

**CHAPTER 17**  
**PRODUCER LICENSING**

**Authority**

N.J.S.A. 17:1-8.1 and 15e, and 17:22A-1 et seq..

**Source and Effective Date**

R.1998 d.233, effective April 15, 1998.  
See: 30 N.J.R. 779(a), 30 N.J.R. 1833(a).

**Chapter Expiration Date**

In accordance with N.J.S.A. 52:14B-5.1c, Chapter 17, Producer Licensing, expires on October 12, 2003. See: 35 N.J.R. 2159(a).

**Chapter Historical Note**

Chapter 17, Producer Licensing, Subchapters 1, 2 and 5, was adopted as R.1988 d.186, effective April 18, 1988 (operative April 26, 1988). See: 20 N.J.R. 225(c), 20 N.J.R. 904(b). Subchapter 3, Professional Qualifications, was adopted as R.1989 d.192, effective April 3, 1989. See: 20 N.J.R. 1152(a), 21 N.J.R. 899(b). Pursuant to Executive Order No. 66(1978), Chapter 17, Producer Licensing, was readopted as R.1993 d.206, effective April 15, 1993. See: 25 N.J.R. 883(a), 25 N.J.R. 1972(a).

Pursuant to Executive Order No. 66(1978), Chapter 17, Producer Licensing, was readopted as R.1998 d.233, effective April 15, 1998. See: Source and Effective Date. See, also, section annotations.

Subchapter 5, Transition rules, was repealed by R.2002 d.354, effective November 4, 2002. See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

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**SUBCHAPTER 1. GENERAL PROVISIONS**

**11:17-1.1 Purpose and scope**

(a) This chapter implements provisions of N.J.S.A. 17:22A-26 et seq., the New Jersey Insurance Producer Licensing Act of 2001 (the Act). The chapter concerns the licensing conduct of insurance producers and shall be considered part of the insurance law of the State of New Jersey, and violation of any provisions shall be sufficient cause for action against any person as permitted by statute. Specification of the standards of conduct shall not, however, prohibit the application of other insurance statutes or rules to licensed producers.

(b) Provisions of the Act and of this chapter shall be applied to all licensees, required to be licensed pursuant to the Act, including nonresident licensees, in connection with the licensing and standards of conduct on business for which a New Jersey insurance producer license is required.

Amended by R.1998 d.233, effective May 18, 1998.  
See: 30 N.J.R. 779(a), 30 N.J.R. 1833(a).

In (b), deleted "New Jersey Insurance Provider Licensing" preceding "Act".

Amended by R.2002 d.354, effective November 4, 2002.  
See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

In (a), amended the N.J.A.C. reference and inserted "of 2001" following "New Jersey Insurance Producer Licensing Act"; in (b), substituted "required to be licensed pursuant to the Act" for "limited insurance representatives and other persons".

**11:17-1.2 Definitions**

(a) Words and terms contained in the Act, when used in this chapter, shall have the meanings as defined in the Act, unless the context clearly indicates otherwise.

(b) The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Act” means the New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq.

“Administrative Procedure Act” means the Act concerning practices and proceedings of New Jersey public agencies pursuant to N.J.S.A. 52:14B-1 et seq.

“Authorized insurance education director” or “insurance education director” means the person designated by the insurance education provider and approved by the Department to be responsible for the program’s compliance with these rules and for the program’s operations.

“Authorized personnel” means any person designated by the insurance education provider and approved by the Department to be authorized to submit insurance education provider certification forms, schedules, course approval forms and other information not specifically required to be provided by the insurance education director on behalf of the insurance education provider.

“Branch office” means an office in New Jersey other than a principal office where a resident licensee conducts insurance business.

“Business entity” means a corporation, association, partnership, limited liability company, limited liability partnership, or other legal entity.

“Business name” means the legal name of a business entity and any trade or fictitious name under which a licensee or license applicant conducts or intends to conduct insurance business.

“Contact course” or “class” means a classroom presentation, seminar, lecture or teleconference with monitored attendance and an instructor present.

“Credit hour,” “credit education unit” or “CEU” means one hour of credit based on classroom attendance or an approved hour for seminars and self-study calculated in accordance with the provisions of N.J.A.C. 11:17-3.6(b).

“Credit insurance” means insurance coverages for credit health and credit life as defined in N.J.S.A. 17B:29-2, credit disability, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, automobile dealer GAP, credit property and any other insurance offered in connection with the extension of credit that is limited wholly or partially to reducing or extinguishing that credit obligation.

“Department” means the New Jersey Department of Banking and Insurance.

“First-time applicant” means any person who was not licensed in New Jersey during the 12-month period prior to application.

“Home state” means the District of Columbia and any state or territory of the United States in which an insurance producer maintains his or her principal place of residence or principal place of business and is licensed to act as a resident insurance producer.

“Insurance education program” or “program” means an insurance education provider’s overall curriculum.

“Insurance education provider” means any insurance school, authorized insurer, recognized producer or insurance trade association, accredited college, university or trade school, or other institution or organization that is approved by the Department in accordance with N.J.A.C. 11:17-3.1 to provide prelicensing or continuing education for insurance producers in this State.

“Insurance related conduct” includes selling, soliciting, negotiating or binding policies of insurance; all communication with insureds concerning any term or condition of a policy of insurance; office management policies affecting insureds; processing claims; and transmitting funds between insureds, producers, premium finance companies and insurance companies.

“Insurance related debt” means any debt incurred by a producer arising from the selling, soliciting or negotiating of insurance.

“Interactive online course” means a computer online or internet course with an internal testing program that can monitor if the licensee responded with at least 70 percent correct answers without access to online study materials.

“Late renewal” means any renewal that is applied for subsequent to the expiration of a license and within 12 months after the expiration date.

“NAIC” means the National Association of Insurance Commissioners, its affiliates or subsidiaries, or any agency or committee thereof.

“Nonresident” (of New Jersey) means a person for whom a state other than New Jersey has been designated the home state for the purposes of licensure.

“Resident” (of New Jersey) means a person who maintains his or her principal place of residence or principal place of insurance business in New Jersey where insurance business is transacted and for whom New Jersey has been designated the home state for the purpose of licensure.

2. If the applicant is a corporation, limited liability company, limited partnership or limited liability partnership, applying for a resident license, a copy of the original business certificate stamped "filed" by the Department of Treasury, Division of Revenue Business Services, County Clerk or other authority as applicable or a certificate filed by the Department of Treasury, Division of Business Services authorizing the applicant to transact business in New Jersey. If the application includes a business name other than the organization's legal name, the applicant shall also submit a certificate stamped "filed" by the Department of Treasury, Division of Business Services, County Clerk or other authority, as applicable, confirming that the business name has been properly recorded;

3. If the applicant is a business entity applying for a nonresident license, a certification evidencing that the applicant is authorized in the home state to transact insurance business with comparable authorities;

4. For resident business entities, properly completed fingerprint forms in a format prescribed by the Department for each officer, director, partner or owner of five percent or more of the applicant business entity;

5. Any documentation required to explain responses to questions and concerning the applicant's character, fitness and financial responsibility; and

6. Payment of the fees required by N.J.A.C. 11:17-2.12.

(c) Failure to pay a license fee due to "not sufficient funds" or otherwise non-negotiable instrument shall void any license issued in reliance thereon by the Commissioner. Any business written during the period prior to payment shall be deemed in violation of N.J.S.A. 17:22A-29 and shall subject the applicant to penalties in addition to the penalties prescribed at N.J.A.C. 11:17D-2.4(a)3 for checks returned for insufficient funds, and, when applicable, a late renewal fee.

Amended by R.1993 d.507, effective October 18, 1993.  
See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).  
Amended by R.2002 d.354, effective November 4, 2002.  
See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).  
Rewrote the section.

**Case Notes**

Application for residential insurance producer license properly denied. Department of Insurance v. Pintero, 94 N.J.A.R.2d (INS) 1.

**11:17-2.4 Temporary work authority**

(a) The Commissioner or his or her designee is authorized to issue a temporary work authority allowing the applicant to begin work when the applicant has submitted in proper form the items required by N.J.A.C. 11:17-2.3 if the submission does not disclose any matter that may disqualify the applicant from being licensed. Any certificate issued in accordance with this section shall contain an expiration date and shall expire no more than 60 days after issuance.

(b) A nonresident licensee, upon moving his or her residence or primary place of business into the State of New Jersey and losing resident status in the home state, shall within 20 days thereof notify the Department of his or her change of address and intent to qualify as a resident insurance producer. Upon such notification, the licensee may continue to act as an insurance producer for a period of 90 days from the date of such notification. The Commissioner or his or her designee may, for good cause shown, extend this time.

