

LEGISLATIVE HISTORY CHECKLIST
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(State Firemens Association--- funds)

NJSA: 54:18-1 to 54:18-7

LAWS OF: 1997 CHAPTER: 41

BILL NO: S253

SPONSOR(S): Kosco and others

DATE INTRODUCED: Pre-filed

COMMITTEE: ASSEMBLY: Law and Public Safety
SENATE: Law and Public Safety

AMENDED DURING PASSAGE: Yes
Second reprint enacted

DATE OF PASSAGE: ASSEMBLY: November 14, 1996 Re-enacted 3-24-97
SENATE: March 21, 1996 Re-enacted 3-24-97

DATE OF APPROVAL: March 27, 1997

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes
SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: Yes

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:
REPORTS: No

HEARINGS: Yes

Hearings referred to in statements:

- 974.90 New Jersey. Legislature. Senate. Law & Public Safety Committee.
- P823 Public hearing on recent criticism of the New Jersey State
- 1994 Firemen's Association, held 6-23-94, 7-21-94. Trenton, 1994.

See:

- J Per New Jersey State Firemen's Association.
- F52 Annual convention, September 15 & 16, 1995. Wildwood, NJ, 1995.

KBP:pp

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OS: JKH

[Second Reprint]
SENATE, No. 253

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Senators KOSCO, GIRGENTI and Assemblyman Holzapfel

1 AN ACT concerning the New Jersey State Firemen's Association,
2 amending and repealing various sections of the statutory law, and
3 supplementing Title 54 of the Revised Statutes.

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

7
8 1. R.S.54:18-1 is amended to read as follows:
9 54:18-1. Each insurer, not organized under the laws of **[this]** the
10 State of New Jersey, which takes fire insurance risks on property in
11 this State, shall on or before March 1 in each year, for the period
12 during the 12 months ending December 31 of the preceeding year.
13 cause to be made to the **[treasurer]** Treasurer of the **[duly**
14 **incorporated firemen's relief association]** New Jersey State Firemen's
15 Association, on behalf of each municipality **[, portion of a township]**
16 or fire district in **[which]** this State, for any property on which the
17 insurer has taken **[a]** any fire insurance risk **[is]** situate therein, a true
18 return in writing, verified by the oath of an officer or representative of
19 the insurer, showing the amount of all premiums received by **[the**
20 **insurer,]** or agreed to be paid to **[it,** during the 12 months ending
21 December 31 of the preceding year, for insurance by **]** the insurer, for
22 insurance underwritten by that insurer against loss or injury by fire
23 upon real or personal property, **[(except automobiles and aircraft**
24 **unless stored for sale)]** except automobiles that are not stored for sale,
25 including loss of use thereof **[,]** in the municipality, **[portion of a**
26 **township]** or fire district. The return also shall contain the Insurance
27 Services Office "ISO" numerical identification code or designation
28 assigned by the New Jersey State Firemen's Association for such
29 municipality or fire district. The insurer shall, on or before March 1

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SLP committee amendments adopted March 14, 1996.

² Senate amendments adopted in accordance with Governor's recommendations March 10, 1997.

1 of each year, pay to the ~~treasurer~~ Treasurer of the New Jersey State
2 Firemen's Association the sum of 2% upon the amount of all the
3 premiums ~~so~~ received or agreed to be paid during the 12 months
4 ending December 31 of the preceding year. ~~Such insurer may, upon~~
5 ~~prior notice to the treasurer of each duly incorporated firemen's relief~~
6 ~~association of each municipality, portion of a township or fire district,~~
7 ~~request any regularly appointed agents of the insurer, or any brokers~~
8 ~~who may have placed any insurance in the insurer, to make the return~~
9 ~~and the payment herein provided to be made by the insurer, but any~~
10 ~~such payment, when brought to the notice of the insurer, may be~~
11 ~~accounted for by it, under oath, and deducted from any payment so~~
12 ~~made by it.~~]

13 If the insurer fails to comply herewith, and the failure is reported to
14 the ~~commissioner of banking and insurance~~ Commissioner of
15 Insurance in writing, attested by the oath of the ~~treasurer~~ Treasurer
16 of ~~a duly incorporated firemen's relief association,~~ the New Jersey
17 State Firemen's Association, then the commissioner shall forthwith
18 revoke the certificate of authority issued to the insurer, and, until the
19 provisions of this chapter have been complied with by the insurer, it
20 shall not transact further business in this State.

