



SURPLUS LINES ASSOCIATION OF NEW JERSEY

July 1, 2009

Dear New Jersey Surplus Lines Association Member:

Further to our communication of June 23, 2009 regarding the Surplus Lines Tax Increase from 3% to 5%, and the transfer of \$60 million from the Surplus Lines Guaranty Fund to the Health Care Subsidy Fund, we wanted to provide an update to the membership on the legislation that makes these changes, Assembly Bill 4108.

Governor Corzine has signed Assembly Bill 4108 into law. For a complete background of this issue, please refer to the original correspondence. A copy has been attached for your convenience, along with the enacted legislation.

The legislation provides that it "takes effect immediately." We have had constructive discussions with the New Jersey Insurance Department's Surplus Lines Examining Office on issues regarding implementation of the legislation. The Department has indicated that it will issue a Bulletin within a matter of days to provide guidance to surplus lines licensees. We understand the Bulletin will clarify that the NJ Surplus Lines tax is 5% for all policies with effective dates of 07/01/09 and later, and that the 3% tax rate applies to any premium change endorsement to a policy with an effective date prior to 07/01/09.

It is our understanding that the Bulletin will also:

- Address calculation of taxes payable to the NJ State Firemen's Association, which will remain at 3% of the fire premium, and
- Provide a sample of the revised SLPS 1 tax form and instructions.

It is unclear to what extent the Bulletin will address other issues such as payment of the additional 2% tax on policies bound, but not effective, before July 1, 2009. Members may wish to consult with their tax and/or legal advisors, and possibly the Department, on a case by case basis.

Please feel free to contact either of us with any questions.

Sincerely,

Dennis Pellegrino, Jr.

Steve Powell

Dennis Pellegrino Jr.
President

Steve Powell, CPCU, ASLI
Chairman, Legislative Committee

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SURPLUS LINES ASSOCIATION OF NEW JERSEY

June 23, 2009

Dear New Jersey Surplus Lines Association Member,

We wanted to report on some significant developments arising from New Jersey's budget shortfall. As you may be aware, in connection with the State's Fiscal Year 2010 budget, the Legislature is currently considering a proposal to increase the surplus lines tax from 3% to 5%. (The bills also include the same tax increase for other unauthorized insurance, as well as tax increases on other insurance premiums.). The bills, A-4108 and S-2016, were essentially heard in their respective committees upon introduction.

The NLSLA has been in contact with the Legislature, and legislators have been made aware that this tax increase will be borne solely by New Jersey consumers, imposing an even greater financial burden on them with respect to their insurance costs. We were scheduled to testify at the Assembly Budget Committee hearing yesterday to oppose the bill, including on the basis that the increase would make the New Jersey surplus lines market less competitive, particularly in comparison with our surrounding states. Unfortunately, we did not get the opportunity, as the Committee met into the evening before voting the legislation out of Committee last night. The vote in the Assembly Budget Committee was along party lines - Democrats voted for the tax increase; Republicans voted against it. We were also looking forward to testifying before the Senate Budget Committee, but last night that Committee also voted to pass the legislation. The Senate Budget Committee vote - also along the same party lines - came after about 30 minutes of consideration, we understand.

We were also informed last night that the legislation now includes a proposal to transfer \$60 million from the Surplus Lines Guaranty Fund (of its current \$73 million balance) to the State's Health Care Subsidy Fund. We understand the Health Care Subsidy Fund is a program under which New Jersey hospitals receive funds for providing care to the uninsured. The legislation also includes a provision for the State to reinject up to \$27 million back into the Guaranty Fund if a determination is made that the balance remaining after the transfer of \$60 million is insufficient to satisfy existing covered claims. You will recall the State appropriated \$40 million from the Guaranty Fund to the State's General Fund in 2002, to close the State's budget deficit at that time. If it was not apparent before, it is now clear that the Guaranty Fund is not viewed in Trenton as providing support for the surplus lines market, but rather is considered to be a rainy day fund that is subject to the State government's needs at any given time.

The bills must now be voted on by their full respective houses. We understand these votes will take place this Thursday, June 25. Reports indicate both houses will vote to pass the legislation. If that occurs, the Governor will be presented with the legislation to sign into law. If enacted into law, based on the current text of the legislation, the surplus lines tax increase would be effective immediately. It is unclear at this time how the increase will be implemented, including with respect to outstanding quotes. The Department of Banking and Insurance has indicated that it would issue a Bulletin if the legislation is enacted in its current form. If enacted, the tax rate change will most likely be implemented very quickly and could potentially have an effect on business already quoted/bound. You may wish to advise your clients. This is uncharted territory for the NJ DOBI.

