

SENATE, No. 1673

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 7, 1996

By Senator MacINNES

1 AN ACT concerning the conversion of a health service corporation to
2 a domestic insurer and amending P.L.1995, c.196.

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

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7 1. Section 3 of P.L.1995, c.196, s.3 (C.17:48E-47) is amended to
8 read as follows:

9 3. a. Upon the affirmative vote of the board of directors, the plan
10 for conversion to domestic mutual insurer shall be filed with the
11 commissioner for approval. The plan shall provide that the health
12 service corporation shall transfer an amount equal to its total current
13 asset value to a domestic non-profit corporation engaged in public
14 service activities devoted to advancing access to health care and
15 disease prevention, or to a receiver to be held for the benefit of the
16 public pending the transfer of the assets to the non-profit corporation.
17 A public hearing thereon shall be held within 30 days after the filing,
18 with notice provided by publication in a manner satisfactory to the
19 commissioner. At the expiration of 30 days after the public hearing,
20 the commissioner shall approve the plan for filing or disapprove the
21 plan. The commissioner shall approve the plan unless he finds the
22 plan:

23 (1) is contrary to law

24 (2) would be detrimental to the safety or soundness of the
25 proposed domestic mutual insurer; or

26 (3) prejudices the interests of the subscribers of the health service
27 corporation or treats them inequitably.

28 The commissioner shall set forth his decision in writing and shall
29 state the reasons therefor. A disapproval shall be subject to judicial
30 review.

31 b. Upon approval of such a plan by the commissioner, the transfer
32 of an amount equal to the total current asset value of the health service
33 corporation required pursuant to subsection a. of this section, and the
34 issuance of a certificate of authority to transact the business of health

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.

1 insurance as a domestic mutual insurer, the health service corporation
2 shall be deemed to be a domestic mutual insurer subject to the
3 provisions of Title 17B of the New Jersey Statutes. All the rights,
4 franchises and interests of the health service corporation in and to
5 every species of property, real, personal and mixed, and choses in
6 action thereunto belonging, shall be deemed transferred to and vested
7 in the domestic mutual insurer, without another deed or transfer and
8 simultaneously therewith the domestic mutual insurer shall be deemed
9 to have assumed all of the obligations and liabilities of the health
10 service corporation and shall hold and enjoy the same to the same
11 extent as if the health service corporation had continued to retain title
12 and transact business.

13 c. No action or proceedings pending at the time of the conversion
14 of the health service corporation to a domestic mutual insurer to which
15 the health service corporation may be a party shall be abated or
16 discontinued by reason of such conversion, but the same may be
17 prosecuted to final judgment in the same manner as if the conversion
18 had not taken place, or the domestic mutual insurer may be substituted
19 in place of such health service corporation by order of the court in
20 which the action or proceedings may be pending.

21 d. The contracts of the health service corporation shall be
22 converted to the policies of the domestic mutual insurer without any
23 further action on the part of the domestic mutual insurer. The
24 conversion to a domestic mutual insurer shall not cause any individual
25 health benefits plan issued prior to November 30, 1992 and still in
26 effect to be subject to the provisions of sections 3 through 8 of
27 P.L.1992, c.161 (C.17B:27A-4 through 17B:27A-9), except as
28 specified in those sections, or any small employer health benefits plan
29 issued prior to November 30, 1992 and still in effect to be subject to
30 the provisions of section 3 of P.L.1992, c.162 (C.17B:27A-19).

31 e. A domestic mutual insurer that has converted from a health
32 service corporation may apply to the commissioner for a temporary
33 waiver of the capital and surplus requirements pursuant to sections 2
34 through 6 of P.L.1993, c.235 (C.17B:18-68 through 17B:18-72). The
35 commissioner may grant such a waiver for a period not to extend
36 beyond December 31, 1999.

37 (cf: P.L.1995, c.196, s.3)

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39 2. This act shall take effect immediately.

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STATEMENT

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44 This bill requires that, upon approval by the Commissioner of
45 Banking and Insurance of the conversion of Blue Cross/Blue Shield of
46 New Jersey from a non-profit health service corporation to a domestic

1 mutual insurer, an amount equal to the total current asset value shall
2 be transferred to a non-profit corporation engaged in public service
3 activities devoted to advancing access to health care and disease
4 prevention, or to a receiver to be held for the benefit of the public
5 pending the transfer of the assets to the non-profit corporation.
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10 Requires divestiture of certain assets in conversion of health service
11 corporation to mutual insurer.

WITHDRAWN