21 (cf: P.L.1955, c.204, s.1)

22

23 2. R.S.54:18-2 is amended to read as follows:

24 54:18-2. If ~~a~~ any person residing or having an office or place of
25 business in this State ~~shall~~, in the capacity either of agent ~~or~~ ,
26 broker, or insurer shall effect, or cause to be effected, any insurance,
27 or shall receive any application for the effecting of insurance upon
28 property in ~~a~~ any municipality~~, portion of a township~~ or fire
29 district in this State, ~~which shall have a duly incorporated firemen's~~
30 ~~relief association,~~ and shall directly or indirectly place the insurance
31 or cause the same to be placed in an insurer not organized under the
32 laws of this State, the agent ~~or~~, broker ~~may, upon request of the~~
33 or insurer ~~(as set forth in section 54:18-1)~~ shall make a return to the
34 ~~treasurer~~ Treasurer of the ~~duly incorporated firemen's relief~~
35 ~~association~~ New Jersey State Firemen's Association on behalf of the
36 municipality~~, portion of a township~~ or fire district~~,~~ in which the
37 property is situate, as set forth in R.S.54:18-1, on or before March 1
38 in each year~~, containing~~. The ¹ ~~report~~ return ¹ shall contain an
39 account, under oath, of all premiums received by ~~him~~ such agent,
40 broker or insurer, or by any other person for him, or agreed to be paid,
41 during the 12 months ending December 31 of the preceding year, for
42 insurance against loss or injury by fire upon real or personal
43 property~~(except automobiles and aircraft unless stored for sale)~~,
44 except automobiles that are not stored for sale, including loss of use
45 thereof in the municipality~~, portion of a township~~ or fire district~~,~~

1 which insurance shall have been placed by him, or by any other person
 2 for him, or at his request, in any insurer not organized under the laws
 3 of this State. Such]. The return also shall contain the Insurance
 4 Services Office "ISO" numerical identification code or designation
 5 assigned by the New Jersey State Firemen's Association of such
 6 municipality or fire district. The agent [or] , broker or insurer shall,
 7 on or before March 1 of each year, pay to the [treasurer] Treasurer
 8 of the [firemen's relief association] New Jersey State Firemen's
 9 Association the sum of 2% upon the amount of all the premiums
 10 received or agreed to be paid as aforesaid within the 12 months ending
 11 December 31 of the preceding year. The Treasurer of the New Jersey
 12 State Firemen's Association shall allocate the tax monies received to
 13 the appropriate local firemen's relief association incorporated and
 14 affiliated with the State association, collected on behalf of the
 15 municipality or fire district under the control thereof, and to the Board
 16 of Managers of the New Jersey Firemen's Home. Any monies
 17 received, allocated or paid by any agent, broker or insurer pursuant to
 18 the provisions of this chapter on behalf of any municipality or fire
 19 district that does not have a local firemen's relief association affiliated
 20 with the New Jersey State Firemen's Association shall be allocated to
 21 the New Jersey Firemen's Home in accordance with the provisions of
 22 section 7 of P.L. , c. (C.) (now pending before the Legislature
 23 as this bill).

24 (cf: P.L.1955, c.204, s.2)

25

26 3. R.S.54:18-3 is amended to read as follows:

27 54:18-3. Every agent [or] , broker, or insurer residing or having
 28 an office or [place of business in this State, requested by the insurer
 29 to] authorized or licensed to do business in this State shall make the
 30 return and payment as set forth in [section] R.S.54:18-2 and shall
 31 keep accurate books of account of all business done by him [as agent
 32 or broker for which such a return is required, in which shall be put
 33 down] . The agent, broker or insurer shall record the name of the
 34 insured, the date and expiration of the insurance, a description of the
 35 property insured, a statement of its location, including the Insurance
 36 Services Office "ISO" numerical identification code or designation of
 37 the municipality or fire district, the amount of the insurance and [of
 38 the premium] premiums paid therefor. If [any such] an agent [or] ,
 39 broker or insurer fails, neglects or refuses to comply with any
 40 provisions of this chapter, or [in case] if any fraud or dishonesty in
 41 the returns[, hereinbefore provided to be made by him,]required
 42 pursuant to the provisions of this chapter is apparent or becomes
 43 known, the [treasurer] Treasurer of [a duly incorporated firemen's
 44 relief association injured thereby may obtain an order from a judge of
 45 the Superior Court in the county in which the association is

1 located, the New Jersey State Firemen's Association, on behalf of the
2 municipality or fire district, may obtain from a judge of the Superior
3 Court, in the county wherein the insured property is located, an order
4 compelling the agent [or] , broker or insurer to produce [in the court
5 his] all books [of] and records required to be kept by this chapter for
6 an [account for] accounting and examination by the court.