We will keep you posted on further developments. In the meantime, do not hesitate to contact either of us.

Dennis Pellegrino Jr., President (609-643-0654)
Steve Powell, Chair-Legislative Committee (732-679-3700)

Sincerely,

Dennis Pellegrino, Jr.

Dennis Pellegrino Jr.
President

[Second Reprint]

ASSEMBLY, No. 4108

STATE OF NEW JERSEY
213th LEGISLATURE

INTRODUCED JUNE 11, 2009

Sponsored by:

Assemblyman JOSEPH CRYAN

District 20 (Union)

Assemblyman ALBERT COUTINHO

District 29 (Essex and Union)

Co-Sponsored by:

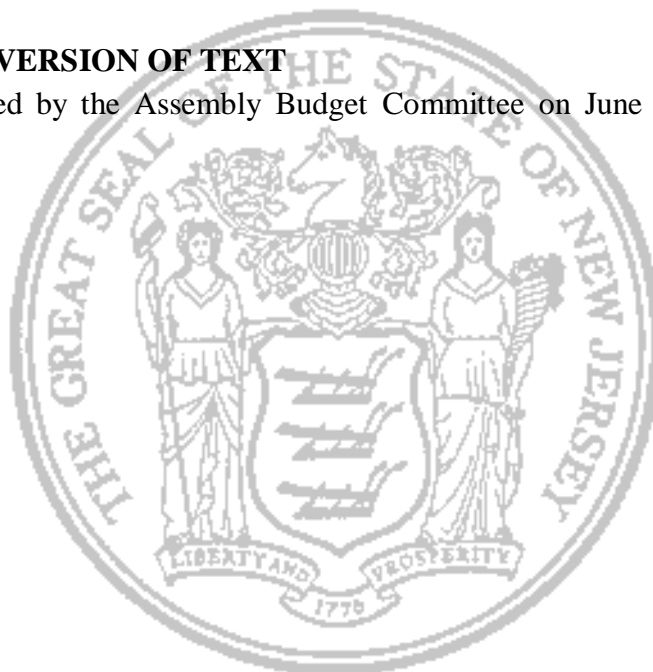
Senator Sweeney

SYNOPSIS

Concerns taxation of certain lines of insurance and dedicates certain additional revenues to the Health Care Subsidy Fund.

CURRENT VERSION OF TEXT

As reported by the Assembly Budget Committee on June 22, 2009, with amendments.



(Sponsorship Updated As Of: 6/26/2009)

1 AN ACT concerning the taxation of certain lines of insurance,
 2 dedicating certain additional revenues to the Health Care
 3 Subsidy Fund, amending P.L.1945, c.132 ¹[, P.L.1968, c.305]¹
 4 ²[and] ²P.L.1960, c.32 ²[,]² and ²P.L.1984, c.101,²
 5 supplementing P.L.1992, c.160 (C.26:2H-18.51 et al.) ², and
 6 making an appropriation².

7
 8 **BE IT ENACTED** by the Senate and General Assembly of the State
 9 of New Jersey:

10

11 1. Section 2 of P.L.1945, c.132 (C.54:18A-2) is amended to
 12 read as follows:

13 2. (a) The tax specified in subsection (a) of section 1 of this
 14 act, except as to life insurance companies and except as to marine
 15 insurance as described by chapter 16 of Title 54 of the Revised
 16 Statutes, shall, except as hereinafter provided, be 2% upon the
 17 taxable premiums collected by such company during the year
 18 ending December 31 next preceding on all business of the company
 19 in this State, less the amount of taxes on its property, exclusive of
 20 taxes on real estate and of taxes payable pursuant to this section,
 21 paid in this State by the company pursuant to any law of this State
 22 during the said year. Any taxes paid to the treasurer of any
 23 firemen's relief association of this State pursuant to R.S.54:18-1
 24 shall be considered a part of the tax payable under this act. An
 25 additional tax of 0.1% upon such taxable premiums of such insurers
 26 shall also be paid, which amount shall be dedicated to the
 27 Department of Banking and Insurance for payment of
 28 administrative costs related to its statutory duties.

