such in the policy. The insurer shall be prohibited from
10 absorbing such surcharge as an inducement for insurance or any
11 other reason.

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill
is not enacted and is intended to be omitted in the law.**

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12 b. The amount of such surcharge shall be determined by the
13 commissioner, but in no event shall the surcharge on any policy
14 exceed one-half of 1% of the policy premium.

15 c. **【At any time】** *Whenever* moneys are **【recoverable】** *recovered*
16 *as a result of claims arising on or after September 19, 1974* from
17 **【Gateway Insurance Company or any of its brokers or agents, or**
18 **Financial Capital Corporation or any other lending institution**
19 **financing Gateway auto insurance policies for New Jersey resi-**
20 **dents, or FISCO, Inc., or any other subsidiary of FISCO, Inc.】**
21 *insolvent insurers or lending institutions financing insurance poli-*
22 *cies for New Jersey residents* or any of **【its】** *their* brokers or
23 agents, said moneys shall be **【reimbursed to New Jersey automobile**
24 **insurance policyholders in proportion to the surcharge imposed**
25 **upon them under this act by virtue of rules and regulations adopted**
26 **and promulgated by the Commissioner of Insurance; it being**
27 **understood that all such reimbursement of moneys shall be within**
28 **the scope of the Federal Bankruptcy laws.】** *credited to the Joint*
29 *Underwriting Association Fund for use by the commissioner with*
30 *respect to future insolvencies.*

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STATEMENT

This bill previously provided only a continuance of motor vehicle coverage in an insolvency situation, which coverage was urgently needed as an aftermath of the Gateway Insurance Company insolvency. Recent insolvencies of carriers of homeowners and other forms of liability coverage have made it imperative for extension of this bill to assure an interim coverage for other lines since New Jersey insureds are unable to secure new policies quickly due to the acute constriction of the insurance market and the high costs of coverage. This amendment will also clarify the commissioner's authority to establish a Special Joint Underwriting Association with respect to any insolvent insurance company as defined in this bill.

ASSEMBLY AMENDMENTS TO
SENATE, No. 3430

STATE OF NEW JERSEY

ADOPTED OCTOBER 17, 1977

Amend page 1, section 1, line 15, after "bonds", insert "written by any company enumerated in section 10 c of this act".

Amend page 2, section 2, line 21, omit "insolvent insurers", insert "Gateway Insurance Company, Empire Mutual Insurance Company or Allcity Insurance Company".

Amend page 2, section 2, line 22, after "for", insert "any of said companies with respect to policies for".

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

OCTOBER 31, 1977

JIM STABILE

Governor Brendan Byrne today signed S-3430 at his Newark Office.

Sponsored by Senator Joseph P. Merlino, (D-Mercer), and three co-sponsors, S-3430 was passed by the Senate, 29-0 this morning.

The measure amends the joint underwriting association act to extend homeowners' coverage to the policyholders, half with automobile insurance and half with homeowners' insurance.

The automobile policyholders already had coverage extended by the joint underwriting association, and signing of S-3430 extends coverage to those who held homeowners' insurance.

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