

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.