29 (b) Taxable premiums, collected after December 31, 1965 by an
 30 insurance company subject to the provisions of subsection (a)
 31 hereof under group accident and health insurance policies on
 32 residents of this State, and taxable premiums collected under legal
 33 insurance policies as defined in section 3 of P.L.1981, c.160
 34 (C.17:46C-3) on residents of this State, shall be subject to tax
 35 **[only]** at the following rates:

36

| | | |
|----|--|------------------------|
| 37 | As to taxes payable in 1967 | 1 3/4 % |
| 38 | As to taxes payable in 1968 | 1 1/2 % |
| 39 | As to taxes payable in 1969 | 1 1/4 % |
| 40 | As to taxes payable in 1970 [and thereafter] <u>through 2008</u> | 1% |
| 41 | <u>As to taxes payable in 2009</u> ¹ [and thereafter] ¹ ² [2.25%] <u>1.35%</u> ² | |
| 42 | ¹ <u>As to taxes payable in 2010 and thereafter</u> | <u>1%</u> ¹ |

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ABU committee amendments adopted June 15, 2009.

²Assembly ABU committee amendments adopted June 22, 2009.

1 An additional tax of ~~0.05%~~ ¹~~0.1%~~ 0.05% ¹ upon such taxable
 2 premiums of such insurers shall also be paid, which amount shall be
 3 dedicated to the Department of Banking and Insurance for payment
 4 of administrative costs related to its statutory duties.

5 (cf: P.L.1990, c.8, s.82)
 6

7 ¹2. Section 3 of P.L.1945, c.132 (C.54:18A-3) is amended to
 8 read as follows:

9 3. Amount of tax, life insurance companies; deductions. (a)
 10 The tax specified in subsection (a) of section 1 of this act as to life
 11 insurance companies, shall, except as hereinafter provided, be 2%
 12 upon the taxable premiums collected by the company during the
 13 year ending December 31 next preceding under all policies or
 14 contracts of insurance on residents of this State, less the amount of
 15 taxes on its property, exclusive of taxes on real estate and of taxes
 16 payable pursuant to this section, paid in this State by the company
 17 pursuant to any law of this State during the said year. An additional
 18 tax of 0.1% upon such taxable premiums of such insurers shall also
 19 be paid, which amount shall be dedicated to the Department of
 20 ²Banking and ²Insurance ²~~[Banking and]~~ ² for payment of
 21 administrative costs related to its statutory duties.

22 (b) Taxable premiums, collected after December 31, 1965 by an
 23 insurance company subject to the provisions of subsection (a)
 24 hereof under group accident and health insurance policies on
 25 residents of this State, and taxable premiums collected under legal
 26 insurance policies as defined in section 3 of P.L.1981, c.160
 27 (C.17:46C-3) on residents of this State, shall be subject to tax
 28 **[only]** at the following rates:

| | |
|--|---|
| 29 As to taxes payable in 1967 | 1 3/4% |
| 30 As to taxes payable in 1968 | 1 1/2% |
| 31 As to taxes payable in 1969 | 1 1/4% |
| 32 As to taxes payable in 1970 [and thereafter] <u>through 2008</u> | 1% |
| 33 <u>As to taxes payable in 2009</u> | ² [2.25%] <u>1.35%</u> ² |
| 34 <u>As to taxes payable in 2010 and thereafter</u> | <u>1%</u> |

35 An additional tax of 0.05% upon such taxable premiums of such
 36 insurers shall also be paid, which amount shall be dedicated to the
 37 Department of Banking and Insurance for payment of
 38 administrative costs related to its statutory duties. ¹

39 (cf: P.L.1990, c.8, s.83)
 40

41 ²~~[2.]~~ ¹3. ¹Section 6 of P.L.1945, c.132 (C.54:18A-6) is
 42 amended to read as follows:

43 6. a. In the event that the taxable premiums collected by any
 44 company, as specified in sections 2 and 3 of this act, and all of its
 45 affiliates as defined in the chapter entitled "Insurance Holding
 46 Company Systems," P.L.1970, c.22 (C.17:27A-1 et seq.), during
 47 any year ending December 31, exceed twelve and one-half

