

CHAPTER 19

FINANCIAL EXAMINATIONS MONITORING SYSTEM

Authority

N.J.S.A. 17:1-8.1, 17:1-15e, 17:22-6.40 et seq., 17:22-6.70, 17:22A-17, 17:23-1 and 2, 17:23B-1, and 17B:17-1 et seq.

Source and Effective Date

R.2003 d.303, effective June 30, 2003.
See: 35 N.J.R. 500(a), 35 N.J.R. 3360(b).

Chapter Expiration Date

In accordance with N.J.S.A. 52:14B-5.1c, Chapter 19, Financial Examinations Monitoring System, expires on December 27, 2008. See: 40 N.J.R. 2400(a).

Chapter Historical Note

Chapter 19, Financial Examinations Monitoring System, was adopted as R.1993 d.69, effective February 1, 1993. See: 24 N.J.R. 2999(a), 25 N.J.R. 591(a).

Subchapter 3, Date Submission Requirements for all Licensed Producers with Surplus Lines Authority and Eligible Surplus Lines Insurers, was added as R.1993 d.232, effective May 20, 1993. See: 24 N.J.R. 3003(a), 25 N.J.R. 1972(b).

Subchapter 1, Data Submission Requirements for all Licensed Insurers (The Financial Analysis Subsystem), was added as R.1995 d.665, effective December 18, 1995. See: 27 N.J.R. 3759(a), 27 N.J.R. 5031(b).

Subchapter 4, Data Submission Requirements for all Domestic Life/Health Insurers, was added as R.1995 d.112, effective February 21, 1995. See: 26 N.J.R. 1195(a), 27 N.J.R. 709(a).

Pursuant to Executive Order No. 66(1978), Chapter 19, Financial Examinations Monitoring System, was readopted as R.1998 d.109, effective January 23, 1998. See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

Chapter 19, Financial Examinations Monitoring System, was re-adopted as R.2003 d.303, effective June 30, 2003. See: Source and Effective Date. See, also, section annotations.

CHAPTER TABLE OF CONTENTS

SUBCHAPTER 1. DATA SUBMISSION REQUIREMENTS FOR ALL LICENSED INSURERS (THE FINANCIAL ANALYSIS SUBSYSTEM)

- 11:19-1.1 Purpose and scope
- 11:19-1.2 Definitions
- 11:19-1.3 FAS submission requirements
- 11:19-1.4 Penalties

SUBCHAPTER 2. DATA SUBMISSION REQUIREMENTS FOR ALL DOMESTIC INSURERS

- 11:19-2.1 Purpose and Scope
- 11:19-2.2 Definitions
- 11:19-2.3 General data filing requirements for all domestic insurers
- 11:19-2.4 IVS subsystem filing requirements
- 11:19-2.5 GLARS subsystem filing requirements
- 11:19-2.6 through 11:19-2.8 (Reserved)
- 11:19-2.9 Penalties

APPENDIX A

- Exhibit 1
- Exhibit 2
- Exhibit 3
- Exhibit 4
- Exhibit 5
- Exhibit 6

APPENDIX B

- Exhibit 1
- Exhibit 2
- Exhibit 3
- Exhibit 4

SUBCHAPTER 3. DATA SUBMISSION REQUIREMENTS FOR ALL LICENSED PRODUCERS WITH SURPLUS LINES AUTHORITY AND ELIGIBLE SURPLUS LINES INSURERS

- 11:19-3.1 Purpose and scope
- 11:19-3.2 Definitions
- 11:19-3.3 General requirements
- 11:19-3.4 SLPS subsystem requirements for all surplus lines insurers
- 11:19-3.5 SLPS subchapter filing requirements for all licensed producers with surplus lines authority
- 11:19-3.6 (Reserved)
- 11:19-3.7 Penalties

APPENDIX. INSTRUCTIONS FOR COMPLETING LICENSED NEW JERSEY SURPLUS LINES PRODUCER QUARTERLY TAX RETURN

SUBCHAPTER 4. DATA SUBMISSION REQUIREMENTS FOR ALL DOMESTIC LIFE/HEALTH INSURERS

- 11:19-4.1 Purpose and scope
- 11:19-4.2 Definitions
- 11:19-4.3 ADAS filing requirements
- 11:19-4.4 Penalties

APPENDIX A

APPENDIX B

SUBCHAPTER 1. DATA SUBMISSION REQUIREMENTS FOR ALL LICENSED INSURERS (THE FINANCIAL ANALYSIS SUBSYSTEM)

11:19-1.1 Purpose and scope

(a) The purpose of this subchapter is to set forth the filing requirements and procedures for the submission of financial data under the Financial Analysis Subsystem (“FAS”) of the Financial Examination Monitoring System (“FEMS”).

(b) These rules apply to all licensed insurers regulated under the laws of New Jersey.

11:19-1.2 Definitions

The following words and terms, as used in the subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

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

“Department” means the Department of Banking and Insurance.