Amended by R.1993 d.507, effective October 18, 1993.  
See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).  
Amended by R.2002 d.354, effective November 4, 2002.  
See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

In (a), rewrote the first sentence; in (b), inserted "and losing resident status in the home state" following "New Jersey" and "thereof" following "20 days".

**11:17-2.5 License renewal**

(a) A current licensee shall renew a license in the following manner:

1. At least 10 days before the license expiration date, each licensee shall submit a properly completed renewal application together with payment of renewal fees in accordance with N.J.A.C. 11:17-2.12. The renewal application shall be signed, dated and certified to be correct by the licensee or a licensed officer or partner of a licensed business entity. The licensee shall certify that he, she or it continues to be qualified in accordance with the insurance laws of New Jersey.

(b) Failure to submit the renewal application for receipt by the date of expiration shall be deemed to establish that the license expired on the expiration date shown, and that the licensee was not thereafter authorized to engage in any activities for which the license is required.

(c) Any licensee who does not desire license renewal shall notify the Department by submitting the renewal application signed, dated and marked on the face, "Do Not Renew".

(d) If an applicant's license has lapsed for a period of less than one year, the applicant may apply for late renewal of the license within one year of the date the license expired provided the following is attached to the application:

1. Proof of completion of continuing education credits when required by N.J.A.C. 11:17-3.6;
2. The applicant's certification which shall state whether or not the applicant has transacted any business as an insurance producer during the unlicensed period and, if so, the number of policies written, renewed or modified by endorsement or other means; and
3. Late renewal fee as provided by N.J.A.C. 11:17-2.12.

(e) An applicant who files a late renewal request within one year of the license expiration date shall be granted a

waiver from the prelicensing education and examination requirement set forth in N.J.A.C. 11:17-3.2 and 3.3.

Amended by R.1993 d.507, effective October 18, 1993.

See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).

Amended by R.2002 d.354, effective November 4, 2002.

See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

Rewrote the section.

#### 11:17-2.6 Additional authorities

(a) A currently licensed individual producer may obtain additional authorities as described in N.J.A.C. 11:17-2.2 by submitting the following:

1. His or her current original license, marked to request the additional authority or authorities, dated, signed and certified to be correct by the applicant;
2. If a resident, a certificate evidencing completion of an approved course of prelicensing education, if required, or a certificate evidencing waiver of this requirement, and a certificate evidencing that the applicant has passed the State licensing examination for the authority or authorities requested or a certificate evidencing waiver of this requirement;
3. If a nonresident, certification from the applicant that he, she or it holds a current license with comparable authority in the home state;
4. Payment of the processing fee as required by N.J.A.C. 11:17-2.12.

(b) A currently licensed business entity producer may obtain additional authorities as described in N.J.A.C. 11:17-2.2 by submitting the following:

1. Its current original license, marked to request the additional authority or authorities, dated, signed and certified to be correct by a licensed officer or partner who holds or has applied for that authority;
2. If a nonresident applicant, certification from the applicant that it holds a currently valid license with the comparable authority in its home state; and
3. Payment of the processing fee described in N.J.A.C. 11:17-2.12.

Amended by R.1993 d.507, effective October 18, 1993.

See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).

Amended by R.2002 d.354, effective November 4, 2002.

See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

Rewrote the section.

#### 11:17-2.7 Legal and business names; addresses

(a) No resident licensed individual producer shall conduct insurance business under a name other than his or her legal name unless the name has been filed with and approved by the Department. Nothing in this section shall prohibit the transaction of business under the licensee's legal name and the words "agency," "insurance agency," "brokerage" or words determined by the Department to be of similar import. Issuance of a license containing the name shall serve as notice of approval.

(b) No nonresident licensed producer shall conduct business under a name other than its legal or business name in the state where it maintains a resident license.

(c) No resident business entity shall conduct insurance business unless the business name has been filed with and approved by the Department. Issuance of a license containing the name shall serve as notice of approval.

(d) Standards for business names are as follows:

1. No business name shall have the capacity or tendency to be misleading or deceptive;
2. No business name shall be identical or confusingly similar to the business name of another currently licensed resident producer;
3. If the word "insurance" or its equivalent is contained in the name, it must be joined with wording such as "agency" or "brokerage" to distinguish the entity from an insurance underwriting company;
4. No business name shall express or imply any identification or affiliation with a Federal, State or other government entity, including any department, division, bureau or subdivision of such entities nor shall it misleadingly imply identification with a not-for-profit organization;
5. No business name shall consist of or include any franchise designation except in accordance with procedures approved by the Commissioner; and
6. No business name shall contain the name of, or imply any affiliation with, a producer whose license has been revoked, terminated, suspended or voluntarily surrendered for cause.

(e) A resident applicant may obtain prior Departmental approval of a proposed business name before the filing of the name with the Department of Treasury, Division of Revenue Business Services, County Clerk or other authority by submitting the proposed name or names for consideration. Prior approvals of names shall expire 90 days after the date of prior approval if no license application is received by the Department.

(f) The requirements for business addresses and notification of change of business mailing or location address and residence address are as follows:

1. All licensees shall provide the Department with a complete and current business mailing address, and, if different, a street or location address. Individual licensees shall also provide the Department with a complete and current residence address.

2. All licensees shall provide in the format prescribed by the Department notification of any change of business mailing or location address and residence address within 20 days of the change and maintain a proof of notification for five years or until receipt of a new or renewed license or other documentation from the Department showing the new address.

3. Any legal process issued pursuant to the statutory authority of the Commissioner including, but not limited to, subpoenas, orders and orders to show cause may be served by sending the documents to the business mailing or residence address of the licensee then on file with the Department.

(g) A licensee shall advise the Department of a change of any legal name, business name or a change of the address which appears on the license by noting the change on its current original license and returning it to the Department for cancellation and reissuance of a new license containing the updated information or by electronic means. No fee shall be required for such changes. If the notice is to change a legal or business name of a resident business entity, the business name shall be approved by the Department in accordance with (b) above and the hard copy request shall be accompanied by a copy of the document filed in the Department of Treasury, Division of Revenue Business Services, County Clerk or other authority evidencing that the change has been properly recorded or, if the notice is given by electronic means, a copy of the authority shall be immediately mailed to the Department.

Amended by R.1993 d.507, effective October 18, 1993.  
 See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).  
 Amended by R.2002 d.354, effective November 4, 2002.  
 See: 34 N.J.R. 2286(a), 34 N.J.R. 2459(b), 34 N.J.R. 3839(a).  
 Rewrote the section.

**Case Notes**

Submitting documentation to create false impression as to writing of service fee agreements was dishonesty warranting revocation of license as insurance producer. *Fortunato v. Watley*, 95 N.J.A.R.2d (INS) 23.

**11:17-2.8 Branch offices**

(a) Licensees shall file with the Department by hard copy or electronic means a branch office registration form within 30 days before business is first conducted there. A branch office registration form shall be accompanied by the processing fee specified in N.J.A.C. 11:17-2.12. The appropriate registration form will be prescribed by the Department.

(b) Upon receipt of a properly completed branch office registration form and fee, the Department shall issue a branch office certificate. Branch office certificates shall expire contemporaneously with the producer's own license. The branch office certificate shall not authorize the transaction of business at any location other than that named.

(c) The licensee shall advise the Department in writing by hard copy or electronic means of the closing of any branch

office within 20 calendar days of the closing by returning the branch office certificate for cancellation.

(d) A branch office shall be open to the public during such hours and days of the week as to provide the public reasonable access to the branch office. The branch office shall post the hours and days of operation in a manner reasonably calculated to inform the public.

(e) No branch office may engage in insurance related conduct unless at least one licensed individual insurance producer is present. The requirements of this section shall not preclude a branch office from remaining open to service accounts while the assigned producer is temporarily absent, and shall not permit unlicensed individuals to engage in any activities for which a license is required.

Amended by R.1993 d.507, effective October 18, 1993.  
 See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).  
 Amended by R.2002 d.354, effective November 4, 2002.  
 See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

In (a), inserted "by hard copy or electronic means" following "the Department"; in (c), inserted "by hard copy or electronic means" following "in writing"; rewrote (e).

**11:17-2.9 Business relationships**

(a) The agency relationship between company and producer is subject to the following requirements:

1. An agency relationship between an insurance company and licensed producer is established by written contract executed by both parties. Both parties shall maintain copies of agency contracts and make them available for inspection by the Department upon request.

2. An insurance company contracting with a licensed insurance producer shall be responsible to advise the Department of that relationship by filing a notice within 15 days after execution of the contract, on a form prescribed by the Department or by using the online appointment and termination system available through the National Insurance Producer Registry, incorporated herein by reference, as amended and supplemented, located at <http://www.licenseregistry.com> containing the company's name and reference number; the producer's name and reference number; and the effective date of the contract. The form shall contain the name and title of the company official who signed and certified the notice.