1 percentum (12 1/2%) of the total premiums collected by the
2 company and all of its affiliates during the same year on all policies
3 and contracts of insurance, whenever and wherever issued, the
4 taxable premiums of such company shall not exceed a sum equal to
5 twelve and one-half percentum (12 1/2%) of such company's total
6 premiums collected during the same year on all policies and
7 contracts of insurance, whenever and wherever issued, calculated as
8 specified in sections 4 and 5 of this act; provided, however, a
9 company to which section 2 of this act (C.54:18A-2) applies shall in
10 no event be deemed to be an affiliate of a company to which section
11 3 of this act (C.54:18A-3) applies and provided, further, that as to
12 any company licensed in this State prior to June 30, 1984, the
13 taxable premiums of that company shall be calculated without
14 regard to the premiums collected by any affiliate.

15 b. On and after January 1, 2005 the provisions of subsection a.
16 of this section shall not apply to a health service corporation
17 established pursuant to the provisions of P.L.1985, c.236
18 (C.17:48E-1 et **[seq.] al.**).

19 c. On and after January 1, 2009 the provisions of subsection a.
20 of this section shall not apply to accident and health insurance
21 premiums.

22 (cf: P.L.2005, c.128, s.1)²

23

24 ¹**[3.]** ²**[4.1]** ^{3.}² Section 16 of P.L.1945, c.132 (C.54:18A-9) is
25 amended to read as follows:

26 16. a. This act shall not apply to any fraternal beneficiary
27 society. For the purposes of this act, "insurance company" shall
28 include a corporation, and any person, partnership or
29 unincorporated association required as an insurer to procure from
30 the Commissioner of Banking and Insurance the certificate
31 prescribed by section 1 of an act entitled "An act to regulate the
32 transaction of the business of insurance by individuals, partnerships
33 and unincorporated associations in this State" approved July 11,
34 1939 (P.L.1939, c.188; C.17:49-1), or under any other statute now
35 in force or hereafter enacted, engaging in any kind or kinds of
36 business specified in R.S.17:17-1, subject to the insurance laws of
37 this State; provided, however, that no company or society, which by
38 its act or certificate of incorporation has for its object the assistance
39 of sick, needy or disabled members, the defraying of funeral
40 expenses of deceased members and the provision for the wants of
41 the surviving spouses and families of members after death, shall be
42 deemed an insurance company within the purview of this act.

43 b. (1) For the purposes of P.L.1945, c.132 (C.54:18A-1 et
44 **[seq.] al.**), "insurance company" shall include, beginning January
45 1, 1992, a health service corporation established pursuant to the
46 provisions of P.L.1985, c.236 (C.17:48E-1 et **[seq.] al.**), with
47 respect to its experience rated health insurance. An "insurance

1 company" shall also include any life, accident, or health insurance
2 company in which a health service corporation owns stock,
3 controls, or otherwise becomes affiliated with, as provided in
4 subsection e. of section 3 of P.L.1985, c.236 (C.17:48E-3).

5 (2) For the purposes of P.L.1945, c.132 (C.54:18A-1 et **[seq.]**
6 al.), "insurance company" shall include, beginning January 1, 2005,
7 a health service corporation established pursuant to the provisions
8 of P.L.1985, c.236 (C.17:48E-1 et **[seq.]** al.), with respect to its
9 experience rated and community rated health insurance. An
10 "insurance company" shall also include any life, accident, or health
11 insurance company in which a health service corporation owns
12 stock, controls, or otherwise becomes affiliated with, as provided in
13 subsection e. of section 3 of P.L.1985, c.236 (C.17:48E-3).

14 (3) For the purposes of P.L.1945, c.132 (C.54:18A-1 et al.),
15 "insurance company" shall include, beginning January 1, 2009
16 'through December 31, 2009'¹, a dental service corporation
17 established pursuant to the provisions of P.L.1968, c.305
18 (C.17:48C-1 et seq.)¹, notwithstanding the provisions of section 32
19 of P.L.1968, c.305 (C.17:48C-32) and any other law to the contrary,
20 and provided that notwithstanding section 1 of P.L.1945, c.132
21 (C.54:18A-1) as to the payment of tax, tax liability due on a dental
22 service corporation's business done during that calendar year shall
23 be paid on March 1, 2010, with the filing of a return in a manner as
24 shall be specified by the Director of the Division of Taxation and
25 the Commissioner of Banking and Insurance¹.
26 (cf: P.L.2005, c.128, s.2)