7 (cf: P.L.1991, c.91, s.508)

8

9 4. R.S.54:18-4 is amended to read as follows:

10 54:18-4. Any such agent [or] , broker or insurer who fails,
11 neglects or refuses to keep books of account as [aforesaid] required,
12 or to produce them in the Superior Court upon an order of the court,
13 or to make proper and accurate returns as hereinbefore provided, or
14 to pay over the percentage due upon any premium as [aforesaid]
15 required, at the time and in the manner specified in this chapter, or
16 who is found, upon examination by the court, to have made a false
17 return of the business done by him, shall, for each offense, be guilty of
18 a crime of the fourth degree and forfeit and pay the amount owed to
19 the [treasurer] Treasurer of [any duly incorporated firemen's relief
20 association that may be injured by his failure, neglect or refusal, or by
21 the making of the false returns, the sum of \$500.00] the New Jersey
22 State Firemen's Association.

23 (cf: P.L.1991, c.91, s.509)

24

25 5. R.S.54:18-5 is amended to read as follows:

26 54:18-5. If any such agent [or] , broker or insurer fails, neglects
27 or refuses to pay any percentage herein provided for, or to pay and
28 satisfy any forfeiture or penalty adjudged to be due under the
29 provisions of this chapter, and that fact is reported to the
30 [commissioner banking and insurance] Commissioner of Insurance in
31 writing, attested by the oath of the [treasurer] Treasurer of [a duly
32 incorporated firemen's relief association] the New Jersey State
33 Firemen's Association, the commissioner shall forthwith revoke any
34 certificate of authority previously issued under which the failure has
35 occurred. The revocation of a certificate shall not release any penalty
36 or forfeiture previously incurred.

37 (cf: P.L.1955, c.204, s.5)

38

39 6. R.S.54:18-7 is amended to read as follows:

40 54:18-7. This chapter shall not alter or abridge any reciprocal
41 legislation existing between different states of the United States, in
42 regard to the percentage of taxes collected [by the state tax
43 commissioner of this state, but the amount of premiums paid by any
44 insurance company to the treasurer of any duly incorporated firemen's
45 relief association in this state shall be deemed a part of the reciprocal

1 tax to be collected by the state tax commissioner of this state] and
2 received for this State. The amount of premiums paid by any
3 insurance company pursuant to this chapter shall be deemed part of the
4 reciprocal tax to be collected for this State. The Commissioner of
5 Insurance, in consultation with the Treasurer of the State of New
6 Jersey, shall enforce the provisions of this chapter and shall require the
7 Treasurer of the New Jersey State Firemen's Association to provide a
8 certified annual accounting of the monies received and allocated under
9 the provisions of this chapter and R.S.43:17-1 et seq., and shall hold
10 the treasurer and officers accountable and subject to the penalties
11 provided herein.

12 (cf: R.S.54:18-7)

13

14 7. (New section) All monies received by the Treasurer of the New
15 Jersey State Firemen's Association from the 2% tax on fire insurance
16 premiums paid by insurance companies not organized in this State, on
17 behalf of municipalities or fire districts which do not have a duly
18 incorporated local firemen's relief association affiliated with the State
19 Association under R.S.43:17-2 et seq., shall be dedicated to the New
20 Jersey Firemen's Home. Upon adoption of the budget, subject to the
21 approval of the Governor, in accordance with R.S.30:7-1 et seq., these
22 funds shall be allocated to the Board of Managers for the operation of
23 the New Jersey Firemen's Home. A certified copy of the budget
24 approved by the Governor shall be filed immediately with the
25 Treasurer of the New Jersey State Firemen's Association.

26 The Treasurer of the New Jersey State Firemen's Association shall
27 return to the general fund of the State Association the balance of the
28 monies not required for the annual operation of the New Jersey
29 Firemen's Home.