3. Prior to executing any agency contract, the insurance company shall determine that the producer is properly licensed with authority for the kinds of insurance described in the contract. The insurance company shall not accept any business produced prior to a person's licensure nor shall an insurance company pay commissions to any person for any business produced prior to licensure. The company officer executing the notice shall certify that he or she examined the credentials of the producer and is satisfied that the producer is currently licensed with the authorities for one or more of the kinds of insurance for which the company is authorized.

4. Unless otherwise specified in the notice, filing a notice of agency contract shall be deemed to mean that the producer is that company's agent for all kinds or lines of insurance for which the company and producer are jointly authorized.

5. The agency contract shall be deemed to continue in effect until a notice of termination of that contract is filed by the insurance company with the Department on a form prescribed by the Commissioner or by using the online appointment and termination system available through the National Insurance Producer Registry, incorporated herein by reference, as amended and supplemented, located at <http://www.licenseregistry.com>.

6. The notice of termination filed shall specify the true reason for termination. If the reason involves misconduct by the producer, an additional copy of the notice of cancellation shall be mailed by the insurance company to the Department's Enforcement Unit, PO Box 329, Trenton, NJ 08625-0329 together with an outline of available information and documentation.

7. The insurer shall make a good faith attempt to collect from producers all company brochures, solicitation or other related materials subsequent to termination. This requirement shall not apply to underwriting guidelines and other materials required for use during the time the producer continues to service policies following termination, as provided by contract or pursuant to N.J.S.A. 17:22-6.14a1.

8. Notwithstanding the lack of any contract establishing an agency relationship, any insurer that delivers in this State to any insurance producer a contract of insurance pursuant to the application or request of such producer, acting for an insured other than himself, shall be deemed to have authorized such producer to receive on its behalf payment of any premium which is due on such contract at the time of its issuance or delivery or the payment of any installment of such premium or any additional premium which becomes due or payable thereafter on such contract, providing such payment is received by the producer within 90 days after the due date of the premium or installment or after the date of delivery of a statement by the insurer of such additional premium.

(b) The employment of another producer by a producer is subject to the following requirements:

1. Licensed producers may enter into employment contracts by which the employed producer (employee) conducts business under the supervision of and in the name of an employing producer (employer). The employment contract shall be in writing and shall specify that it does not include all license authorities of the parties, if such is the case. Both parties shall retain copies of the contract and shall make them available to the Department upon request.

2. The employer shall examine the credentials of the employee to determine that he or she is licensed to conduct the kinds of business described in the contract.

3. An employee may, if authorized by the employer and any insurance company for which the employer is an agent, execute the employer's name to contracts of insurance in accordance with a written agency contract.

4. An employer shall be responsible for the insurance-related conduct of an employee. In any disciplinary proceeding, the existence of the employment contract shall be prima facie evidence that the employer knew of the activities of the employee.

5. Existence of a business relationship between two licensed producers by which each acts as an independent contractor shall not require the filing of any notice in accordance with this subchapter, nor create any responsibility for the acts of the other in the absence of knowledge or concerted action.

Amended by R.1993 d.507, effective October 18, 1993.

See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).

Amended by R.2002 d.354, effective November 4, 2002.

See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

In (a), rewrote 2, 5 and 6; in (b), deleted the first sentence in 2 and substituted "subchapter" for "provision" in 5.

#### **11:17-2.10 Continuation of business of a producer who becomes disabled, dies or enters the Armed Forces**

(a) Pursuant to the provisions of the Act, a surviving spouse, or court-appointed personal representative of a deceased or disabled producer, or a member or employee of a business entity in which the licensed producer, who was the designated officer or owner responsible for the licensed activity of the business, dies or becomes disabled, or a designee of a producer entering active service in the Armed Forces of the United States of America may submit a request for a temporary license by hard copy or electronic means, containing the names, addresses and license numbers of the producers involved and the reason for the request. No temporary license shall last for a period longer than 180 days.

(b) As a condition of issuance of a temporary license, the Commissioner shall require the applicant to designate a sponsor who is licensed as a producer in this State or is an insurer authorized to write insurance in this State.

(c) If the sponsor or holder of a temporary license sells, assigns or otherwise transfers ownership of the insurance business prior to the expiration of the temporary license, the license shall cease to be valid and shall be surrendered to the Department.

New Rule, R.1993 d.507, effective October 18, 1993.

See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).

Public Notice: Receipt of and action on petition for rulemaking.

See: 28 N.J.R. 4680(a).

Amended by R.2002 d.354, effective November 4, 2002.

See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).  
 Rewrote the section.

**11:17-2.11 Licensing information requirements**

(a) The following requirements relate to the provision of criminal history information by licensed producers and license applicants.

1. An applicant for an individual resident license shall submit with his or her initial application New Jersey State Police and Federal fingerprint cards and the fee required to pay for its processing.

2. An applicant for a resident business entity license shall submit with its application New Jersey State Police and Federal fingerprint cards and the fee required to pay for their processing, for each officer, director, partner and owner of five percent or more of the organization. Applicants who contemporaneously submit resident business entity and resident individual applications need not submit duplicates.

3. Upon request by the Department, a licensed producer or license applicant shall supply copies of any complaint, indictment, judgment of conviction or other related documents.

4. Failure to respond to any specific request or to submit documentation requested shall constitute grounds for denial of the license, or suspension or revocation of any current license.

5. Failure to indicate a criminal conviction on the application for an insurance producers license shall constitute a material misrepresentation and subject a licensee to the penalties provided at N.J.S.A. 17:22A-40a and c.

(b) Upon request by the Department, a licensed producer or license applicant shall supply copies of any documentation pertaining to any bankruptcy, assignment to creditors, insurance related debt or child support action. Failure to respond to any specific request or to submit documentation requested shall constitute grounds for denial of the license application or renewal of the license, or suspension or revocation of any current license.

(c) Licensed business entities shall notify the Department within 30 days of the addition or deletion of any licensed or unlicensed officer, director, partner or owner of five percent or more of the licensed organization. Notification of the addition of any unlicensed officer, director, partner or owner of five percent or more of the licensed business entity shall be accompanied by properly completed fingerprint forms together with the required fee. Licensed business entities shall retain evidence of notification for a period of five years or, until receipt of documentation from the Department verifying such change, if earlier.

(d) Departure, termination or deletion of licensee officers, directors or partners, which leaves a business entity insurance producer with no licensed officers, directors or

partners or with officers, directors or partners who do not have like authorities as the business entity producer, shall make the business entity producer license inactive. Under these circumstances, the business entity license shall be returned immediately to the Commissioner.

Recodified from 11:17-2.11 and amended by R.1993 d.507, effective October 18, 1993.

See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).

Amended by R.1998 d.233, effective May 18, 1998.

See: 30 N.J.R. 779(a), 30 N.J.R. 1833(a).

Recodified from N.J.A.C. 11:17-2.12 and amended by R.2002 d.354, effective November 4, 2002.

See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

Rewrote the section. Former N.J.A.C. 11:17-2.11, Limited insurance representatives, repealed.

**11:17-2.12 Fees**

(a) The following fees shall be payable as set forth in this chapter:

1. License fee, not limited line: \$300.00;
2. Filing or processing initial application: \$20.00;
3. Additional authority filing: \$20.00;
4. Reinstating terminated license before its stated expiration date: \$20.00;
5. Any branch office registration: \$20.00;
6. Limited line license: \$150.00;
7. Late renewal fee, not limited line: \$100.00; and
8. Late renewal fee, limited line: \$50.00.

(b) All fees shall be paid by check or money order or electronic debit or credit card made payable to: State of New Jersey—General Treasury. All Department fees are non-refundable after the license effective date.

(c) Disabled veterans may be exempted from payment of the fees described in (a) above upon submission to the Department of a recent certificate of the United States Veterans Administration confirming a current service connected disability.

Recodified from 11:17-2.12 and amended by R.1993 d.507, effective October 18, 1993.

See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).

Recodified from N.J.A.C. 11:17-2.13 and amended by R.2002 d.354, effective November 4, 2002.

See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

Rewrote (a); in (b), substituted “all” for “a” preceding “fees shall be paid” and inserted “or electronic debit or credit card” preceding “made payable”. Former N.J.A.C. 11:17-2.12, Licensing information requirements, recodified to N.J.A.C. 11:17-2.11.

**11:17-2.13 Denial of license**

(a) Whenever it appears from an application, renewals form, attached documents or Department records that an applicant has not demonstrated the qualifications prescribed in the Act and this chapter, the Department shall advise the applicant in writing that the license requested is denied;

shall specify the reason for denial; and shall further advise the applicant of the right to request a hearing in accordance with the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq. and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1 and the procedure for doing so.