27
28 ¹**[4.** Section 32 of P.L.1968, c.305 (C.17:48C-32) is amended to
29 read as follows:

30 32. Every dental service corporation is hereby declared to be a
31 charitable and benevolent institution, and its funds and property
32 shall be exempt from taxation by the State or any political
33 subdivision thereof other than taxation on premiums pursuant to
34 P.L.1945, c.132 (C.54:18A-1 et al.) as provided in section 16 of that
35 act (C.54:18A-9).
36 (cf: P.L.1968, c.305, s.32)]¹

37
38 ²**[5.]** ^{4.}² Section 25 of P.L.1960, c.32 (C.17:22-6.59) is
39 amended to read as follows:

40 25. The premiums charged for surplus lines coverages are
41 subject to a premium receipts tax of **[3%]** 5% of all gross
42 premiums less any return premiums charged for such insurance.
43 The surplus lines agent shall collect from the insured, either directly
44 or through the originating broker, the amount of the tax, in addition
45 to the full amount of the gross premium charged by the insurer for
46 the insurance; provided, however, that the tax on any unearned
47 portion of the premium shall be returned to the policyholder by the

1 surplus lines agent. The surplus lines agent is prohibited from
2 absorbing such tax, or, as an inducement for insurance or for any
3 other reason, rebating all or any part of such tax or of his
4 commission.

5 The surplus lines agent shall forward to the commissioner
6 together with his quarterly report submitted pursuant to section 24
7 of P.L.1960, c.32 (C.17:22-6.58) a check in the amount of the
8 premium receipts tax due for that period made out to "the State of
9 New Jersey," except that where the policies cover fire insurance on
10 property in any municipality or portion of a township, or fire
11 district in this State, which now has or may hereafter have, a duly
12 incorporated firemen's relief association, 3% of the premium
13 receipts tax covering such insurance shall be paid to the treasurer of
14 the [association] New Jersey State Firemen's Association and the
15 remaining 2% of the premium receipts tax shall be forwarded to the
16 commissioner.

17 The tax imposed hereunder, if delinquent, shall be subject to the
18 provisions of R.S.54:49-3 and R.S.54:49-4.

19 The check covering taxes paid under the provisions of this act
20 shall be forwarded by the commissioner to the Director of the
21 Division of Taxation and that portion of the premiums representing
22 fire insurance shall be distributed by him in the amount now or
23 hereafter provided by law as to taxes collected by him from fire
24 insurance companies of other states and foreign countries. The
25 commissioner shall ascertain and report to the Director of the
26 Division of Taxation all facts necessary to enable the director to
27 ascertain, fix and collect the amount of the tax to be paid by each
28 licensee subject thereto under this act.

29 If a surplus lines policy covers risks or exposures only partially
30 in this State, the tax payable shall be computed on the portion of the
31 premium which is properly allocable to the risks or exposures
32 located in this State.

33 This section does not apply as to insurance of or with respect to
34 insurance of risks of the State Government or its agencies, or of any
35 county or municipality or of any agency thereof.

36 (cf: P.L.1996, c.69, s.8)

37

38 ²[¹6.] 5.² Section 30 of P.L.1960, c.32 (C.17:22-6.64) is
39 amended to read as follows:

40 30. Every insured who in this State procures or causes to be
41 procured or continues or renews insurance with an unauthorized
42 foreign or alien insurer, or any insured or self-insurer who procures
43 or continues excess loss, catastrophe or other insurance, upon a
44 subject of insurance resident, located or to be performed within this
45 State, other than insurance procured through a surplus lines agent
46 pursuant to the surplus lines law of this State or exempted from tax
47 under section 25 of P.L.1960, c.32 (C.17:22-6.59), shall within 30
48 days after the date such insurance was so procured, continued, or

1 renewed, file a report of the same with the commissioner in writing
2 and upon forms designated by the commissioner and furnished to
3 such an insured upon request. The report shall show the name and
4 address of the insured or insureds, name and address of the insurer,
5 the subject of the insurance, a general description of the coverage,
6 the amount of premium currently charged therefor, and such
7 additional pertinent information as is reasonably requested by the
8 commissioner.

9 Any insurance in an unauthorized insurer procured through
10 negotiations or an application, in whole or in part occurring or made
11 within or from within this State, or for which premiums in whole or
12 in part are remitted directly or indirectly from within this State,
13 shall be deemed to be insurance procured, or continued or renewed
14 in this State within the intent of this section.

