

P.L.2016, CHAPTER 38, *approved August 31, 2016*  
Assembly, No. 1794 (*First Reprint*)

1 **AN ACT** concerning the calculation of net premiums on certain  
2 policies of life insurance for the purposes of certain assessments  
3 on insurers and amending P.L.1995, c.156 and P.L.1983, c.320.  
4

5 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
6 *of New Jersey:*  
7

8 1. Section 2 of P.L.1995, c.156 (C.17:1C-20) is amended to  
9 read as follows:

10 2. a. The Director of the Division of Budget and Accounting in  
11 the Department of the Treasury shall, on or before August 15 in  
12 each year, ascertain and certify to the Commissioner of Banking  
13 and Insurance by category the total amount of expenses incurred by  
14 the State in connection with the administration of the special  
15 functions of the Division of Insurance in the Department of Banking  
16 and Insurance relative to the financial regulation, supervision and  
17 monitoring of insurers and health maintenance organizations during  
18 the preceding fiscal year. Those expenses shall include, in addition  
19 to the direct cost of personal service, the cost of maintenance and  
20 operation, the cost of employee benefits and the workers'  
21 compensation paid for and on account of personnel, rentals for  
22 space occupied in State-owned or State-leased buildings and all  
23 other direct and indirect costs of the administration of those  
24 functions of the department, as well as any amounts remaining  
25 uncollected from the special purpose apportionment of the previous  
26 fiscal year. Certification made pursuant to this subsection shall be  
27 made by the Director of the Division of Budget and Accounting in  
28 consideration of revenues paid by insurers and health maintenance  
29 organizations pursuant to all other special purpose assessments  
30 made pursuant to applicable law in effect on the effective date of  
31 this act.

32 b. (1) Upon receipt of the certification made by the Director of  
33 the Division of Budget and Accounting pursuant to subsection a. of  
34 this section, but no later than September 1 in each year following  
35 the close of the previous fiscal year, the commissioner shall issue,  
36 in accordance with the provisions of this section, a special purpose  
37 apportionment for the amount of the expenses incurred by, or on  
38 behalf of, the department for those special purposes recognized in  
39 this act.

**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:

<sup>1</sup>Assembly AFI committee amendments adopted May 12, 2016.

1 (2) Special purpose apportionments made pursuant to this  
2 section shall be distributed among all of the companies engaged in  
3 business pursuant to subtitle 3 of Title 17 of the Revised Statutes  
4 (R.S.17:17-1 et seq.), subtitle 3 of Title 17B of the New Jersey  
5 Statutes (N.J.S.17B:17-1 et seq.), and P.L.1973, c.337 (C.26:2J-1 et  
6 seq.), in this State in the proportion that the net written premiums  
7 received by each of them for such insurance written or renewed on  
8 risks, in this State during the calendar year immediately preceding,  
9 bears to the sum total of all such net written premiums received by  
10 all companies writing that insurance or coverage within the State  
11 during that calendar year, as reported.

12 "Net written premiums received" means gross direct premiums  
13 written, less return premiums thereon and dividends credited or paid  
14 to policyholders as reported on the company's annual financial  
15 statement. For the purpose of calculating the apportionment amount  
16 for companies engaged in business pursuant to P.L.1973,  
17 c.337 (C.26:2J-1 et seq.), "net written premiums received" means  
18 direct premiums as reported on the annual financial statement  
19 submitted pursuant to section 9 of P.L.1973, c.337 (C.26:2J-9). In  
20 determining the apportionment amount pursuant to this section, the  
21 net written premiums received by a company, other than a domestic  
22 insurer as defined <sup>1</sup>in subsection a. of<sup>1</sup> N.J.S.17B:17-7 that sells life  
23 insurance as defined in N.J.S.17B:17-3, including annuities as  
24 defined in N.J.S.17B:17-5, shall not exceed <sup>1</sup>["\$300,000,000"]  
25 \$100,000,000<sup>1</sup> on any one contract of insurance.