(b) Upon receipt of a request for a hearing on a license denial, the Department shall review the application and attachments, its records and any additional information submitted and determine whether the license may be issued. If after this review the Department determines that the applicant is not qualified, the Department shall find that the matter is a contested case and transmit it to the Office of Administrative Law for hearing.

(c) Nothing in this section shall prevent the return of an application to the applicant for correction of ministerial errors.

Recodified from 11:17-2.13 and amended by R.1993 d.507, effective October 18, 1993.

See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).

Recodified from N.J.A.C. 11:17-2.14 and amended by R.2002 d.354, effective November 4, 2002.

See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

In (a), inserted “, renewals form, ” following “application” and substituted “or” for “and” preceding “Department records and amended the N.J.A.C. reference”. Former N.J.A.C. 11:17-2.13, Fees, recodified to N.J.A.C. 11:17-2.12.

#### Case Notes

Plea of guilty to indictment charging second degree felony of indecent sexual conduct precluded finding of good character necessary to licensure as insurance producer. *Anderson v. Karpinski*, 95 N.J.A.R.2d (INS) 61.

#### 11:17-2.14 Surrender and cancellation of license; reinstatement after surrender

(a) A licensee may surrender a current producer license by returning the license document to the Department for cancellation at any time before expiration. The Department may refuse to accept a request for cancellation of a business entity license unless all current licensed officers or partners consent to the request.

(b) A producer license may be reinstated after surrender during the same license period by completing an application in accordance with the provisions of N.J.A.C. 11:17-2.3. No additional license fee for that period shall be required but the processing fee provided in N.J.A.C. 11:17-2.12 shall be paid.

(c) Submitting a license for cancellation or allowing a license to expire shall not void or terminate any disciplinary proceedings against the licensee, nor prevent imposition of any penalty, ordered restitution or costs.

(d) In the event a license is lost or destroyed, the licensee may request a duplicate by submitting a certified statement attesting to the loss.

(e) Nothing in these rules shall authorize any person whose license has been revoked, suspended, cancelled or surrendered to continue to transact insurance business after the date of revocation, suspension, cancellation or surrender.

Recodified from 11:17-2.14 and amended by R.1993 d.507, effective October 18, 1993.

See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).

Recodified from N.J.A.C. 11:17-2.15 and amended by R.2002 d.354, effective November 4, 2002.

See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

In (a), substituted “surrender” for “terminate” and “a business entity” for “an organization”; in (b) substituted “surrender” for “termination” and amended the N.J.A.C. reference; rewrote (e). Former N.J.A.C. 11:17-2.14, Denial of license, recodified to N.J.A.C. 11:17-2.13.

#### Case Notes

Fraudulently filed insurance claims justifies insurance producer’s license revocation. *Randall v. Martini*, 97 N.J.A.R.2d (INS) 22.

Failure to supervise conduct of persons working under authority of agent’s producer’s license not excused by illness. *Commissioner of Insurance v. Holloway, Sr.*, 97 N.J.A.R.2d (INS) 6.

Resident insurance producer’s license was revoked after he submitted false claim to insurance company. *New Jersey Department of Insurance v. Rosenblatt*, 96 N.J.A.R.2d (INS) 102.

Insurance producer’s license was revoked because he failed to disclose that his real estate licenses had previously been revoked. *Karpinski v. Pepe*, 96 N.J.A.R.2d (INS) 97.

License of insurance producer was properly revoked upon proof of fraudulent misconduct, including issuing bad checks and forging insured’s signature. *Fortunato v. Huertas*. 96 N.J.A.R.2d (INS) 34.

Insurance producer’s conviction for issuing bad checks shows unfitness for licensure. *Karpinski v. McKishen*, 96 N.J.A.R.2d (INS) 20.

Prior theft convictions and numerous misrepresentations on application warranted denial of request for licensure as resident insurance producer. *Fortunato v. Thomas*, 95 N.J.A.R.2d (INS) 73.

Long course of conduct in issuing false premium and rating information and in wrongfully applying premium funds justified denial of application for licensure as an insurance producer. *Sirchio v. Fortunato*, 95 N.J.A.R.2d (INS) 68.

Misappropriation of funds that led to federal conviction justified revocation of license as an insurance broker. *Shipitofsky v. Karpinski*, 95 N.J.A.R.2d (INS) 67.

Resident insurance producer license revoked; penalties, restitution and costs; failure to remit collected funds to an insurer. *Samuel F. Fortunato v. Wallace W. Lee, t/a Universal Casualty Insurance Agency*, 94 N.J.A.R.2d (INS) 53.

Revocation of insurance producer’s license was appropriate. *Karpinski v. Weiss*, 94 N.J.A.R.2d (INS) 43.

#### 11:17-2.15 Licensee records

(a) The following licensee records shall be public records in accordance with N.J.S.A. 47:1A-1 et seq.:

1. Individual licensee: Name, license reference number, business name, business mailing and location address, business telephone and fax numbers, date of birth, license authorities, date first licensed, date of license examination, current license issue date, professional qualification, date last licensed or current license expiration date; names of companies for which notice of agency contracts have been filed, date of agency contract and date of termination of agency contract if any, and limits on authority if any; names and reference numbers of licensed organizations for which the producer serves as a licensed officer or partner, date became a licensed officer or partner and date terminated if any; names and reference numbers of employed or employing producers, date relationship began and terminated.

2. Licensed organization: Legal name of producer, license reference number, other business name if any, business mailing and location address; license authorities, date first licensed, date last licensed or current expiration date, names and reference numbers of licensed officers and partners; names and reference numbers of insurance companies for which notice of agency contracts have been filed, agency contract date and termination date if any, limits of authority if any; names and reference numbers of employed producers, date relationship began and terminated.

(b) The following licensee records are specifically determined to be nonpublic records in accordance with N.J.S.A. 47:1A-1 et seq.:

1. Criminal complaints, indictments, judgments of conviction and other separate documents submitted in connection with a license application concerning whether an applicant is disqualified by reason of conviction of a crime;

2. Criminal history records obtained as the result of any criminal history check;

3. Petitions or discharges in bankruptcy, complaints, orders or other pleadings in actions for assignment to creditors and other separate documents submitted in connection with a license application concerning whether the applicant is disqualified by reason of unworthiness;

4. Copies of orders of suspension or revocation issued by professional or occupational licensing authorities, and other separate documents submitted in connection with a license application concerning whether the applicant is disqualified by reason of unworthiness;

5. Records concerning the medical disability of any licensee;

6. Investigative files in any matter pending investigation, or in any completed investigation in which no formal disciplinary action was taken; and

7. Records identified in N.J.S.A. 17:22A-43.

(c) Upon request by any person, the Department shall issue a certification of the license status of any currently

licensed producer or producer licensed within the preceding four years. Such certification shall contain the licensee's name, date of birth, license reference number, whether currently licensed or expired, kinds of insurance for which authorized whether qualified by examination or the equivalent, and whether any formal disciplinary action was taken during the last four years.

(d) Nothing in this section shall compel the Department to maintain licensee records beyond normal retirement or destruction schedules as approved by the Division of State Library, or to retrieve and provide a copy of any written record required to be filed with the Department when the information requested is available as a certified abstract of information contained in the Department's electronic data processing system.

Recodified from 11:17-2.15 R.1993 d.507, effective October 18, 1993.

See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).

Amended by R.1998 d.233, effective May 18, 1998.

See: 30 N.J.R. 779(a), 30 N.J.R. 1833(a).

In (a)1, included business telephone and fax numbers, date of license examination, and current license issue date as public records.

Recodified from N.J.A.C. 11:17-2.16 and amended by R.2002 d.354, effective November 4, 2002.

See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

Added (b)7. Former N.J.A.C. 11:17-2.15, Termination and cancellation of license; reinstatement after termination, recodified to N.J.A.C. 11:17-2.14.

**11:17-2.16 Requests for disclosure of social security numbers**

(a) The Department may request that licensed producers and license applicants submit their social security numbers to the Department. All such requests shall either include or be accompanied by a notice stating:

1. The purpose or purposes for which the Department intends to use the social security numbers;

2. That disclosure made pursuant to the request is either voluntary or mandatory; and

3. That the request is authorized by this section and by such other law as may be applicable.

New Rule, R.1996 d.183, effective April 1, 1996.

See: 28 N.J.R. 234(a), 28 N.J.R. 1891(a).

Amended by R.1997 d.187, effective May 5, 1997.

See: 29 N.J.R. 304(a), 29 N.J.R. 2178(a).

In (a), inserted reference to registered insurance representatives and registration applicants; in (a)2, inserted reference to mandatory disclosure; and in (a)3, inserted reference to other applicable law.

Recodified from N.J.A.C. 11:17-2.17 and amended by R.2002 d.354, effective November 4, 2002.

See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

In (a), rewrote the introductory paragraph. Former N.J.A.C. 11:17-2.16, Licensee records, recodified to N.J.A.C. 11:17-2.15.