“FAS” means the Financial Analysis Subsystem, which performs analysis on the annual/quarterly statement data filed with the NAIC under mandate of the Department.

“FEMS” means the Financial Examinations and Monitoring System.

“Insurer” or “insurance company” means an entity authorized as eligible to transact the business of insurance in New Jersey.

“NAIC” means the National Association of Insurance Commissioners.

Amended by R.1998 d.109. effective February 17, 1998.

See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

In “Commissioner” and “Department” definitions, changed the “Department of Insurance” to the “Department of Banking and Insurance”.

11:19-1.3 FAS submission requirements

All New Jersey licensed insurers shall file their FAS data submissions with the NAIC in accordance with the NAIC Annual Statement Diskette Filing Specifications and the NAIC Diskette Submission Directive instead of filing this information with the Department.

11:19-1.4 Penalties

Failure to comply with the provisions of this subchapter shall subject the insurer to penalties pursuant to N.J.S.A. 17:23-2, 17B:21-2 and any other penalties permitted by law.

SUBCHAPTER 2. DATA SUBMISSION REQUIREMENTS FOR ALL DOMESTIC INSURERS

11:19-2.1 Purpose and Scope

(a) The purpose of this subchapter is to set forth the filing requirements and procedures for the submission of financial data under various Financial Examinations Monitoring System (FEMS) subsystems, for all domestic insurers to the Department.

(b) These rules apply to all domestic insurers regulated under the laws of New Jersey unless specifically stated otherwise.

11:19-2.2 Definitions

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

“ADAS” means the Actuarial Data and Analysis Subsystem, which provides tools to help the Department’s actuaries to value the reserves of domestic life insurance companies.

“ASCII” means the American Standard Code for Information Interchange. It is a byte-oriented coding system based on an eight bit code and used primarily to format information for transfer in a data communications environment.

“BASS” means the Billing and Scheduling Subsystem, which facilitates the examination activities of the Department. This system provides for automated time and expense entry, produces examination schedules and generates company bills.

“Certificate of Verification or statement of assets held” means a certified listing from the custodian of the securities held as of a specified date (for example, year end) for a specified insurance company.

“CINS” means CUSIP International Numbering Standard.

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

“CUSIP” means the American Banking Association’s (ABA) Committee on Uniform Security Identification Procedures, a uniform security identification system for securities which are obtained, selected, arranged and published by Standard and Poors.

“Custodian” means an entity that is in custody of securities on behalf of an insurer or the insurer itself.

“DDS” means the Descriptive Data Subsystem, which provides online access to demographic information and a financial snapshot of all insurance and other risk assuming entities regulated by the Department. A tracking system for admissions and extensions of authority is also provided.

“Department” means the Department of Banking and Insurance.

“Domestic insurer” means an insurer formed under the laws of this State pursuant to N.J.S.A. 17:17-1 et seq., 17:46A-1 et seq., 17:46B-1 et seq., and 17B:18-1 et seq.

“DTC” means Depository Trust Corporation.

“Due date” means a date prior to or on which a submission must be received by the Department.

“EBCDIC” means the Extended Binary Coded Decimal Interchange Code which is a computer code for representing data. This is used in all IBM mainframe systems.

“EXSSS” means the Examination Statistical Sampling Subsystem, which is a statistical sampling package that runs on a personal computer to provide the field examiners with random number and statistical sample support tools.

“FAS” means the Financial Analysis Subsystem, which performs analysis on the annual/quarterly statement data filed with the NAIC under mandate of the Department. A series of solvency related tests are performed and companies are stratified based upon test results.

“FED” means Federal Reserve Book Entry.

“GASSS” means the General Application Spreadsheet Software Subsystem, which provides insurance analysts with a series of spreadsheet and query tools to analyze a specific company’s data.

“GLARS” means the General Ledger Analytical Review Subsystem, which is a general ledger package that assists the Department’s field examiners in their company examination activity by reconciling the company chart of accounts to the annual statement filing.

“Insurer” or “insurance company” means an entity authorized or eligible to transact the business of insurance in New Jersey.

“IRS” means the Information Retrieval Subsystem, which is an information retrieval tool that will aid the field examiner in reviewing insurance company files.

“IVS” means the Investment Valuation Subsystem, which analyzes the investment data submitted with the Annual Statement (Schedule D) and reconciles custodian information to the statement data.

“NAIC” means the National Association of Insurance Commissioners.

“PPN” means Privately Placed Securities.

“Risk assuming entity” means any entity regulated by the Department pursuant to New Jersey statutes.

“SLPS” means the Surplus Lines Processing Subsystem, which assists the Department in monitoring the activities of persons which sell surplus lines insurance to New Jersey residents and matches quarterly agent tax data to quarterly company policy data.

“SVO” means the Securities Valuation Office. This entity was created by the NAIC to provide insurers with a source for uniform prices and quality ratings for their securities holdings.

“TASS” means the Taxes and Assessments Subsystem, which calculates and verifies premium tax information filed by companies, and calculates various assessments which are levied by the DOI.