15 There is hereby levied upon the obligation, chose in action, or
16 right represented by the premium charged for such insurance, a tax
17 at the rate of ~~3%~~ 5% of the gross amount of such premium less
18 any return premiums charged for such insurance. Within 30 days
19 after the insurance was so procured, continued or renewed, and
20 coincidentally with the filing with the commissioner of the report
21 provided for in this section, the insured shall pay the amount of the
22 tax to the commissioner, who, after reviewing the above report,
23 shall turn over the amount of the tax to the Director of the Division
24 of Taxation along with a summary of the facts necessary to enable
25 the director to ascertain and fix the proper amount of the tax ,
26 except that where the policies cover fire insurance on property in
27 any municipality or portion of a township, or fire district in this
28 State, which now has or may hereafter have, a duly incorporated
29 firemen's relief association, 3% of the premium receipts tax
30 covering such insurance shall be paid to the treasurer of the New
31 Jersey State Firemen's Association and the remaining 2% of the
32 premium receipts tax shall be forwarded to the commissioner.

33 If the insured fails to withhold from the premium the amount of
34 tax herein levied, the insured shall be liable for the amount thereof
35 and shall pay the same to the commissioner within the time
36 specified in this section.

37 The tax imposed hereunder if delinquent shall be subject to the
38 provisions of R.S.54:49-3 and R.S.54:49-4.

39 The tax shall be collectible from the insured by civil action
40 brought by the commissioner.

41 The amount of taxes paid to the Director of the Division of
42 Taxation under the provisions of this section on premiums for fire
43 insurance shall be distributed by him in the manner now or hereafter
44 provided by law as to taxes collected by him from fire insurance
45 companies of other states and foreign countries.

46 This section does not abrogate or modify, and shall not be
47 construed or deemed to abrogate or modify, any provision of
48 section 3 of P.L.1960, c.32 (C.17:22-6.37), representing or aiding

1 unauthorized insurer prohibited; section 4 of P.L.1960, c.32
2 (C.17:22-6.38), penalty for representing unauthorized insurer; or
3 section 5 of P.L.1960, c.32 (C.17:22-6.39), suits by unauthorized
4 insurers prohibited; or any other provision of this Title.

5 This section does not apply as to life or disability insurances.¹
6 (cf: P.L.1996, c.69, s.11)

7

8 ²6. Section 5 of P.L.1984, c.101 (C.17:22-6.74) is amended to
9 read as follows:

10 5. a. The fund shall:

11 (1) Be obligated to the extent of the covered claims against an
12 insolvent insurer incurred prior to or 30 days after the determination
13 of insolvency, or before the policy expiration date, if less than 30
14 days after that determination, or before the policyholder replaces
15 the policy or causes its cancellation, if he does so within 30 days of
16 the determination. The fund's obligation for covered claims shall
17 not be greater than \$300,000.00 per occurrence, subject to any
18 applicable deductible and self-insured retention contained in the
19 policy. The commissioner may pay a portion of or defer the fund's
20 obligations for covered claims based on the moneys available in the
21 fund. In no event shall the fund be obligated to a policyholder or
22 claimant in excess of the limits of liability of the insolvent insurer
23 stated in the policy from which the claim arises. Any obligation of
24 the fund to defend an insured shall cease upon the fund's payment
25 or tender of an amount equal to the lesser of the fund's covered
26 claim statutory limit or the applicable policy limit;

27 (2) Be deemed the insurer to the extent of its obligation on the
28 covered claims and to such extent shall have all rights, duties, and
29 obligations of the insolvent insurer as if the insurer had not become
30 insolvent;

31 (3) Assess member insurers in accordance with section 6 of this
32 act in amounts necessary to pay:

33 (a) Obligations of the fund under paragraph (1) of this
34 subsection,

35 (b) Expenses of handling covered claims,

36 (c) Any other expenses incurred in the implementation of the
37 provisions of this act;

38 (4) Investigate claims brought against the fund; and adjust,
39 compromise, settle, and pay covered claims to the extent of the
40 fund's obligation; and deny all other claims; and may review
41 settlements, releases and judgments to which the insolvent insurer
42 or its policyholders were parties to determine the extent to which
43 the settlements, releases and judgments may be properly contested;