**SUBCHAPTER 3. PROFESSIONAL QUALIFICATIONS**

**11:17-3.1 Approval of insurance education program**

(a) Persons and entities that establish programs that include teaching or offering insurance courses to satisfy pro-

fessional qualification requirements for prelicensing or continuing education for producers shall, prior to conducting such courses, be approved by the Department in accordance with this section.

(b) An application for approval of an insurance education provider shall be made on a form prescribed by the Commissioner and shall provide the following information:

1. The name of the insurance education provider and the address of the permanent program office;
2. The name and address of the sponsoring organization, if any;
3. The name, address and telephone number of the program director or directors, New Jersey producer license reference number(s), if any, and a signed statement from each insurance education director that he or she has read this subchapter, understands his or her responsibilities as an insurance education director, and that he or she is fully responsible for the activity of the insurance education program;
4. The names, addresses and telephone numbers of any authorized personnel;
5. Whether the insurance education provider will teach or offer prelicensing education courses, continuing education courses, or both;
6. The address of any permanent classroom or classrooms to be used by the provider; and
7. Any other information that may be required by the Department to determine whether the provider and the insurance education program meets the requirements for approval.

(c) Insurance education providers seeking approval to teach courses of prelicensing education shall also provide:

1. The names of all instructors employed by the insurance education provider to teach prelicensing education courses and certify that the producers have completed the prelicensing program together with documentation confirming that each is qualified in accordance with N.J.A.C. 11:17-3.2(a)3;
2. The names of the courses, by license authority, which will be taught by the insurance education provider, if approved; and
3. A copy of the enrollment application for the insurance education provider, the student contract, and any other agreement between the insurance education provider and student.

(d) Each application for approval of an insurance education provider's program shall be certified as correct by the insurance education director or directors named in the application, and shall be accompanied by a fee of \$300.00. The application shall be submitted to the Department at least 90 days prior to the anticipated opening of the program.

(e) Applications for program approval shall be reviewed to determine compliance with the requirements prescribed in this subchapter. An applicant shall supply such additional information or documentation as may be required by the Department to determine whether such requirements are met.

1. An inspection of the provider's office and any permanent classroom facility may be conducted prior to approval or the approval may be granted conditioned upon the results of an inspection.
2. Upon approval of an application, the Department shall issue a certificate of approval which shall contain:
  - i. The name and approval code number of the insurance education provider;
  - ii. An indication as to whether the insurance education provider is approved for prelicensing education, continuing education or both; and
  - iii. The effective date and expiration date of the approval.
3. An insurance education provider approval shall expire in the fourth year on the last day of the licensing quarter in which it was effective;
4. At least 10 days prior to the renewal date, the provider's insurance education director shall submit a properly completed renewal application and the \$300.00 renewal fee. Applications for renewal shall be reviewed by the Department in accordance with the procedures established in this section for new insurance education provider approval. Failure to submit the renewal application for receipt by the date of expiration shall be deemed to establish that the insurance education provider approval has expired, and the provider is not thereafter authorized to teach or offer insurance courses to satisfy professional qualification requirements for prelicensing or continuing education for producers.

Amended by R.1994 d.438, effective September 6, 1994.

See: 26 N.J.R. 1289(a), 26 N.J.R. 3731(a).

Amended by R.2002 d.354, effective November 4, 2002.

See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

Rewrote the section.

### 11:17-3.2 Insurance education provider duties and requirements

(a) Each approved insurance education provider (except as modified hereafter) shall:

1. Maintain an office where student records, samples of all instructional material used, and the certificate of approval for the program are kept. The office shall be accessible to the Department. The insurance education provider shall provide information regarding the means by which prospective, present and former students may contact the insurance education provider through its authorized personnel and insurance education director;

2. Retain an insurance education director in charge of the program, who shall be accessible to the Department and the public as required in (a) above during normal business hours. A producer whose license is suspended, revoked or voluntarily surrendered for cause in this or any other state may not act as an insurance education director. The insurance education director shall:

- i. Oversee the program and activities of all instructors and authorized personnel;
- ii. Be responsible to carry out or oversee the program's administrative duties imposed by this subchapter;
- iii. Receive and distribute to all instructors, authorized personnel and students communications from the Department and the Department's contract vendor; and
- iv. Notify the Department in writing of any change to the insurance education provider's application or renewal information, including, but not limited to, changes in the insurance education provider's name, address or telephone number, as well as the identity of the authorized insurance education director or authorized personnel.

3. Use knowledgeable and competent instructors to teach all courses. An instructor shall not have had his or her insurance producer license revoked, suspended or voluntarily surrendered for cause in any state and shall in the opinion of the Commissioner, be otherwise of good character and reputation. Instructors shall possess at least five years' experience in insurance practice, insurance education or the equivalent which must be derived from the same authority or authorities of insurance for which the instructor is teaching. Prelicensing education instructors shall, in addition:

- i. Hold a recognized professional designation; or
- ii. Have passed the New Jersey instructor examination; or
- iii. Be a faculty member of an accredited college or university teaching insurance courses;

4. Use classroom facilities with sufficient lighting, desks, tables and other equipment which are conducive to learning. Classroom facilities shall be open to the Commissioner or his or her designee for monitoring at any time;

5. If approved to teach prelicensing courses, instruct students in accordance with a curricula submitted and approved by the Department;

6. Conduct and administer courses in a manner reasonably calculated to assure that certificates or reports of courses attended and completed accurately reflect the students' attendance and performance. Except as may be provided consistent with the provisions of N.J.A.C.

11:17-3.4(k), for prelicensing education and for classroom or seminar continuing education offerings, an instructor shall be physically present in the classroom during the entire course including any tests or examinations;

7. Maintain for five years the records of each student including the name(s) of the course or courses taken; proof that the course final examination was passed, if applicable; and copies of the final examinations and education certificates issued. Programs voluntarily terminating operations shall turn over education certificates to the Department within 14 days of ceasing operation. If a program approval is revoked, the Department shall retain the right to secure such records;

8. If approved to teach prelicensing courses, provide remedies for students who have failed the State licensing examination, which may include review courses or additional full courses at reduced rates; and

9. If approved to teach prelicensing courses and if it charges tuition therefor, without specific request and in a manner approved by the Department, provide to all persons at the time of requests for enrollment application or information, all passing rates by line of authority for the State licensing examination for all prelicensing education courses offered by the provider during the preceding six month period; or, if the program has not been in operation for this period of time, the passing rate for all examinations given during the period which the program has been in operation.

(b) Fifteen days prior to the start of each quarter, each insurance education provider shall provide to the Department in writing by hard copy or electronic means, information about the time, date and location of all prelicensing or continuing education courses scheduled for the following quarter. If the insurance education provider is offering self-study and examination courses, it shall provide the Department with the name of the approved courses offered and the date and location of each proctored examination. If the schedule of courses changes, the provider shall immediately notify the Department of any additions or cancellations.

(c) An approved insurance education program shall issue to each student who has successfully completed a prelicensing education course a certificate which shall contain the following:

1. The program name and program code number;
2. The student's name;
3. The name of the course and the hours of study;
4. Signatures of the student and the instructor, authorized personnel, or the insurance education director of the program;
5. The course completion date; and
6. A statement signed by an instructor that the student was instructed for the number of hours indicated on

the certificate, that the instructor is satisfied that the student knows the material, and that the student has received at least a 70 percent minimum passing course grade on a final examination.

Amended by R.1994 d.438, effective September 6, 1994.

See: 26 N.J.R. 1289(a), 26 N.J.R. 3731(a).

Amended by R.1998 d.277, effective June 1, 1998.

See: 29 N.J.R. 5257(a), 30 N.J.R. 2025(a).

Added a new (k) and appendix.

Recodified in part from N.J.A.C. 11:17-3.1 and amended by R.2002 d.354, effective November 4, 2002.

See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

Added a new (a); former 11:17-3.1(i) and (j) recodified as (b) and (c) with substantial amendments. Former N.J.A.C. 11:17-3.2, Prelicensing education, recodified to 11:17-3.4.

### **11:17-3.3 Penalties for insurance education providers, insurance education directors and authorized personnel**

(a) An insurance education provider may be denied approval for failure to meet the requirements of this subchapter.

(b) Any denial of an application for approval of insurance education provider's program, or any proposal to revoke or suspend approval of insurance education provider's program, shall be in writing, and shall advise the applicant of his or her right to a hearing in accordance with the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq. and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1. Nothing in this section shall prohibit the rejection and return of applications for correction of ministerial errors.