30 If there are not sufficient funds in the account for the annual
31 operating expenses of the New Jersey Firemen's Home in accordance
32 with R.S.30:7-1 et seq., the Board of Managers of the New Jersey
33 Firemen's Home shall certify the amount of the deficiency to the
34 Treasurer of the New Jersey State Firemen's Association. The
35 certification shall be filed before the fiscal year for the New Jersey
36 Firemen's Home commences. The certification shall set forth the
37 specific sum necessary to fund the operational expenses of the New
38 Jersey Firemen's Home. The Operational Budget shall include all
39 necessary costs for the maintenance and operation of the home,
40 including purchase of equipment. Upon receipt of the certification, the
41 Treasurer of the New Jersey State Firemen's Association shall pay the
42 certified amount to the New Jersey Firemen's Home no later than May
43 1 of each year.

44 The procedure set forth below shall be followed if the Board of
45 Managers proposes a capital project consisting of a building addition
46 to the New Jersey Firemen's Home or the construction of a new

1 facility:

2 a. At least 30 days before the capital project is submitted to the
3 Governor, the Board of Managers of the New Jersey Firemen's Home
4 shall submit to the officers and executive committee of the New Jersey
5 State Firemen's Association, a description of the proposed project, and
6 costs thereof, including future operational costs. Within 30 days of
7 receipt of the notice the officers of the New Jersey Firemen's Home
8 and New Jersey State Firemen's Association shall approve or
9 disapprove the funding necessary therefor. After the project has been
10 approved or disapproved, the executive committee shall meet in a
11 special executive session to confirm the action of the officers.

12 b. If the officers or the executive committee disapproves the
13 proposed capital project, the board of managers or the officers may
14 appeal to the Commissioner of Insurance who shall issue a final
15 decision within 30 days, but in any event not later than November 1 of
16 any year. The budget then shall be submitted to the Governor for
17 approval pursuant to law.

18

19 8. The following are hereby repealed:

20 N.J.S.54:17-4 through 54:17-5;

21 N.J.S.54:18-6;

22 Section 6 of P.L.1955, c.204 (C.54:18-1.1).

23

24

25 9. This act shall take effect ²**[immediately]** on July 1, 1997².

26

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29

30 Revises procedures concerning collection and distribution of funds by
31 New Jersey State Firemen's Association.

1 Governor, the Board of Managers of the New Jersey Firemen's Home
2 shall submit to the officers and executive committee of the New Jersey
3 State Firemen's Association, a description of the proposed project, and
4 costs thereof, including future operational costs. Within 30 days of
5 receipt of the notice the officers of the New Jersey Firemen's Home
6 and New Jersey State Firemen's Association shall approve or
7 disapprove the funding necessary therefor. After the project has been
8 approved or disapproved, the executive committee shall meet in a
9 special executive session to confirm the action of the officers.

10 b. If the officers or the executive committee disapproves the
11 proposed capital project, the board of managers or the officers may
12 appeal to the Commissioner of Insurance who shall issue a final
13 decision within 30 days, but in any event not later than November 1 of
14 any year. The budget then shall be submitted to the Governor for
15 approval pursuant to law.

16

17 8. The following are hereby repealed:
18 N.J.S.54:18-6; Section 6 of P.L.1955, c.204 (C.54:18-1.1);
19 N.J.S.54:17-4 through 54:17-5.

20

21 9. This act shall take effect immediately.

22

23

24

STATEMENT

25

26 This bill revises statutes governing the collection and distribution
27 of monies paid by insurance companies to the New Jersey State
28 Firemen's Association established pursuant to N.J.S.43:17-1 et seq.
29 and the local firemen's relief associations established pursuant to
30 N.J.S.43:17-40 et seq.

31 Current law (N.J.S.43:17-1) provides for the establishment of a
32 firemen's relief organization in any municipality where there are
33 organized one or more fire companies. The purpose of the relief
34 association is to establish and maintain a fund for the relief, support or
35 burial of indigent exempt firemen and their families. These local
36 associations are funded by monies received from the two percent tax
37 on premiums of foreign and alien insurers transacting fire insurance in
38 this State.