“VOS Manual” means the Valuation of Securities manual; this document is published annually by the NAIC SVO and contains market prices and NAIC Designations for all bonds and stocks owned by United States domiciled insurers when such securities have been filed with the SVO for this purpose.

Amended by R.1994 d.104, effective February 22, 1994.
See: 25 N.J.R. 2820(b), 26 N.J.R. 1100(b).
Amended by R.1998 d.109, effective February 17, 1998.
See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

In “Commissioner” and “Department” definitions, changed the “Department of Insurance” to the “Department of Banking and Insurance”.

11:19-2.3 General data filing requirements for all domestic insurers

(a) All domestic insurers shall file with the Department on an annual basis the information required by this subchapter for the prior calendar year ending December 31 by March 1, of the next year, in accordance with the Appendices to this subchapter incorporated herein by reference.

(b) Upon request by the Commissioner, any domestic insurer shall provide the information required by this subchapter to the Department in accordance with formats set forth in this subchapter.

Amended by R.1994 d.104, effective February 22, 1994.
See: 25 N.J.R. 2820(b), 26 N.J.R. 1100(b).

11:19-2.4 IVS subsystem filing requirements

(a) All domestic insurers shall provide the Department with a report on their securities by either CD-ROM or DVD-ROM in accordance with (c) below.

(b) Domestic insurers owning securities which are held by custodians shall utilize custodians which shall:

1. Submit to the Department a certification of securities held; and
2. Provide the Department with an independent report of the insurer’s securities by either CD-ROM or DVD-ROM in accordance with (c) below.

(c) All reports of securities held by domestic insurers filed with the Department shall include the information and be submitted in the format set forth in the record layouts in Appendix A to this subchapter. The report shall include the following information:

1. The information written on the CD-ROM or DVD-ROM and a text file (.txt) on the CD-ROM or DVD-ROM containing the following:

i. Data set name ("INF.XXXXXX.ZZZZZ"). The five Xs shall be replaced with the custodian code assigned by the Department and the five Zs shall be replaced with the company's NAIC number;

ii. Record format;

iii. Record length;

iv. Block size; and

v. Create date.

2. CD-ROMs or DVD-ROMs may be delivered or mailed but shall be received by the Department by the due date to:

New Jersey Department of Banking and Insurance
FEMS-IVS Project
20 W. State Street
PO Box 325
Trenton, NJ 08625-0325

i. If mailed, they shall be mailed in standard secure containers with a pre-addressed, prepaid return address label enclosed or attached.

3. CD-ROMs or DVD-ROMs shall be clearly labeled or marked with the custodian's name, company's name and the date.

4. Domestic insurers and/or the custodian shall submit either CD-ROM or DVD-ROM.

5. The CD-ROM or DVD-ROM shall contain a text file, which shall include the following information:

i. The custodian's name and custodian's code;

ii. The company's name and NAIC number;

iii. The volume sequence number if file is multi-volume (for example 1 of 5);

iv. The date when the CD-ROM or DVD-ROM was mailed;

v. The letters "SL" on the CD-ROM or DVD-ROM indicating that the text file information is included on the CD-ROM or DVD-ROM as provided in (c)1 above;

6. A cover letter indicating the same information on the CD-ROM or DVD-ROM text file; and

7. A signed affidavit of the custodian which shall accompany all transmissions attesting to the accuracy of the CD-ROM or DVD-ROM.

(d) Domestic insurers and/or the custodian shall adhere to the attached record layouts in the appendices. In addition to transaction records, header and trailer records shall be included in all electronic media (that is, CD-ROM and DVD-ROM), in the format set forth in Appendix A to this subchapter.

Amended by R.1998 d.109, effective February 17, 1998.

See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

In (c)2, updated the address.

Amended by R.2005 d.238, effective July 18, 2005.

See: 37 N.J.R. 867(a), 37 N.J.R. 2693(a).

Rewrote the section.

11:19-2.5 GLARS subsystem filing requirements

(a) All domestic property and casualty and life/health insurance companies shall provide the Department with a report on their pre-closing general ledger account balances and year-end closing adjustments for this State on a personal computer diskette in accordance with (b) and (c) below.

(b) A personal computer diskette shall be formatted so that it can be read by an IBM or compatible personal computer. The diskette must be a high density, double-sided, 1.44 megabyte (3.5 inch).

1. The file shall be a non-delimited ASCII text file with a carriage return and line feed as the last character of each record. The data shall not be in compressed format.

2. The file shall be named using the company type (P for property and casualty, L for life/health), year (97, 98 etc.), the company NAIC number, and an ASC extension (for ASCII). For example, the 1997 file for a property and casualty company with an NAIC number of 12345 would be named P9712345.ASC.