(c) The Commissioner may suspend, terminate or revoke the approval of an insurance education provider, director or authorized personnel for any of the following reasons:

1. The failure to maintain any requirement set forth in this subchapter;
2. The failure to advise the Department promptly of any change in information initially submitted in the application during the period of approval including, but not limited to, change of insurance education director, school address, place or time of scheduled classes and instructors;
3. Fraud or misrepresentation;
4. For continuing education programs only, the failure to report to the Department or the Department's contract vendor the students' continuing education credits;
5. Demonstrated incompetence or untrustworthiness of an insurance education provider, director or authorized personnel;
6. Violating any of the insurance laws of this State; or
7. Aiding or abetting any person in violating the insurance laws of this State.

(d) Any school whose approval has been suspended, terminated or revoked shall turn over its education certificates to the Department within 14 days.

(e) As an alternative to suspension, termination or revocation of approval, the Commissioner may place any provider, director or authorized personnel on probation with appropriate conditions or impose monetary penalties not to exceed \$5,000 for the first violation and \$10,000 for each succeeding violation.

(f) No insurance education provider, authorized personnel or director whose approval has been revoked may reapply for approval for a period of five years.

Amended by R.1994 d.438, effective September 6, 1994.

See: 26 N.J.R. 1289(a), 26 N.J.R. 3731(a).

Recodified in part from N.J.A.C. 11:17-3.1 and amended by R.2002 d.354, effective November 4, 2002.

See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

Former N.J.A.C. 11:17-3.1(k) through (p) recodified as (a) through (f) with substantial amendments. Former 11:17-3.3, State licensing examination; use of independent examination vendor; exemptions; retaking of examination, recodified to N.J.A.C. 11:17-3.5.

### **11:17-3.4 Prelicensing education**

(a) Except as provided in (e) through (g) below, each applicant for a resident insurance producer's license that is not solely for a limited line product shall pass a course of prelicensing education with the appropriate number of hours of classroom instruction described in (b) and (c) below. All changes in the appropriate number of hours for prelicensing education shall become effective as of December 31, 2002.

(b) Prior to being licensed in New Jersey for the first time as a producer, an applicant shall complete a course on regulation of the insurance industry in New Jersey for a total of 15 classroom hours. The course shall include the following topics:

1. State regulatory jurisdiction;
2. The powers of the Commissioner and the methods of regulation;
3. Producer licensing;
4. Producer trade practices, standards of conduct and ethics;
5. Doing business as a licensed insurance producer; and
6. Insurance fraud detection and prevention.

(c) In addition, prior to being admitted to the State licensing examination to obtain a particular producer license authority, an applicant shall complete a course of prelicensing education for the specific authority or authorities as follows:

1. Life and/or variable authorities, for a total of 25 classroom hours:

2. Examinations shall be administered not less than two times per month at such times and places as may be agreed upon by the Commissioner and the contract vendor. The contract vendor shall provide the Commissioner with at least four months' prior notice of scheduled test administration dates.

3. The contract vendor shall:

i. Establish at least four test administration centers within the State;

ii. Provide all physical facilities; and

iii. Provide all test center personnel sufficient for the administration of the test.

4. At least one test administration center shall be in each of the following areas:

i. Newark;

ii. Trenton;

iii. Camden; and

iv. Atlantic City.

5. The contract vendor shall collect from applicants taking the insurance license examination a previously agreed upon fee covering the cost of developing and administering the examination.

6. The contract vendor shall administer the examination in accordance with the contract, which shall contain adequate provisions for preregistration of test candidates, score reporting, security measures and such other provisions that, in the opinion of the Department, assure fair and consistent administration of the examination.

7. The contract vendor shall print and distribute to all approved education programs and to any prospective test candidate such candidate bulletins, registration forms, current test content outlines and other information that may be useful or required.

8. The contract vendor shall score examinations promptly, and shall provide score reports to all passing and failing candidates within 15 calendar days after each test date.

9. The contract vendor shall provide to failing candidates, for each test taken, diagnostic information by major content areas.

10. The contract vendor shall provide to the Department:

i. Alphabetical lists containing candidate names, addresses, identification numbers, school code numbers and scores on State producer licensing examinations of passing and failing candidates; and

ii. Summary statistics, for each test, indicating the number of candidates registered, tested and absent, and passing or failing.

11. The contract vendor shall provide to the Department, on at least a quarterly basis, accumulative, non-personally identifiable pass/fail data and diagnostic data by major content areas for each test for approved programs of prelicensing insurance education.

12. The contract vendor shall provide to approved programs teaching courses of prelicensing education quarterly reports about their students' performance on the licensing examination, which shall contain students' names, the tests taken, scores (passing or failing) and summary statistics. Quarterly reports shall be mailed within 15 days of the end of each quarter.

13. The Department shall have the sole responsibility for establishing minimum qualifications and passing requirements of candidates taking the licensing examination.

14. At the request of the Department, the contract vendor shall defend and indemnify in whole or in part the Department of Insurance, the State of New Jersey and its agents, officers and employees from all claims, actions, damages, liability and expenses in connection with loss of life, personal injury, damage to property and/or failure to comply with the requirements of "The Americans with Disabilities Act" arising out of the ownership, occupancy or use by the contract vendor of any facilities used as test administration centers, occasioned wholly or in part by any act or omission of the contract vendor, its agents, contractors or employees.

15. The contract vendor shall provide technical and legal assistance to the Department in the event of any legal challenge to the validity of any examination administered, prepared and/or copyrighted by the contract vendor or the Department in which the State of New Jersey or any of its agencies, officers or employees is named as a party.

16. The contract vendor shall provide public liability insurance with respect to the test facilities in a form satisfactory to the Department with minimum policy limits of \$1,000,000 bodily injury coverage for each occurrence; \$1,000,000 aggregate bodily injury coverage; \$500,000 property damage coverage for each occurrence; and \$1,500,000 aggregate property damage coverage.

17. The contract vendor shall transmit to the Department, in a form satisfactory to the Department, information collected during the test registration process to aid in prompt licensing of passing candidates, and may issue to passing candidates, on a form prescribed by the Department, a temporary work authority. The contract vendor shall deliver the test registration data of passing candidates to whom a temporary work authority has been issued within 30 days of the date of the test.

(c) Applicants holding a recognized professional designation described in N.J.A.C. 11:17-3.7 are exempt from the licensing examination requirements.

(d) Applicants previously licensed as nonresidents who are applying as residents shall apply for a waiver of pre-licensing education and pass the New Jersey law and practice portion of any required examination for the authority(ies) requested within 90 days of establishing New Jersey as the home state. The Department may, upon finding good cause pursuant to a timely, written request for an extension of time from the applicant, extend this time.

(e) Applicants who previously held a New Jersey insurance license which was terminated as a condition of public employment, are exempt from re-examination provided that the public employment was in an insurance-related field and the license application is made within one year of the termination of that employment.

(f) For good cause shown, the Commissioner may, by order, require an applicant for licensure or a licensee to retake the State licensing examination within a specified period of time. The order shall clearly and fully state the alleged factual circumstances upon which it is based. In the case of a licensee, a license shall remain effective pending the results of the new examination unless otherwise subject to revocation or suspension.

1. A licensee or applicant for licensure may appeal the decision of the Commissioner within 10 days of receipt of the order to retake the examination by filing with the Commissioner a written statement and supporting documentation, if any, disputing with specificity the allegations in the order. In appropriate circumstances, the Commissioner, or his or her designee, may provide the licensee or applicant for licensure with opportunity to present evidence orally.

2. After review of the record, the Commissioner shall either modify or rescind the order or require the licensee or applicant for licensure to retake the examination within a prescribed period of time.

i. If a licensee fails to retake the examination within the prescribed period of time, the Commissioner shall issue an Order to Show Cause why the license should not be revoked and shall advise the licensee of his or her right to a hearing pursuant to the provisions of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., as implemented by the Uniform Administrative Procedure Rules, N.J.A.C. 1:1.

ii. If an applicant for licensure fails to retake the examination within the prescribed period of time, the Commissioner may refuse to issue the license for which application is made and shall advise the applicant for licensure of his or her right to a hearing pursuant to the provisions of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., as implemented by the Uniform Administrative Procedure Rules, N.J.A.C. 1:1.

See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

Rewrote the section. Former N.J.A.C. 11:17-3.5, Recognized professional designations, recodified to N.J.A.C. 11:17-3.7.

### 11:17-3.6 Continuing education

(a) No resident individual insurance producer licensed with life, accident and health or sickness, property, casualty, surplus lines, title, variable life and variable annuity or personal lines authority shall be renewed unless the renewal applicant demonstrates that he or she has completed 48 credit hours of approved continuing education courses during the previous four years, 24 of which shall be in approved courses in the authorities for which the producer is licensed and six of which shall be in approved courses related to insurance fraud, professional ethics or any other subject matter required by the Commissioner for the protection of consumers. Producers licensed as of November 4, 2002 shall have until the second renewal following November 4, 2002 to comply with the requirement to obtain 24 credits in the authorities for which the producer is licensed and six credits in approved courses related to insurance fraud, professional ethics or any other subject matter required by the Commissioner for the protection of consumers.