39 Under the provisions of this bill, foreign and alien insurers and their
40 brokers and agents would pay the tax monies to the State firemen's
41 association rather than a local relief organization. The treasurer of the
42 State association would then distribute the tax monies to (1) each local
43 firemen's relief association depending upon the amount of revenue
44 derived from insurance policies written in that municipality, and (2) the
45 managers of the New Jersey Firemen's Home pursuant to the home's
46 annual budget. Any monies paid by an agent, broker or insurer on

1 behalf of a municipality or fire district that does not have a local
2 firemen's relief association also would be paid directly to the Treasurer
3 of the New Jersey State Firemen's Association rather than the
4 Treasurer of the State of New Jersey for the operational expenses of
5 the New Jersey Firemen's Home.

6 The bill requires an insurer's return to indicate the Insurance
7 Services Office "ISO" numerical identification or designation assigned
8 by the State firemen's association. The bill also requires every agent,
9 broker or insurer to record the Insurance Services Office "ISO"
10 numerical code or designation of the municipality or fire district along
11 with the other insurance information concerning premium payments.

12 The bill permits the State association on behalf of the municipality
13 or fire district to obtain a court order in the county wherein the
14 insured property is located compelling the agent, broker or insurer to
15 produce all the books and records required to be maintained under the
16 current law. The bill also increases penalties for noncompliance with
17 payment requirements. Under current law, the penalty is a fine of
18 \$500. Under this bill, the violator is required to pay any amounts
19 owed and is guilty of a crime of the fourth degree for each offense.

20 Under current law, if an insurer, agent or broker fails to pay the
21 two percent tax the treasurer of the local relief association is required
22 to revoke any certificate of authority previously issued. Under this
23 bill, the treasurer of the State association would revoke the certificate.

24 Upon adoption of the budget, subject to the approval of the
25 Governor, in accordance with N.J.S.30:7-1 et seq., the bill provides
26 that the two percent tax monies must be allocated to the Board of
27 Managers for the operation of the New Jersey Firemen's Home. A
28 certified copy of the budget approved by the Governor must be filed
29 immediately with the Treasurer of the New Jersey State Firemen's
30 Association.

31 The Treasurer of the New Jersey State Firemen's Association would
32 return to the general fund of the State association the balance of the
33 monies not required for the annual operation of the New Jersey
34 Firemen's Home. If there are not sufficient funds in the account for the
35 annual operating expenses of the New Jersey Firemen's Home in
36 accordance with N.J.S.30:7-1 et seq., the Board of Managers of the
37 New Jersey Firemen's Home would certify the amount of the
38 deficiency to the Treasurer of the New Jersey State Firemen's
39 Association. Upon receipt of the certification, the Treasurer of the
40 New Jersey State Firemen's Association would pay the certified
41 amount to the New Jersey Firemen's Home no later than May 1 of each
42 year.

43 The bill establishes a procedure to be followed if the Board of
44 Managers proposes a capital project consisting of a building addition
45 to the New Jersey Firemen's Home or the construction of a new
46 facility. Within 30 days before the capital project is submitted to the

1 Governor, the Board of Managers of the New Jersey Firemen's Home
2 must submit to the officers and executive committee of the New Jersey
3 State Firemen's Association, a description of the proposed project and
4 costs. At least 30 days of receipt of the notice, the officers of the New
5 Jersey Firemen's Home and New Jersey State Firemen's Association
6 would approve or disapprove the funding. After the project has been
7 approved or disapproved, the executive committee would meet in a
8 special executive session to confirm the action of the officers.

9 If the officers or the executive committee disapproves the proposed
10 capital project, the board of managers or the officers may appeal to the
11 Commissioner of Insurance, who is required to issue a final decision
12 with 30 days, or by November 1, whichever occurs sooner. The
13 budget would then be submitted to the Governor for approval pursuant
14 to law.

15 Finally, the bill requires the Commissioner of Insurance in
16 consultation with the Treasurer of the State of New Jersey to enforce
17 all provisions of the applicable laws. The bill also requires (1) the
18 Treasurer of the New Jersey State Firemen's Association to provide a
19 certified annual accounting of the monies received and allocated, and
20 (2) requires the treasurer and officers to be accountable for
21 compliance with the provisions of chapter 18 of Title 54 and
22 N.J.S.43:17-1 et seq.

