

SENATE, No. 1997

STATE OF NEW JERSEY

INTRODUCED APRIL 17, 1997

By Senator ADLER

1 **AN ACT** concerning annuities for volunteer firefighters and amending
2 N.J.S.40A:10-30 and N.J.S.40A:14-38.

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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. N.J.S.40A:10-30 is amended to read as follows:

8 40A:10-30. In addition to the insurance required pursuant to the
9 provisions of chapter 15 of Title 34 of the Revised Statutes and the
10 coverage provided in N.J.S.40A:10-29, a municipality maintaining a
11 volunteer fire department or in which there are one or more
12 incorporated volunteer fire companies may:

13 a. Effect and maintain group accidental death and dismemberment,
14 hospitalization, medical, surgical, major medical expenses, or health
15 and accident insurance with any insurance company authorized to do
16 business in New Jersey, or with a nonprofit hospital service or medical
17 service corporation with respect to the benefits which they are
18 authorized to provide, which is determined to be necessary or
19 desirable for the protection, safety and welfare of the members of the
20 volunteer fire department or the members of the incorporated
21 volunteer fire companies;

22 b. (1) Effect and maintain a contract or contracts to provide drug
23 prescription or other health care benefits which is determined to be
24 necessary or desirable for the protection, safety and welfare of the
25 members of the volunteer fire department or members of an
26 incorporated volunteer fire company;

27 (2) Enter into a contract or contracts with an insurance company
28 authorized to do business in this State to provide members of the
29 volunteer fire department or members of an incorporated volunteer fire
30 company, on a group or individual basis, individual retirement
31 annuities as defined by section 408(b) of the Federal Internal Revenue
32 Code of 1954 as amended (26 U.S.C. §408(b)). The contract or
33 contracts shall provide for coverage under these annuities of such
34 volunteers and may provide for the establishment of annuities on

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 behalf of the spouses of the volunteers.

2 c. In the discretion of the governing body of the municipality,
3 appropriate and pay all or any portion of the costs of such insurance
4 or contract or both.

5 (cf: N.J.S.40A:10-30)

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7 2. N.J.S.40A:14-38 is amended to read as follows:

8 40A:14-38. In any fire district in this State maintaining a volunteer
9 fire department, or wherein there shall exist one or more incorporated
10 volunteer fire companies affording fire protection to said fire district,
11 it shall be lawful for the board of commissioners of such fire district,
12 in addition to the insurance provided in N.J.S.40A:14-37, to effect,
13 maintain and continue any and all forms of insurance covering the
14 members of said volunteer fire department or incorporated volunteer
15 fire company or companies, including group accidental death and
16 dismemberment, hospitalization, medical, surgical, major medical
17 expenses, or health and accident insurance with any insurance
18 company authorized to do business in New Jersey, or with a nonprofit
19 hospital service or medical service corporation with respect to the
20 benefits which they are authorized to provide, a contract or contracts
21 to provide drug prescription or other health care benefits, which the
22 board of fire commissioners may determine to be necessary or
23 desirable for the protection, safety and welfare of the members, and
24 for the protection and safety of the equipment and apparatus of said
25 volunteer fire department, or incorporated volunteer fire company or
26 companies, or for the protection of said fire district, or against liability
27 for its negligence and that of its officers, employees or servants,
28 whether or not compensated or part-time, who is authorized to
29 perform any act or service, but not including an independent
30 contractor within the limitations of the "New Jersey Tort Claims Act"
31 (C.59:1-1, et seq.)[.]. The board of commissioners of the fire district
32 may also enter into a contract or contracts with an insurance company
33 authorized to do business in this State to provide members of the
34 volunteer fire department or incorporated volunteer fire company or
35 companies, on a group or individual basis, individual retirement
36 annuities as defined by section 408(b) of the Federal Internal Revenue
37 Code of 1954 as amended (26 U.S.C. §408(b)). The contract or
38 contracts shall provide for coverage under these annuities of such
39 members and may provide for the establishment of annuities on behalf
40 of their spouses. [and by] By resolution, [to] the board of
41 commissioners may appropriate from time to time, and pay, such sums
42 of money as may be required to cover the premiums and costs of said
43 insurance, including individual retirement annuities, or such portion of
44 the same as said board of fire commissioners, in its discretion, may
45 consider proper and advisable.

46 (cf: P.L.1979, c.230, s.3)

1 3. This act shall take effect immediately.

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STATEMENT

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6 This bill would clarify the right of municipalities and fire districts
7 that maintain volunteer fire departments, or in which there are one or
8 more incorporated volunteer fire companies, to offer volunteer
9 firefighters and their spouses insurance annuity policies. Such annuity
10 policies could be provided on a group or individual basis with
11 insurance firms authorized to do business in New Jersey.

This bill is prompted by an Attorney General Opinion issued in November of 1996 to the Department of Community Affairs. Under the Attorney General's interpretation of current law, municipalities and fire districts are not authorized to purchase annuity contracts for the benefit of volunteer firefighters if the contracts provide for the payment of annuity benefits to individuals in any event other than their total permanent disability. However, the loss of the use of such incentives will detract from the ability of communities to recruit and retain volunteer firefighters.

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25 Permits municipalities and fire districts to provide individual retirement
26 annuities to volunteer firefighters.