(b) For a contact course, a credit hour shall provide no less than 50 minutes of instruction. Breaks, announcements and time not spent in instruction shall not be included in calculating credit hours requested. For self-study courses, credit hours include time for reading and study, which the Department has approved as reasonable to successfully pass the final examination. Time taking the examination is not counted towards approved credit hours. Each continuing education course submitted for approval shall be in whole credit hours and shall contain at least two hours of instruction or time spent for reading and study. No continuing education course will be approved for more than 24 credit hours, regardless of the actual number of hours of instruction, reading or study.

(c) Self-study courses shall be considered for approval if the program of instruction culminates in a monitored examination of the subject presented. A monitored examination is not required for an interactive, online program that the Department determines has sufficient internal testing to validate the student's full comprehension of the material presented.

(d) Producers satisfying credit requirements in a state other than New Jersey will be considered to have satisfied New Jersey's continuing education requirements if the home state recognizes the satisfaction of its continuing education requirements imposed upon New Jersey producers on the same basis.

(e) Producers who fulfill the continuing education requirements for a professional insurance designation approved by the Department shall be awarded 12 credit hours for each full year of the four years preceding renewal for which these requirements were fulfilled. Application to obtain such approval shall be made on a form approved by the Department and accompanied by an official document or transcript from the organization awarding such designation.

Amended by R.1994 d.438, effective September 6, 1994.

See: 26 N.J.R. 1289(a), 26 N.J.R. 3731(a).

Recodified from N.J.A.C. 11:17-3.3 and amended by R.2002 d.354, effective November 4, 2002.

(f) Approved insurance education providers shall submit courses for approval by the Department at least 30 days prior to the date the course is to begin. This 30-day requirement may be waived upon a showing by the program of unusual circumstances that require immediate action:

1. A request for continuing education credit certification shall be made on a form prescribed by the Department which shall contain the following information:

i. The name, code number and contact information of the approved insurance education provider submitting the course;

ii. An outline of the course including the time allowed for each topic;

iii. A copy of the table of contents for any textbooks used;

iv. For self-study courses that are not interactive, online courses:

(1) A copy of a sample competency examination, including answers;

(2) The amount of time allowed for the exam;

(3) A statement of how the integrity of the exam will be maintained; and

(4) A statement of how the exam will be monitored to assure the enrolled licensee takes the exam;

v. For interactive, online courses:

(1) Online access with instructions for the Department to review the course;

(2) Evidence of the internal testing included with the course; and

(3) Details of how access shall be controlled to assure the enrolled licensee completes the course;

vi. The number of hours proposed for the course; and

vii. Such other information as may, in the opinion of the Department, be necessary to evaluate the course for certification of continuing education credits.

2. If a continuing education course has been approved for use in the resident state of an insurance education provider and the resident state accepts courses approved by New Jersey for its resident insurance providers, the Department shall approve such courses unless the content is prohibited under (f)4 below. The insurance education provider shall submit evidence of such approval with the information required in (f)1 above.

3. The Department shall notify the insurance education provider of approval or disapproval of courses submitted for continuing education credits. In the event of disagreement with the decision, the insurance education director may, within 30 days of receipt of notice from the Department, supply the Department with a written re-

quest for reevaluation supported by reasons for disagreement with the decision and such additional information as may be appropriate. The Department shall promptly reevaluate the course and advise the insurance education director of the result of the reevaluation.

4. Approval shall be considered for courses that include information on types of insurance products, insurance practices, ethics, insurance fraud, insurance taxation, relevant state or national laws, claims or underwriting practices or procedures or other topics directly related to the business of insurance. Approval shall not be granted for courses dealing in whole or in part with sales training, motivation or personal enrichment, or computer or business skills not specifically related to insurance, nor shall primarily social activities be considered in computing course length.

5. All new courses submitted for approval after November 4, 2002 shall be processed and, if qualified, approved as conferring one credit hour per hour of course time. Classes approved prior to November 4, 2002 shall retain their previously assigned credit hours until submitted by the insurance education provider for reevaluation. All insurance education providers shall submit all courses for which credit was not computed on a one class hour to one credit hour basis for reevaluation by December 31, 2003.

(g) The insurance education director or authorized personnel for an approved insurance education provider shall report the names and producer license reference number of those persons completing each continuing education course within 30 days of course completion or certification of continuing education credits, whichever is later. The instructor teaching the course may be deemed to have completed it for the purpose of securing continuing education credit. Instructors may only receive credit once for teaching any one approved course once during each four-year license cycle. The report shall be made to the Department, or its designee, on a form prescribed by the Department, and shall include the following information:

1. The insurance education provider name and school code;

2. The name and code number of the continuing education course and date completed; and

3. The number of continuing education credits as certified by the Department.

(h) Producers who request continuing education credit for successful completion of an insurance course from an accredited college or university or for successful completion of a course of study and examination for a course leading to attainment of an approved professional insurance designation shall submit to the Department, on a form prescribed by the Department, the request together with a transcript or other documentation certifying completion of the course and credits awarded.

(i) At least once each year, the Department, or its designee, shall issue to individual resident producers an accounting which shall identify and include:

1. The number of continuing education credits completed, the course or courses taken, and the school code where the credits were completed;
2. The total number of continuing education credits completed;
3. The total number of continuing education credits remaining to be completed; and
4. The license renewal date of the producer.

(j) If the accounting required by (i) above is considered by the resident producer to be inaccurate, he or she shall promptly request the insurance education provider of the approved education program to file with the Department, or its designee, an appropriate corrected report.

(k) At least four months prior to the renewal of license, the Department, or its designee, shall issue to individual resident producers a statement indicating, based on current records, whether the continuing education requirement for renewal has been met. In the event the producer asserts that credit has not been recorded for a certified continuing education course, it shall be the sole responsibility of the producer to request the insurance education provider of the approved program where the course was taken to file with the Department, or its designee, a supplemental report of continuing education credits.

(l) Attorneys who are licensed for title insurance only on November 4, 2002 shall submit to the Department, at least three months but not more than one year prior to renewal, a certificate of good standing issued by the Clerk of the Supreme Court of New Jersey accompanied by a completed form prescribed by the Department, which provides the attorney's name, producer reference number, date of birth, social security number and license expiration date. Attorneys who as of November 4, 2002, are licensed for title insurance only, shall have until the second renewal following November 4, 2002 to comply with the continuing education requirements of this section.

Public Notice: operative date delayed until May 1, 1991.  
 See: 22 N.J.R. 662(b).  
 Amended by R.1991 d.218, effective April 15, 1991 (operative May 1, 1991).  
 See: 23 N.J.R. 287(a), 23 N.J.R. 1133(a).  
 Added "For example, annual maintenance of the certified insurance counselor designation shall, upon approval of the program, satisfy the continuing education requirements of this paragraph." to (c)4.  
 Amended by R.1994 d.438, effective September 6, 1994.  
 See: 26 N.J.R. 1289(a), 26 N.J.R. 3731(a).  
 Amended by R.1998 d.233, effective May 18, 1998.  
 See: 30 N.J.R. 779(a), 30 N.J.R. 1833(a).  
 In (a), added last two sentences; in (c)1, substituted "Consultant" for "Counselor"; and in (g), updated address information.  
 Recodified from N.J.A.C. 11:17-3.4 by R.2002 d.354, effective November 4, 2002.  
 See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).

Rewrote the section.

**11:17-3.7 Recognized professional designations**

(a) The Department recognizes the following professional designations as acceptable substitutes for the producer education and examination requirements except continuing education:

1. For life, accident and health or sickness, variable life and variable annuity authorities, a Chartered Life Underwriter (CLU) or a Chartered Financial Consultant (ChFC) designation conferred by the American College of Life Underwriters;
2. For property, casualty, personal lines, bail bonds and surplus lines authorities, a Chartered Property/Casualty Underwriter (CPCU) designation conferred by The American Institute for Chartered Property Casualty Underwriters and The Insurance Institute of America.

(b) An applicant seeking to rely on a recognized professional designation to satisfy any education or examination requirements in accordance with (a) above, shall submit adequate proof of such achievement which shall include an official document or transcript issued by the organization conferring the designation.

Amended by R.1998 d.153, effective April 6, 1998.  
 See: 29 N.J.R. 5259(a), 30 N.J.R. 1318(a).  
 In (a)1, inserted a reference to a Chartered Financial Consultant designation.  
 Recodified from N.J.A.C. 11:17-3.5 by R.2002 d.354, effective November 4, 2002.  
 See: 34 N.J.R. 2286(a), 34 N.J.R. 2549(b), 34 N.J.R. 3839(a).  
 Rewrote the section.