23 This bill was drafted as a result of hearings held by the Senate Law
24 and Public Safety Committee to investigate criticisms of the collection
25 and distribution of funds by the New Jersey State Firemen's
26 Association. The sponsors intend to clarify the archaic laws governing
27 the association and to codify the procedures governing the tax monies
28 collected and distributed by the association.

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33 Revises procedures concerning collection and distribution of funds by
34 New Jersey State Firemen's Association.

ASSEMBLY LAW AND PUBLIC SAFETY COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 253

STATE OF NEW JERSEY

DATED: SEPTEMBER 16, 1996

The Assembly Law and Public Safety Committee reports favorably Senate Bill No. 253 (1R).

Senate, No. 253 (1R) revises the statutes governing the collection and distribution of monies paid by insurance companies to the New Jersey State Firemen's Association established pursuant to R.S.43:17-1 et seq. and the local firemen's relief associations established pursuant to R.S.43:17-40 et seq.

Current law (R.S.43:17-1 et seq.) provides for the establishment of a firemen's relief organization in any municipality where there are organized one or more fire companies. The purpose of the relief association is to establish and maintain a fund for the relief, support or burial of indigent exempt firemen and their families. These local associations are funded by monies received from a two percent tax on the premiums of foreign and alien insurers transacting fire insurance in this State.

Under the provisions of this bill, foreign and alien insurers and their brokers and agents would pay the tax monies to the State firemen's association rather than local relief organizations. The treasurer of the State association would then distribute the tax monies to (1) each local firemen's relief association depending upon the amount of revenue derived from insurance policies written in that municipality, and (2) the managers of the New Jersey Firemen's Home pursuant to the home's annual budget. Any monies paid by an agent, broker or insurer on behalf of a municipality or fire district that does not have a local firemen's relief association are to be paid directly to the Treasurer of the New Jersey State Firemen's Association and utilized for the operational expenses of the New Jersey Firemen's Home. (Currently, these moneys are paid to the Treasurer of the State of New Jersey who then allocates them to cover the costs of the New Jersey Firemen's Home.)

The bill requires an insurer's return to indicate the Insurance Services Office "ISO" numerical identification or designation assigned by the State firemen's association. The bill also requires every agent, broker or insurer to record the Insurance Services Office "ISO" numerical code or designation of the municipality or fire district along

with the other insurance information concerning premium payments.

The bill permits the State association on behalf of the municipality or fire district to obtain a court order in the county wherein the insured property is located compelling the agent, broker or insurer to produce all the books and records required to be maintained under the current law.

The bill also increases penalties for noncompliance with payment requirements. Under current law, the penalty is a fine of \$500. Under this bill, a violator is required to pay any amounts owed and is guilty of a crime of the fourth degree for each offense. Under current law, upon receiving notice of such noncompliance attested to by a local relief association, the Commissioner of Insurance would be required to revoke any certificate of authority previously issued. Under this bill, the State association would attest to the noncompliance.

Upon adoption of the budget, subject to the approval of the Governor, in accordance with R.S.30:7-1 et seq., the bill provides that the two percent tax monies must be allocated to the Board of Managers for the operation of the New Jersey Firemen's Home. A certified copy of the budget approved by the Governor must be filed immediately with the Treasurer of the New Jersey State Firemen's Association.

The Treasurer of the New Jersey State Firemen's Association would return to the general fund of the State association the balance of the monies not required for the annual operation of the New Jersey Firemen's Home. If there are not sufficient funds in the account for the annual operating expenses of the New Jersey Firemen's Home in accordance with R.S.30:7-1 et seq., the Board of Managers of the New Jersey Firemen's Home would certify the amount of the deficiency to the Treasurer of the New Jersey State Firemen's Association. Upon receipt of the certification, the Treasurer of the New Jersey State Firemen's Association would pay the certified amount to the New Jersey Firemen's Home no later than May 1 of each year.

The bill establishes a procedure to be followed if the Board of Managers proposes a capital project consisting of a building addition to the New Jersey Firemen's Home or the construction of a new facility. Within 30 days before the capital project is submitted to the Governor, the Board of Managers of the New Jersey Firemen's Home must submit to the officers and executive committee of the New Jersey State Firemen's Association a description of the proposed project and costs. Within 30 days of receipt of the notice, the officers of the New Jersey Firemen's Home and New Jersey State Firemen's Association would approve or disapprove the funding. After the project has been approved or disapproved, the executive committee would meet in a special executive session to confirm the action of the officers.