26 <sup>1</sup>For the purpose of calculating the special purpose  
27 apportionment, any such premium excluded from the reporting of  
28 "net written premiums received" by virtue of the preceding sentence  
29 shall be allocated among those domestic insurers as defined in  
30 subsection a. of N.J.S.17B:17-7 that sell life insurance as defined in  
31 N.J.S.17B:17-3 to be included with the "net written premiums  
32 received" reported by those companies. Such excluded premium  
33 shall be allocated among those domestic insurers as defined in  
34 subsection a. of N.J.S.17B:17-7 that sell life insurance as defined in  
35 N.J.S.17B:17-3, on a pro rata basis based on the proportion that the  
36 net written premiums received by each of them for insurance  
37 written or renewed on risks in this State during the calendar year  
38 immediately preceding bears to the sum total of all such net written  
39 premiums received by those domestic insurers as defined in  
40 subsection a. of N.J.S.17B:17-7 that sell life insurance as defined in  
41 N.J.S.17B:17-3, within the State during that calendar year.<sup>1</sup>

42 c. For the purposes of this section, no company shall be  
43 required to pay a special purpose apportionment which exceeds .10  
44 percent of its net written premiums received during the calendar  
45 year immediately preceding.

1       d. The commissioner shall certify the amount of the special  
2       purpose apportionment issued to each company. Each company  
3       shall remit the amount so certified and apportioned to it to the  
4       department in accordance with the procedures established in this  
5       act. Amounts collected by the department shall be used for  
6       reimbursement to the State for expenses incurred in connection with  
7       the special functions of the Division of Insurance relative to the  
8       financial regulation, supervision and monitoring of insurers and  
9       health maintenance organizations, provided that the amount  
10      collected for those expenses shall not exceed the amount  
11      appropriated by the Legislature for those expenses  
12      (cf: P.L.1999, c.143, s.1)

13

14      2. Section 8 of P.L.1983, c.320 (C.17:33A-8) is amended to  
15      read as follows:

16      8. a. (1) There is established in the Department of Banking  
17      and Insurance the Bureau of Fraud Deterrence. The bureau shall  
18      assist the commissioner in administratively investigating allegations  
19      of insurance fraud in consultation with the Office of the Insurance  
20      Fraud Prosecutor in accordance with subsection a. of section 9 of  
21      P.L.1983, c.320 (C.17:33A-9), and implementing programs to  
22      prevent insurance fraud and abuse. When so required by the  
23      commissioner and the Attorney General, the bureau shall cooperate  
24      with the Attorney General in the investigation and prosecution of  
25      criminal violations.

26      (2) In order to achieve administrative efficiencies, and  
27      notwithstanding the provisions of section 33 of P.L.1998,  
28      c.21 (C.17:33A-17), all civil investigators in the Office of the  
29      Insurance Fraud Prosecutor, other than those assigned to the Case  
30      Screening, Litigation and Analytical Support Unit, and those  
31      additional administrative and clerical support personnel as may be  
32      mutually agreed to by the commissioner and the Attorney General,  
33      shall be transferred to the Bureau of Fraud Deterrence in the  
34      Department of Banking and Insurance. Personnel transferred from  
35      the Office of the Insurance Fraud Prosecutor in the Department of  
36      Law and Public Safety to the Department of Banking and Insurance  
37      pursuant to this paragraph shall be transferred with all tenure rights  
38      and any rights or protections provided by Title 11A of the New  
39      Jersey Statutes or other applicable statute, and any pension law or  
40      retirement system, as provided in the "State Agency Transfer Act,"  
41      P.L.1971, c.375 (C.52:14D-1 et seq.).

42      b. The commissioner shall appoint the full-time supervisory  
43      and investigative personnel of the bureau, including the assistant  
44      commissioner, who, except as provided in subsections a. and d. of  
45      this section, shall hold their employment at the pleasure of the  
46      commissioner without regard to the provisions of Title 11A of the

1 New Jersey Statutes and shall receive such salaries as the  
2 commissioner from time to time designates, and who shall be  
3 qualified by training and experience to perform the duties of their  
4 position.

5 c. When so requested by the commissioner, the Attorney  
6 General may assign one or more deputy attorneys general to assist  
7 the bureau in the performance of its duties.