(c) All reports on pre-closing general ledger account balances and year-end closing adjustments filed by domestic property and casualty and life/health insurance companies with the Department shall include the information and be submitted in the format set forth in the record layouts in Appendix B to this subchapter which is incorporated in this rule by reference. The report shall include the following information:

1. An external label shall be affixed to diskette(s) and include the following information:

i. The company's name and NAIC number, type (P&C for property and casualty or L/H for life and health), and year of the data (for example, 1997);

ii. The date when the diskette was mailed;

iii. The volume sequence number of the diskette (for example, "1 of 1" or "2 of 4");

iv. The volume serial number of the diskette (this can be determined by executing the DOS "VOL" command); and

v. The information shall be displayed as follows:

NAME: (for example, ABC Life Ins. Co.)

NAIC NO: NNNNN

TYPE: (for example, L/H)

YEAR OF DATA: YY

DATE MAILED: MM/DD/YY

DISK: 1 of 1

VSN: (for example, 2364-07E1);

2. A cover letter that provides the same information as on the external labels;

3. A signed affidavit by the insurer which shall accompany all transmissions attesting to the accuracy of the diskette(s); and

4. The diskette(s) may be delivered or mailed but shall be received by the Department by March 1 at the following address:

New Jersey Department of Banking and Insurance
 FEMS—General Ledger System Project
 20 West State Street
 PO Box 325
 Trenton, NJ 08625-0325

(d) Any diskette that does not contain information in accordance with the record layouts specified in Appendix B shall be returned to the company. The company shall resubmit a corrected diskette within 10 days of notification from the Department of a diskette not in conformance with Appendix B.

New Rule, R.1994 d.104, effective February 22, 1994.
 See: 25 N.J.R. 2820(b), 26 N.J.R. 1100(b).
 Amended by R.1998 d.109, effective February 17, 1998.
 See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

In (c)4, updated the address and changed the deadline from January 31 to March 1; and added a new (d).

11:19-2.6 through 11:19-2.8 (Reserved)

11:19-2.9 Penalties

Failure to comply with the provisions of this subchapter shall subject the insurer to penalties as provided in N.J.S.A. 17:23-2 and 17B:21-2.

APPENDIX A

Exhibit 1

Header Record Layout

Field No.	Field Name	Start Pos	Field Type & Length	Comments
1	Record Type	1	X(1)	Must fill w/"1"

Field No.	Field Name	Start Pos	Field Type & Length	Comments
2	Custodian Code	2	X(5)	DOI assigned custodian code
3	Insurance Company Code	7	X(5)	NAIC Code
4	Year Ended	12	X(4)	Format CCYY; CC = the century, YY = the year
5	Filler	16	X(135) 150	Space fill

Note:

X denotes alphanumeric
 Alphanumeric fields containing numeric values should be right adjusted and zero filled to the left with the sign in the left most character (specific instructions for each field are documented in the comment section).

APPENDIX A

Exhibit 2

Header Record Layout Description

Field No.	Field Name	Comments
1	Record Type	This field must contain the number "1" for this record type.
2	Custodian Code	This field must contain the custodian's code assigned by the DOI.
3	Insurance Company Code	This field must contain the Insurance company's NAIC company code.
4	Year Ended	This field must contain the year of the period for which the data applies.
5	Filler	Spaces

APPENDIX A

Exhibit 3

Detail Record Layout

Field No.	Field Name	Start Pos	Field Type & Length	Comments
1	Record Type	1	X(1)	Must fill w/"2"
2	Custodian Code	2	X(5)	DOI Custodian Code
3	Insurance Company Code	7	X(5)	NAIC Code
4	CUSIP/PPN/CINS Number	12	X(9)	If no assigned number, fill w/nine zeroes. You may have the same CUSIP Number if there are two different Dates Acquired for that year. The first 8 digits must be unique (e.g. 123456789—1 through 8 must be unique).
5	Issuer	21	X(30)	
6	Description	51	X(30)	
7	Stock/Bond Indicator	81	X(1)	B = Bond, P = Preferred, C = Common Stock, S = Short-term Investment
8	Quantity	82	X(15)	Total Par Value or Number of Shares—12 digits to left of implied decimal point, 3 digits to right—sign is NOT included since this value should always be positive.
9	Market Value	97	X(12)	Market Value Per Security 8 digits to left of implied decimal point, 3 digits to right, the sign (+, -) should be in the first character
10	Market Price Source	109	X(20)	Source of Price (e.g. Wall Street Journal)
11	Date Acquired	139	X(8)	Format of MMDDYYYY
12	Date of Maturity	147	X(8)	Format of MMDDYYYY
13	Interest Rate	155	X(6)	Interest Rate of Bond (e.g. 7.50)

Note:

X denotes alphanumeric

Alphanumeric fields containing numeric values should be right adjusted and zero filled to the left with the sign in the

left most character (specific instructions for each field are documented in the comment section).