If the proposed capital project is disapproved by the officers or the executive committee, the Board of Managers or the officers may appeal to the Commissioner of Insurance, who is required to issue a

final decision within 30 days, or by November 1, whichever occurs first. The budget would then be submitted to the Governor for approval pursuant to law.

Finally, the bill requires the Commissioner of Insurance, in consultation with the Treasurer of the State of New Jersey, to enforce all provisions of the applicable laws. The bill also requires (1) the Treasurer of the New Jersey State Firemen's Association to provide a certified annual accounting of the monies received and allocated, and (2) the treasurer and officers to be held accountable for compliance with the provisions of chapter 18 of Title 54 and R.S.43:17-1 et seq.

Senate, No. 253 (1R) was introduced as a result of Legislative hearings held in response to concerns relating to the collection and distribution of funds by the New Jersey State Firemen's Association. The bill is intended to clarify the archaic laws governing the association and to codify the procedures governing the tax monies collected and distributed by the association.

Senate Bill No. 253 (1R) is identical to Assembly Bill No. 2264.

SENATE LAW AND PUBLIC SAFETY COMMITTEE

STATEMENT TO

SENATE, No. 253

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 14, 1996

The Senate Law and Public Safety Committee reports favorably Senate Bill No. 253 with committee amendments.

This bill revises statutes governing the collection and distribution of monies paid by insurance companies to the New Jersey State Firemen's Association established pursuant to R.S.43:17-1 et seq. and the local firemen's relief associations established pursuant to R.S.43:17-40 et seq.

Current law (R.S.43:17-1 et seq.) provides for the establishment of a firemen's relief organization in any municipality where there are organized one or more fire companies. The purpose of the relief association is to establish and maintain a fund for the relief, support or burial of indigent exempt firemen and their families. These local associations are funded by monies received from the two percent tax on premiums of foreign and alien insurers transacting fire insurance in this State.

Under the provisions of this bill, foreign and alien insurers and their brokers and agents would pay the tax monies to the State firemen's association rather than a local relief organization. The treasurer of the State association would then distribute the tax monies to (1) each local firemen's relief association depending upon the amount of revenue derived from insurance policies written in that municipality, and (2) the managers of the New Jersey Firemen's Home pursuant to the home's annual budget. Any monies paid by an agent, broker or insurer on behalf of a municipality or fire district that does not have a local firemen's relief association also would be paid directly to the Treasurer of the New Jersey State Firemen's Association rather than the Treasurer of the State of New Jersey for the operational expenses of the New Jersey Firemen's Home.

The bill requires an insurer's return to indicate the Insurance Services Office "ISO" numerical identification or designation assigned by the State firemen's association. The bill also requires every agent, broker or insurer to record the Insurance Services Office "ISO" numerical code or designation of the municipality or fire district along with the other insurance information concerning premium payments.

The bill permits the State association on behalf of the municipality

or fire district to obtain a court order in the county wherein the insured property is located compelling the agent, broker or insurer to produce all the books and records required to be maintained under the current law. The bill also increases penalties for noncompliance with payment requirements. Under current law, the penalty is a fine of \$500. Under this bill, the violator is required to pay any amounts owed and is guilty of a crime of the fourth degree for each offense. Under current law, upon receiving notice of such noncompliance attested to by a local relief association, the Commissioner of Insurance would be required to revoke any certificate of authority previously issued. Under this bill, the State association would attest to the noncompliance.

Upon adoption of the budget, subject to the approval of the Governor, in accordance with R.S.30:7-1 et seq., the bill provides that the two percent tax monies must be allocated to the Board of Managers for the operation of the New Jersey Firemen's Home. A certified copy of the budget approved by the Governor must be filed immediately with the Treasurer of the New Jersey State Firemen's Association.

The Treasurer of the New Jersey State Firemen's Association would return to the general fund of the State association the balance of the monies not required for the annual operation of the New Jersey Firemen's Home. If there are not sufficient funds in the account for the annual operating expenses of the New Jersey Firemen's Home in accordance with R.S.30:7-1 et seq., the Board of Managers of the New Jersey Firemen's Home would certify the amount of the deficiency to the Treasurer of the New Jersey State Firemen's Association. Upon receipt of the certification, the Treasurer of the New Jersey State Firemen's Association would pay the certified amount to the New Jersey Firemen's Home no later than May 1 of each year.