8 d. The commissioner shall also appoint the clerical and other  
9 staff necessary for the bureau to fulfill its responsibilities under this  
10 act. The personnel shall be employed subject to the provisions of  
11 Title 11A of the New Jersey Statutes, and other applicable statutes.

12 e. The commissioner shall appoint an insurance fraud advisory  
13 board consisting of eight representatives from insurers doing  
14 business in this State. The members of the board shall serve for two  
15 year terms and until their successors are appointed and qualified.  
16 The members of the board shall receive no compensation. The  
17 board shall advise the commissioner with respect to the  
18 implementation of this act, when so requested by the commissioner.

19 f. The Director of the Division of Budget and Accounting in  
20 the Department of the Treasury shall, on or before September 1 in  
21 each year, ascertain and certify to the commissioner the total  
22 amount of expenses incurred by the State in connection with the  
23 administration of this act during the preceding fiscal year, which  
24 expenses shall include, in addition to the direct cost of personal  
25 service, the cost of maintenance and operation, the cost of  
26 retirement contributions made and the workers' compensation paid  
27 for and on account of personnel, rentals for space occupied in State  
28 owned or State leased buildings and all other direct and indirect  
29 costs of the administration thereof.

30 g. The commissioner shall, on or before October 15 in each  
31 year, apportion the amount so certified to him among all of the  
32 companies writing the class or classes of insurance described in  
33 Subtitle 3 of Title 17 of the Revised Statutes (R.S.17:17-1 et seq.),  
34 and Subtitle 3 of Title 17B of the New Jersey Statutes  
35 (N.J.S.17B:17-1 et seq.), within this State in the proportion that the  
36 net premiums received by each of them for such insurance written  
37 or renewed on risks within this State during the calendar year  
38 immediately preceding, as reported to him, bears to the sum total of  
39 all such net premiums received by all companies writing that  
40 insurance within the State during the year, as reported, except that  
41 no one company shall be assessed for more than 5% of the amount  
42 apportioned. The commissioner shall certify the sum apportioned to  
43 each company on or before November 15 next ensuing. Each  
44 company shall pay the amount so certified as apportioned to it to  
45 the Department of Banking and Insurance on or before December

1 31 next ensuing, and the sum paid shall be paid into the State  
2 Treasury in reimbursement to the State for the expenses paid.

3 “Net premiums received” means gross premiums written, less  
4 return premiums thereon and dividends credited or paid to  
5 policyholders except that, in determining the apportionment amount  
6 pursuant to this section, the net premiums received by a company,  
7 other than a domestic insurer as defined in <sup>1</sup>subsection a. of<sup>1</sup>  
8 N.J.S.17B:17-7 that sells life insurance as defined in N.J.S.17B:17-  
9 3, including annuities as defined in N.J.S.17B:17-5, shall not  
10 exceed <sup>1</sup>[\$300,000,000] \$100,000,000<sup>1</sup> on any one contract of  
11 insurance.

12 <sup>1</sup>For the purpose of calculating the apportionment amount  
13 pursuant to this subsection, any such premium excluded from the  
14 reporting of “net premiums received” by virtue of the preceding  
15 sentence shall be allocated among those domestic insurers as  
16 defined in subsection a. of N.J.S.17B:17-7 that sell life insurance as  
17 defined in N.J.S.17B:17-3, to be included with the “net premiums  
18 received” reported by those companies. Such excluded premium  
19 shall be allocated among those domestic insurers as defined in  
20 subsection a. of N.J.S.17B:17-7 that sell life insurance as defined in  
21 N.J.S.17B:17-3, on a pro rata basis based on the proportion that the  
22 net written premiums received by each of them for insurance  
23 written or renewed on risks in this State during the calendar year  
24 immediately preceding bears to the sum total of all such net written  
25 premiums received by those domestic insurers as defined in  
26 subsection a. of N.J.S.17B:17-7 that sell life insurance as defined in  
27 N.J.S.17B:17-3, within the State during that calendar year.<sup>1</sup>

28 h. (Deleted by amendment, P.L.2010, c.32)  
29 (cf: P.L.2010, c.32, s.3)

30  
31 3. This act shall take effect immediately.  
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36 Concerns calculation of net premiums on certain life insurance  
37 policies for purposes of certain DOBI assessments.