APPENDIX A
Exhibit 4

Detail Record Layout Description

Field No.	Field Name	Comments
1	Record Type	This field must contain the number "2" for this record type.
2	Custodian Code	This field must contain the custodian's code which was assigned by the DOI.
3	Insurance Company Code	This field must contain the Insurance company's NAIC company code.
4	CUSIP/PPN/CINS Number	Must contain approved CUSIP, PPN, or CINS Number or (foreign issues) Agency number as assigned by Standard & Poor's Corporation. This number must be unique. There may be no duplicate CUSIP. It is the first 8 digits of the CUSIP that must be unique. For example, 22222212 and 22222222 are unique CUSIPs. However, the following are duplicate CUSIPs: 22222222 and 22222221. Therefore, each record must be a unique CUSIP according to the first 8 digits. The "first 8" refers to the first eight digits, starting from the left.
5	Issuer	Must contain name of company issuing security.
6	Description	Must contain shortened CUSIP security description.
7	Stock/Bond Indicator	Must contain an S to indicate security quantity is reported as number of shares or a B to indicate security quantity is reported as par value.
8	Quantity	Must contain total number of shares of stocks held or total par value of bonds (where the value of bonds owned are adjusted for repayment of principal).
9	Market Value	Must contain market value per security. For stocks this field should contain market value per share. For bonds this field should contain market value per unit.
10	Market Price Source	Must contain the source of pricing for example, Wall Street Journal, Dow Jones, etc.
11	Filler	Spaces

APPENDIX A
Exhibit 5

Trailer Record Layout

Field No.	Field Name	Start Pos	Field Type & Length	Comments
1	Record Type	1	X(1)	Must fill w/"3"
2	Custodian Code	2	X(5)	DOI Custodian Code
3	Insurance Company Code	7	X(5)	NAIC Code
4	Total Records	12	X(8)	Exclude header & trailer
5	Total Quantity	20	X(18)	15 digits to the left of the implied decimal point, 3 digits to the right, no sign should be included, this should be a total of the quantity field for every detail record.
6	Filler	38	X(113) 150	Space fill

Note:

X denotes alphanumeric
Alphanumeric fields containing numeric values should be right adjusted and zero filled to the left with the sign in the left most character (specific instructions for each field are documented in the comment section).

APPENDIX A
Exhibit 6

Trailer Record Layout Description

Field No.	Field Name	Comments
1	Record Type	This field must contain the number "3" for this record type.
2	Custodian Code	This field must contain the custodian's code assigned by the DOI.

Field No.	Field Name	Comments
3	Insurance Company Code	This field must contain the Insurance company's NAIC company code.
4	Total Records	Total number of detail records submitted.
5	Total Quantity	Cash total of total shares/par value (total of quantity field for all detail records).
6	Filler	Spaces

Amended by R.2005 d.238, effective July 18, 2005.
See: 37 N.J.R. 867(a), 37 N.J.R. 2693(a).
Rewrote Exhibit 3.

APPENDIX B

Exhibit 1

General Ledger Account Detail Record Layout

Field Number	Field Name	Start Pos	Field Type and Length	Comments
1	General Ledger Account Number	1	X (12)	General Ledger account number including sub-accounts. Must be "0," right justified.
2	Adjustment Number	13	9 (5)	Description of the account.
3	Account Description	18	X (45)	The page number of the annual statement where the account is reported. Pages less than 10 must have 2 leading zeros.
4	Annual Statement Page Number	63	X (2)	The line number on the page where the account is reported. Line Numbers Less than 10 must have a leading zero. An alphabetic character must be in upper case.
5	Annual Statement Line Number	65	X (6)	The column number on the page where the account is reported.
6	Annual Statement Column Number	71	X (1)	The amount of the year-end, preclosing account balance.
7	Amount	72	9 (16)	
				87

Note: X = denotes alphanumeric
9 = denotes numeric

New Rule, R.1994 d.104, effective February 22, 1994.
See: 25 N.J.R. 2820(b), 26 N.J.R. 1100(b).
Amended by R.1998 d.109, effective February 17, 1998.
See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

APPENDIX B

Exhibit 2

General Ledger Account Detail Record Layout Description

Field Number	Field Name	Comments
1	General Ledger Account Number	General ledger account number (alphanumeric, left justified, up to 12 positions). Sub-accounts are to be combined with account number, up to 12 positions.
2	Adjustment Number	A zero for the adjustment number (numeric, right justified) indicates this is an account and not an adjustment.
3	Account Description	Description of the account (the first 45 positions, left justified).
4	Annual Statement Page Number	The page number of the annual statement for P/C companies which corresponds to Assets, Liabilities Surplus and Other Funds and Underwriting and Investment Exhibit. The page number of the Annual Statement for L/H companies which corresponds to Assets, Liabilities Surplus and Other Funds and Underwriting and Investment Exhibit. (for 1997 data this must be 02, 03 and 04 for P/C and L/H companies). Pages less than 10 must have a leading zero.
5	Annual Statement Line Number	The line number on the page where the account is reported (left justified, with a leading zero for numbers less than 10 and alphabetic characters in upper case, that is 02.2 or 04A).