The bill establishes a procedure to be followed if the Board of Managers proposes a capital project consisting of a building addition to the New Jersey Firemen's Home or the construction of a new facility. Within 30 days before the capital project is submitted to the Governor, the Board of Managers of the New Jersey Firemen's Home must submit to the officers and executive committee of the New Jersey State Firemen's Association a description of the proposed project and costs. Within 30 days of receipt of the notice, the officers of the New Jersey Firemen's Home and New Jersey State Firemen's Association would approve or disapprove the funding. After the project has been approved or disapproved, the executive committee would meet in a special executive session to confirm the action of the officers.

If the proposed capital project is disapproved by the officers or the executive committee, the Board of Managers or the officers may appeal to the Commissioner of Insurance, who is required to issue a final decision within 30 days, or by November 1, whichever occurs first. The budget would then be submitted to the Governor for

approval pursuant to law.

Finally, the bill requires the Commissioner of Insurance in consultation with the Treasurer of the State of New Jersey to enforce all provisions of the applicable laws. The bill also requires (1) the Treasurer of the New Jersey State Firemen's Association to provide a certified annual accounting of the monies received and allocated, and (2) the treasurer and officers to be held accountable for compliance with the provisions of chapter 18 of Title 54 and R.S.43:17-1 et seq.

The committee amendment is technical in nature; it replaces the term "report" with the term "return."

This bill was drafted as a result of hearings held by the Senate Law and Public Safety Committee to investigate criticisms of the collection and distribution of funds by the New Jersey State Firemen's Association. The sponsors intend to clarify the archaic laws governing the association and to codify the procedures governing the tax monies collected and distributed by the association.

SENATE BILL NO. 253
(First Reprint)

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 253 (First Reprint) with my recommendations for reconsideration.

A. Summary of the Bill

This bill revises statutes governing the collection and distribution of monies paid by out-of-State insurance companies to the New Jersey State Firemen's Association and the local firemen's relief associations.

Current law provides for the establishment of a local firemen's relief organization in any municipality that has one or more fire companies. The purpose of the relief association is to establish and maintain a fund for the relief, support or burial of indigent firemen and their families. These local associations are funded by monies received from a 2 percent tax on premiums of foreign (*i.e.*, non-New Jersey) and alien (*i.e.*, non-United States) insurers writing fire insurance in this State.

Currently, some insurers are paying the fees owed directly to various local firemen's relief funds, some insurers are paying the fees owed to the New Jersey Firemen's Association and some insurers are paying the fees owed to the Department of Treasury.

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Under the provisions of this bill, foreign and alien insurers (either directly or through their brokers and agents) would pay the tax to the New Jersey State Firemen's Association (the Association). The Association's Treasurer would then distribute the tax monies to: (1) each local firemen's relief association depending upon the amount of revenue derived from insurance policies written in that municipality; and (2) the managers of the New Jersey Firemen's Home pursuant to the Home's annual budget.

The bill also increases criminal and administrative penalties for noncompliance with accounting and payment requirements.

B. Recommended Action

I support the bill's objective to simplify the collection and clarify the distribution of the funds collected from out-of-State insurers who sell fire insurance in this State. In its present form, however, the bill provides that all of the funds owed by the out-of-State insurers be paid to the New Jersey Firemen's Association immediately upon the bill's enactment into law. The Department of Treasury has advised that it has already appropriated approximately \$4.8 million to the New Jersey Firemen's Home and the New Jersey Firemen's Association for Fiscal Year 1997 in anticipation of its receipt of those monies from the certain out-of-State insurers. The Department of Treasury will not collect all of these funds until the end of Fiscal Year 1997. Were this bill to become effective immediately, a shortfall would occur.

Therefore, I recommend that the effective date of the bill be changed to July 1, 1997.

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Therefore, I herewith return Senate Bill No. 253
(First Reprint) and recommend that it be amended as follows:

Page 6, Section 9, Line 23: Delete "immediately" and insert
"July 1, 1997"

Respectfully,

/s/ Christine Todd Whitman

GOVERNOR

[seal]

Attest:

/s/ Michael P. Torpey

Chief Counsel to the Governor