44 (5) Notify those persons as the commissioner directs under
45 section 8 of this act;

46 (6) Handle claims through the association's employees or
47 representatives, or through one or more insurers or other persons
48 designated as servicing facilities;

- 1 (7) Pay the other expenses of the association in administering
 2 the provisions of this act; and
- 3 (8) (Deleted by amendment, P.L.2004, c.165.)
- 4 (9) Within 60 days of the enactment of P.L. , c. (C.)
 5 (pending before the Legislature as this bill), transfer to the Health
 6 Care Subsidy Fund \$60,000,000 as provided by section 8 of that
 7 act.
- 8 b. The fund may:
- 9 (1) Sue or be sued;
- 10 (2) Negotiate and become a party to those contracts which are
 11 necessary to carry out the purpose of this act;
- 12 (3) Perform those other acts which are necessary or appropriate
 13 to effectuate the purpose of this act;
- 14 (4) (Deleted by amendment, P.L.2002, c.30.)
- 15 (5) With the approval of the commissioner, borrow and
 16 separately account for moneys from any source, including but not
 17 limited to the New Jersey Property-Liability Insurance Guaranty
 18 Association and the Unsatisfied Claim and Judgment Fund, in such
 19 amounts and on such terms as the New Jersey Property-Liability
 20 Insurance Guaranty Association may determine are necessary or
 21 appropriate to effectuate the purposes of P.L.2003, c.89 (C.17:30A-
 22 2.1 et al.) in accordance with the association's plan of operation;
 23 and
- 24 (6) Make loans, in such amounts and on such terms as the
 25 association may determine are necessary or appropriate, to the New
 26 Jersey Property-Liability Insurance Guaranty Association in
 27 accordance with the provisions of the "New Jersey Property-
 28 Liability Insurance Guaranty Association Act," P.L.1974, c.17
 29 (C.17:30A-1 et seq.) and the "Unsatisfied Claim and Judgment
 30 Fund Law," P.L.1952, c.174 (C.39:6-61 et seq.).²
 31 (cf: P.L.2004, c.165, s.3)
- 32
- 33 ¹[6.] 7.¹ (New section) ¹[Commencing with fiscal years]
 34 During the fiscal year¹ beginning on ¹[and after]¹ July 1, 2009,
 35 there shall be deposited ¹[annually]¹ in the Health Care Subsidy
 36 Fund established pursuant to section 8 of P.L.1992, c.160 (C.26:2H-
 37 18.58): the sum of ²[\$74.5] \$19.5² million from the revenue
 38 collected ¹[annually]¹ from the taxation of group accident and
 39 health insurance policies pursuant to subsection (b) of section 2 of
 40 P.L.1945, c.132 (C.54:18A-2) ²; and the sum of \$5 million from
 41 the taxation of dental service corporations pursuant to P.L.1945,
 42 c.132 (C.54:18A-1 et al.)¹ and subsection (b) of section 3 of
 43 P.L.1945, c.132 (C.54:18A-3)².
- 44
- 45 ²8. (New section) Within 60 days of the effective date of
 46 P.L. , c. (C.) (pending before the Legislature as this bill),
 47 there shall be deposited in the Health Care Subsidy Fund

1 established pursuant to section 8 of P.L.1992, c.160 (C.26:2H-
2 18.58) the sum of \$60,000,000 from the New Jersey Surplus Lines
3 Insurance Guaranty Fund pursuant to paragraph (9) of subsection a.
4 of section 5 of P.L.1984, c.110 (C.17:22-6.74).²
5

6 ²9. (New section) During the State fiscal year commencing July
7 1, 2009, if the Commissioner of Banking and Insurance, in
8 consultation with the State Treasurer, determines that the balance
9 remaining in the New Jersey Surplus Lines Insurance Guaranty
10 Fund is insufficient to satisfy existing covered claims after the
11 transfer of \$60,000,000 to the Health Care Subsidy Fund pursuant
12 to section 8 of P.L. , c. (C.) (pending before the Legislature
13 as this bill), there is appropriated from the General Fund to the New
14 Jersey Surplus Lines Insurance Guaranty Fund an amount not to
15 exceed \$27,000,000, subject to the approval of the Director of the
16 Division of Budget and Accounting in the Department of the
17 Treasury.²
18

19 ¹[7.] ²[8.1] ^{10.}² This act shall take effect immediately.