<u>Field Number</u>	<u>Field Name</u>	<u>Comments</u>	<u>Field Number</u>	<u>Field Name</u>	<u>Comments</u>
6	Annual Statement Column Number	The column number on the page where the account is reported (1 for pages 03 and 04; 1, 2 or 3 for page 02).			
7	Amount	The amount field will be the year-end pre-closing account balance (positive for debit balance and negative for credit balance). The decimal point is to be contained in the field. A			leading minus ("-"), placed directly before the first number, is used to indicate negative numbers. Leading zeros are not to be used, but trailing zeros are to be used for the decimal places. The total field width (16) includes all numbers, the minus sign and the decimal point. For example, a negative \$304,020 and 20 cents would appear as _____304020.20, where the underscore represents spaces.

3. SLPS-3-TRS (Schedule to Support Tax Returns).

Amended by R.1998 d.109, effective February 17, 1998.
See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).
Deleted former (c)4.

11:19-3.6 (Reserved)

11:19-3.7 Penalties

(a) Failure to comply with the provisions of this subchapter shall subject an eligible surplus lines insurer to penalties as provided in N.J.S.A. 17:22-6.61.

(b) Failure to comply with the provisions of this subchapter shall subject a licensed producer with surplus lines authority to penalties as provided in N.J.S.A. 17:22-6.61 and 17:22A-17.

APPENDIX

Instructions for Completing Licensed New Jersey Surplus Lines Producer Quarterly Tax Return Introduction

Effective with the adoption of N.J.A.C. 11:19-3, the Surplus Lines Unit automated its operations through the implementation of the Surplus Lines Processing Subsystem (SLPS) of the Department of Insurance's Financial Examinations Monitoring System (FEMS). The system was designed to simplify activities for both the Surplus Lines Unit and you, the Surplus Lines Producer. However, the success of this system is dependent on full compliance and cooperation from you and your agency. Failure to cooperate will diminish the system's effectiveness and result in additional work for both parties. Before any forms can be completed, you must fully understand the basic rules involved in filing a surplus lines producer quarterly tax return. They are listed as follows:

Rule #1—YOU MUST READ AND FOLLOW THE INSTRUCTIONS EXACTLY AS THEY ARE EXPLAINED!

Rule #2—YOU MUST COMPLETE EVERY LINE ON THE TAX RETURN AS INSTRUCTED!

Rule #3—YOU MUST COMPLETE AND INCLUDE EVERY FORM AS INSTRUCTED WITH EACH QUARTERLY FILING!

Rule #4—YOU MUST PUT THE TAX RETURN FORMS IN THE REQUIRED ORDER!

Failure to comply with any of these rules will result in non-filer status for you and your agency. Your tax return will be sent back to you and the Surplus Lines Unit will have no record of receiving it. If it has to be returned, your resubmission will be subject to the penalties of a late filing. **IF YOU HAVE ANY QUESTIONS, PLEASE CALL ONE OF THE EXAMINERS AT THE SURPLUS LINES EX-**

AMINING OFFICE! If you need personal assistance, you may also schedule an appointment to meet with an examiner in the Trenton Office. We are here to help you so feel free to call us at (609) 292-5350 ext. 50106.

Completing the Tax Return

A complete New Jersey Surplus Lines Producer Quarterly Tax Return consists of the following forms:

1. Check Transmittal Form
2. SLPS-1-TAX (Tax Return and Certified Account By Surplus Lines Producer)
3. SLPS-2-FRA (Schedule Showing Fire premiums and Taxes Payable to New Jersey Firemen's Relief Association)
4. SLPS-3-TRS (Schedule to Support Tax Returns)

THESE FORMS MUST BE STAPLED TOGETHER OR OTHERWISE ATTACHED AND FILED IN THE ORDER LISTED ABOVE! For example, the Check Transmittal Form will always be the top form in the tax return filing. SLPS-1-TAX will always be the second, and so on.

Forms must be completed as necessary to support the Tax Return and Certified Account by the Surplus Lines Producer. For example, if a surplus lines producer does not place any Fire business, then that producer does not need to complete SLPS-2-FRA. It is important to note that no line item should be left blank. If there is an item that is not applicable, you must enter either "0" for a numeric entry, or "N/A" for an alpha entry. Always make sure that you check each form carefully to determine that all lines are completed as required. Additionally, return (negative) premiums should always be shown using parentheses. Also, all monetary figures must be reported to the cent. Rounding is not permitted.

It is suggested that you use these instructions as a checklist until completely familiar with the requirements of each of the three forms.

I. SLPS-1-TAX (Tax Return and Certified Account By Surplus Lines Producer)

—THIS FORM IS NOT REQUIRED IF NO BUSINESS IS PRODUCED!

(Print your assigned SLA number in the five boxes provided in the upper left corner of the form. Lead zeros must be printed in the boxes not used, that is SLA #003 would now be shown as 00003, SLA #125A would now be shown as 0125A. **EVERY BOX MUST CONTAIN A CHARACTER!**

Indicate the quarter and year of the tax return by circling the appropriate number to designate the calendar quarter and inserting the last 2 digits of the year as shown at the top of the form.