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SUBCHAPTER 4. (RESERVED)

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SUBCHAPTER 5. (RESERVED)

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SUBCHAPTER 6. MANAGING GENERAL AGENTS

**Authority**

N.J.S.A. 17:1-8.1, 17:1C-6(e) and P.L. 1993, c.237.

**Source and Effective Date**

R.1993 d.563, effective October 15, 1993.  
See: 25 N.J.R. 4318(a), 25 N.J.R. 5229(c).

**Subchapter Historical Note**

Subchapter 6, Managing General Agents, was adopted as emergency new rules R.1993 d.454, effective August 16, 1993 (to expire October 15, 1993). See: 25 N.J.R. 4318(a). The provisions of R.1993 d.454 were readopted as R.1993 d.563. See: Source and Effective Date.

**11:17-6.1 Purpose and scope**

This subchapter implements the provisions of N.J.S.A. 17:22C-1 et seq. This subchapter sets forth the procedures for the regulation of certain persons, firms, associations or corporations who act as managing general agents on behalf of insurers.

Amended by R.1998 d.233, effective May 18, 1998.  
See: 30 N.J.R. 779(a), 30 N.J.R. 1833(a).

Substituted an N.J.S.A. reference for a Public Law reference.

**11:17-6.2 Definitions**

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Commissioner” means the Commissioner of the New Jersey Department of Insurance.

“Insurer” means:

1. Any corporation, association, partnership, reciprocal exchange, interinsurer, Lloyd’s insurer, fraternal benefit society or other person engaged in the business of insurance pursuant to N.J.S.A. 17:17-1 et seq., or N.J.S.A. 17B:17-1 et seq.;
2. Any medical service corporation operating pursuant to N.J.S.A. 17:48A-1 et seq.;
3. Any hospital service corporation operating pursuant to N.J.S.A. 17:48-1 et seq.;
4. Any health service corporation operating pursuant to N.J.S.A. 17:48E-1 et seq.;
5. Any dental service corporation operating pursuant to N.J.S.A. 17:48C-1 et seq.

“Managing general agent” or “MGA” means any person, firm, association or corporation who binds ceding reinsurance contracts on behalf of an insurer or manages all or part of the insurance business of an insurer, including the management of a separate division, department or underwriting office, and acts as an agent for that insurer whether known as a managing general agent, manager or other similar term, who, with or without the authority, either separately or together with affiliates, produces, directly or indirectly, and underwrites an amount of gross direct written premium equal to or more than five percent of the policyholder surplus as reported in the last annual statement of the insurer in any one quarter or year together with one or more of the following:

1. Authority to adjust or pays claims in excess of \$5,000 per claim or in the aggregate, if the claims will settle for \$100,000 or more in a year; or
2. Negotiates reinsurance on behalf of the insurer.

Notwithstanding the above; the following persons shall not be MGAs for the purposes of this subchapter:

1. An employee of the insurer;
2. A United States manager of the United States branch of an alien insurer;
3. An underwriting manager which, pursuant to contract, manages all or part of the insurance operations of the insurer, is under common control with the insurer, subject to N.J.S.A. 17:27A-1 et seq., and whose compensation is not solely based on the volume of premiums written;
4. An attorney-in-fact authorized by and acting for the subscribers of a reciprocal insurer or inter-insurance exchange under powers of attorney.

“Nonresident” (of New Jersey) means a person for whom a state other than New Jersey has been designated the home state for the purpose of licensure.

“Producer” means a person licensed in accordance with N.J.S.A. 17:22A-26 et seq.

“Resident” (of New Jersey) means a person who maintains his or her principal place of residence or principal place of insurance business in New Jersey and for whom New Jersey has been designated the home state for the purpose of licensure.

Amended by R.2002 d.123, effective April 15, 2002.  
See: 33 N.J.R. 3868(a), 34 N.J.R. 1538(a).

In “Producer”, deleted the N.J.A.C. reference.  
Amended by R.2002 d.354, effective November 4, 2002.  
See: 34 N.J.R. 2286(a), 34 N.J.R. 2459(b), 34 N.J.R. 3839(a).  
Rewrote “Nonresident”, “Producer”, and “Resident”.

**11:17-6.3 Requirements for MGA**

(a) No person, firm, association or corporation shall act in the capacity of a managing general agent with respect to risks located in this State for an insurer licensed in this State unless such person is licensed as an insurance producer in this State, with authority for the kind or kinds of business to be transacted.

(b) No person, firm, association or corporation shall act in the capacity of a managing general agent representing an insurer domiciled in this State with respect to risks located outside of this State unless such person is licensed as a producer in this State.

(c) All managing general agents shall acquire and maintain a surety bond for the protection of the insurer contracting with the managing general agent. The bond shall be in

the amount of \$100,000 or 10 percent up to \$500,000 of the direct premium written by the insurer for the previous calendar year that is attributable to the managing general agent, whichever is greater.

1. The bond amount shall be adjusted accordingly on or before April 1st of each year.

2. The bond shall be executed by an admitted company authorized to transact fidelity and surety business in New Jersey. The bond shall not be written by the insurer or an affiliate of the insurer contracting with the managing general agent.

3. The executed bond shall be submitted to the insurance company contracting with the MGA.

(d) All managing general agents shall acquire and maintain an errors and omissions insurance policy. The policy coverage limits shall be set at \$100,000 or 10 percent up to \$500,000 of the direct premium written by an insurer for the previous calendar year that is attributable to the MGA, whichever is greater.

1. The policy coverage limits shall be adjusted accordingly on or before April 1st of each year.

2. The errors and omissions policy shall be issued by an insurer admitted to do business in New Jersey or an eligible surplus lines insurer. The policy shall not be written by the insurer or an affiliate of the insurer contracting with the MGA.

3. Proof of an errors and omissions insurance policy shall be submitted to the insurance company contracting with the MGA.

(e) The obligations of the MGA to maintain in force a bond and errors and omissions insurance as provided in this section shall continue until Notice of Termination of Managing General Agent Contract is filed with the Department as provided in this subchapter.

Amended by R.1993 d.563, effective November 15, 1993.

See: 25 N.J.R. 4318(a), 25 N.J.R. 5229(c).

Amended by R.2002 d.123, effective April 15, 2002.

See: 33 N.J.R. 3868(a), 34 N.J.R. 1538(a).

In (c) and (d), substituted "10" for "25" preceding "percent" and "\$500,000" for "\$10,000,000" preceding "of the direct premium" in the introductory paragraphs.

#### 11:17-6.4 Insurer requirements

(a) No insurer shall appoint or continue to use the services of any MGA to act for it in this State, either directly or indirectly through sub-agents of the MGA, unless the managing general agent is qualified to act as an MGA in this State pursuant to N.J.A.C. 11:17-6.3.

(b) The insurer shall maintain and make available to the Commissioner upon request a copy of the following:

1. An executed contract between the MGA and the insurer;

2. An executed bond in accordance with N.J.A.C. 11:17-6.3(e); and

3. Proof of the MGA's errors and omissions coverage in accordance with N.J.A.C. 11:17-6.3(d).

(c) Thirty days of entering into, or within 15 days of terminating, a contract with an MGA, the insurer shall provide written notification of the appointment or termination of the MGA to the Commissioner.

#### 11:17-6.5 Filing requirements

(a) No person, firm, association or corporation shall act as an MGA with respect to risks located in this State for an insurer licensed or domiciled in this State, unless the MGA and the insurer have notified the Commissioner as provided (b) below.

(b) Insurers and MGAs required to notify the Commissioner as provided in (a) above shall file a Notice of Managing General Agent Contract in the form set forth as Form A in the Appendix to this subchapter incorporated herein by reference by completing and jointly executing the form and sending it to the Department at the following address:

Attn: License Processing

New Jersey Department of Banking and Insurance  
PO Box 327

Trenton, NJ 08625-0327

(c) The Commissioner may refuse to file any Notice of Managing General Agent Contract that is incomplete. The Commissioner shall notify the insurer of a determination that the Notice is incomplete, and the actions that must be taken or the items that must be submitted in order to make a complete filing.

Amended by R.1998 d.233, effective May 18, 1998.

See: 30 N.J.R. 779(a), 30 N.J.R. 1833(a).

In (b), updated the address information.

#### 11:17-6.6 Claim processing requirements

(a) If the contract between the MGA and the insurer permits the MGA to settle claims on behalf of the insurer the MGA shall comply with the requirements governing the settlement of claims set forth in N.J.S.A. 17:29B-4, 17B:30-13.1 and 17B:30-13.2 as applicable and any regulations promulgated by the Commissioner thereunder. In addition:

1. All claims shall be reported to the company within 30 days of a claim being reported to the MGA, unless otherwise specified with the insurer; and

2. A copy of the claim file shall be sent to the insurer at its request or as soon as it becomes known that the claim: