

SENATE, No. 2151

STATE OF NEW JERSEY

INTRODUCED JUNE 5, 1997

By Senator LITTELL

1 AN ACT concerning the special purpose apportionment of insurers and  
2 amending P.L.1995, c.156.

3

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

6

7 1. Section 13 of P.L.1995, c.156 (C.17:1C-31) is amended to read  
8 as follows:

9 13. The total amount assessable to companies in any fiscal year for  
10 all special purpose assessments made pursuant to applicable law as of  
11 the effective date of this act, including the special purpose  
12 apportionment established by this act, shall not increase, as a  
13 percentage, more than the percentage increase in the combined net  
14 written premiums received, as defined in subsection b. of section 2 of  
15 this act, by all companies for the previous year, except that, with  
16 respect to fiscal year 1998 and each fiscal year thereafter, the total  
17 amount of all direct and indirect expenditures incurred by the Division  
18 of Insurance Fraud Prevention in connection with the appointment of  
19 additional insurance fraud investigators pursuant to the Special  
20 Purpose appropriation in P.L. \_\_\_\_\_ c. \_\_\_\_\_ (the FY 1998  
21 appropriations bill), may be included in the special purpose  
22 apportionment, notwithstanding any limitation on the total amount  
23 assessable to companies under this section.

24 (cf: P.L.1995,c.156,s.13)

25

26 2. This act shall take effect on July 1, 1997.

27

28

29

STATEMENT

30

31 The Governor's FY 1998 Budget Recommendation includes a new,  
32 Special Purpose appropriation of \$2.25 million to hire 50 additional  
33 insurance fraud investigators for the Division of Insurance Fraud  
34 Prevention in the Department of Banking and Insurance. This bill

**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 includes the direct and indirect costs associated with the hiring of  
2 those additional fraud investigators in the special purpose  
3 apportionment imposed by section 2 of P.L.1995, c.156 (C.17:1C-20),  
4 a special funding mechanism of the department, notwithstanding the  
5 statutory limitation or "cap" on the total amount assessable to  
6 insurance companies under the special purpose apportionment. This  
7 enables the department to recover from insurers the cost of the  
8 proposed additional fraud investigators in FY 1998 and subsequent  
9 fiscal years.

10 The FY 1998 Budget Recommendation to expand the staff of the  
11 Division of Insurance Fraud Prevention, as well as its duties and  
12 responsibilities, is related to the automobile insurance reforms recently  
13 proposed by the Governor.

14

15

16

17

18 Includes certain Division of Insurance Fraud Prevention expenditures  
19 in special purpose apportionment notwithstanding statutory cap.