Provide the name under which you do business on Line 1 of the form. This should be the agency name for an organization's tax return; your name (as it appears on your license) for an individual tax return.

Provide the location of your principal place of business on Line 2 of the form. The Surplus Lines Examining Office should be able to contact you by phone and by mail at this address.

Provide the phone number for the organization or a number where you may be contacted during the day on Line 3 of the form. For organizations, this phone number should be the number listed for the address given on Line 2.

Provide the total taxable Fire premiums written for the quarter on Line 5 of the form. On property policies, only the portion of the premium allocable to Fire should be included on this line. If no Fire premiums are written, then enter a "0" on this line.

Multiply the total taxable Fire premiums entered on Line 5 by three percent, and enter this amount on Line 6 of the form. Again, if no Fire premiums are written, enter a "0" on Line 6.

Provide the amount of credit applicable (if any) to the 3 percent FRA Tax on Line 7 of the form. If none, enter a "0" on Line 7 of the form.

Subtract the amount shown on Line 7 from the amount shown on Line 6 and enter the result on Line 8 of the form.

Provide the total taxable "All Other" premiums written for the quarter on Line 9 of the form. Simply stated, "All Other" premiums include any premiums that are not Fire premiums (e.g., Allied Lines and Casualty premiums are "All Other"). If no other "All Other" premiums are produced, then enter a "0" on Line 9.

Multiply the total taxable "All Other" premiums entered on Line 9 by three percent, and enter this amount on Line 10 of the form. Again, if no "All Other" premiums are written, enter a "0" on Line 10.

Provide the amount of credit applicable (if any) to the 3 % State Tax on Line 11 of the form.

Subtract the amount shown on Line 11 from the amount shown on Line 10 and enter the result on Line 12 of the form.

Provide the total non-taxable Fire premiums written on Line 13 of the form. If no non-taxable Fire premiums are written, then enter a "0" on Line 13.

Provide the total non-taxable "All Other" premiums written on Line 14 of the form. If no non-taxable "All Other" premiums are written, then enter a "0" on Line 14.

Add the total non-taxable Fire premiums entered on Line 13 to the total non-taxable "All Other" premiums entered on Line 14 and insert this amount on Line 15 of the form.

Type or print your name and title, and sign and date the form on the lines provided at the bottom.

Draw a check, made payable to the "New Jersey Firemen's Association for the amount shown on Line 8 of the form. This check should be forwarded to the New Jersey Firemen's Association (see section II—SLPS-2-FRA). Attach a copy of this check to your completed tax return that will be sent to the Surplus lines Examining Office as detailed under the "Introduction" section.

Draw a second check, made payable to the "State of New Jersey," for the amount shown on Line 12 of the form. This check will be attached to your completed tax return and sent to the Surplus Lines Examining Office as detailed in the "Introduction" section.

II. SLPS-2-FRA—(Schedule Showing Fire Premiums and Taxes

Payable to New Jersey Firemen's Association)

—THIS FORM IS NOT REQUIRED IF FIRE PREMIUMS ARE WRITTEN AND/OR NO BUSINESS IS PRODUCED!

- Print your assigned SLA number in the five boxes provided in the upper left corner of the form. Remember, lead zeros must be used, and all boxes must contain a digit or character.

- Indicate the quarter and year of the tax return by circling the appropriate number to designate the calendar quarter and inserting the last 2 digits of the year as shown under the SLA number.

- Provide the name under which you do business on the line provided. This should be the same as the name listed on Line 1 of SLPS-1-TAX.

- Enter the page number and the total number of SLPS-2-FRA pages in the appropriate lines at the upper right corner of the form.

- Provide the three digit ISO code number for the municipality that corresponds with the location of the risk and enter it in the column marked "ISO Code." The ISO code can be found by using the list included with these instructions.

For Official Use Only



STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE
THE SURPLUS LINES EXAMINING OFFICE
20 West State Street, P.O. Box 325, Trenton, NJ 08625-0325

TAX RETURN AND CERTIFIED ACCOUNT BY SURPLUS LINES PRODUCER

SLA # [] [] [] [] [] For the 1 2 3 4 Quarter, 20 ____
(circle one)

To the Commissioner of Banking and Insurance of New Jersey:

1. Name of Surplus Lines Producer _____

2. I have a bond fide office in which is kept a record of contracts of insurance countersigned or issued by me located at:

(Street Address) (City or Town) (State) (Zip Code)

3. Telephone # () - (area code)

4. Pursuant to N.J.S.A. 17:22-6.58, there is submitted on the accompanying pages a verified report, in duplicate, of the surplus lines insurance transacted during the quarter circled above, a summary of which follows:

TAXABLE NET PREMIUMS:
5. Total Taxable Fire Premiums \$
6. Tax @ 3% (3% of Line 5) \$
7. Prior Period Credit Applied (If Any) \$()
8. Amount Payable to the "New Jersey Firemen's Association" (Line 6) - (Line 7) \$
9. Total Taxable All Other Premiums \$
10. Tax @ 3% (3% of Line 9) \$
11. Prior Period Credit Applied (If Any) \$()
12. Amount Payable to the "State of New Jersey" (Line 10) - (Line 11) \$

