

P.L. 1996, CHAPTER 155, *approved January 8, 1997*

Senate Committee Substitute for
Senate, No. 933

1 AN ACT concerning certain dividends paid by certain domestic
2 insurers and amending P.L.1994, c.189.

3

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

6

7 1. Section 1 of P.L.1994, c.189 (C. 17:17-20) is amended to read
8 as follows:

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

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

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.

1 otherwise qualified as a foreign insurer pursuant to the applicable
2 requirements of Title 17 of the Revised Statutes.

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

10 d. Prior to granting approval for any foreign insurer to become a
11 domestic insurer, or for a domestic insurer to transfer its domicile to
12 another state, the commissioner may conduct whatever investigations,
13 examinations or hearings he deems necessary, and may subject the
14 issuance of his approval to the conditions and restrictions that he
15 determines are reasonable and necessary for the protection of the
16 company's policyholders or the public.

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

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

1 g. When two foreign insurers of the same insurance holding
2 company system domiciled in different states are approved for
3 domestication pursuant to subsection a. of this section during the
4 calendar year following enactment of P.L. 1994, c. 189 (C. 17:17-20
5 et al), these insurers shall thereafter file financial statements in this
6 State pursuant to R.S. 17:23-1 that are consistent with the financial
7 statements filed by each other with respect to the same or similar
8 financial transactions notwithstanding any inconsistent financial
9 statements filed previously as required by insurance regulators of the
10 prior respective domiciles. Any dividends previously paid by these
11 insurers pursuant to the laws of the former domiciliary states in excess
12 of the earned surplus of these insurers shall, to the extent of such
13 excess, be reported on the financial statements filed by each insurer
14 after domestication in this State as a return of capital distributed from
15 gross paid in and contributed surplus rather than as negative earnings.
16 (cf: P.L.1994, c.189, s.1)

17

18 2. This act shall take effect immediately.

19

20

21

22

23 Clarifies accounting treatment of certain dividends paid by certain
24 redomesticated insurers.