NON-TAXABLE NET PREMIUMS:
(Insurance of risks of state, county, or municipal government or agency thereof)
13. Total Non-Taxable Fire Premiums \$
14. Total Non-Taxable All Other Premiums \$
15. Total Non-Taxable Net Premiums (Line 13) + Line 14 \$

I declare under penalties of perjury that I have examined this statement, including the schedules and statements attached thereto, if any, and to the best of my knowledge and belief the matters and information set forth therein are true, correct, and complete. I further certify that I am authorized to sign for the producer identified on Line 1 above.

Date

Signature of Surplus Lines Producer

Name and Title (Print or Type)

SLPS-1-TAX

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE
THE SURPLUS LINES EXAMINING OFFICE

SCHEDULE SHOWING FIRE PREMIUMS AND TAXES PAYABLE

MAIL TO:
NEW JERSEY FIREMEN'S ASSOCIATION
50 Evergreen Place, East Orange, NJ 07018

SLA #

1 2 3 4 Quarter, 20 _____
(circle one)

Producer Name _____

Page _____ of _____

ISO Code	Location of Risk (Municipality or Fire District)	Zip Code	Premium	FRA Tax
			\$	\$
Totals			\$	\$

SLPS-2-FRA

SLA # _____
 For the _____ Quarter 20__

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE
THE SURPLUS LINES EXAMINING OFFICE
 PO Box 325, Trenton NJ 08625-0325

SCHEDULE TO SUPPORT TAX RETURN

Producer Name _____ Page _____ of _____

(1) Transaction Number	(2) Code	(3) Name of Insured	(4) Policy Number	(5) Term From	(5a) Term To	(6) NAIC/ISI Number	(7) Premiums Fire	(7) Premiums All Others	(8) N/T

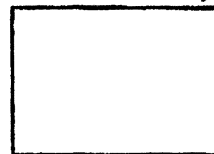
Cumulative Totals									

SLPS-3-TRS (rev 4/2003)

19-15

Supp. 7-21-03

For Official Use Only



STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE
THE SURPLUS LINES EXAMINING OFFICE
20 West State Street, P.O. Box 325, Trenton, NJ 08625-0325

SLA #

QUARTERLY SURCHARGE STATEMENT

For the 1 2 3 4 Quarter, 20 _____
(circle one)

- 1. Name of Surplus Lines Producer: _____
- 2. Street Address: _____
- 3. City, State: _____
- 4. Telephone # : (____) _____ - _____
(area code)

- 5. New Jersey new premiums written during quarter \$ _____
- 6. New Jersey additional premiums written during quarter (+) \$ _____
- 7. New Jersey return premiums written during quarter (-) \$(_____)
- 8. Total New Jersey Net Premiums (Line 5) + (Line 6) - (Line 7) \$ _____
- 9. Surcharge amount due (4% of Line 8) \$ _____
- 10. Interest received on deposits* \$ _____
- 11. Total surcharges and interest due (Line 9) + (Line 10) \$ _____

- Remit amount on Line 11 payable to "NJ Surplus Lines Insurance Guaranty Fund"
- Send check with copy of this statement to the Association at P.O. Box 1303, Cranford, NJ 07016-1303
- An additional copy of this statement, together with a photocopy of your check, should be attached to your Quarterly Premium Tax Return that is mailed to the Surplus Lines Examining Office

*Trust Account # _____ is established at the following financial institution:

Name _____

Address _____

CERTIFICATION

I declare under penalties of perjury that I have examined this statement including the schedules and statements attached thereto, if any, and to the best of my knowledge and belief the matters and information set forth therein are true, correct, and complete. I further certify that I am authorized to sign for the producer identified on Line 1 above.

Signature of Surplus Lines Producer

Date

Name and Title
(Print or Type)

SLPS-4-GFS

Amended by R.1998 d.109, effective February 17, 1998.
See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).
Amended by R.2001 d.132, effective May 7, 2001.
See: 33 N.J.R. 14(a), 33 N.J.R. 1392(a).

Material contained in this Appendix was originally adopted as 11:19-3 Appendix B. Appendix A was repealed by R.2001 d.132 and designation "B" deleted from this Appendix.

Amended by R.2003 d.303, effective July 21, 2003.
See: 35 N.J.R. 500(a), 35 N.J.R. 3360(b).
Rewrote the section.

**SUBCHAPTER 4. DATA SUBMISSION
REQUIREMENTS FOR ALL DOMESTIC
LIFE/HEALTH INSURERS**

11:19-4.1 Purpose and scope

(a) The purpose of this subchapter is to set forth the filing and reporting requirements and procedures for the submission of data related to an insurer's valuation of its reserves as part of the Financial Examination Monitoring System (FEMS) for all domestic life/health insurers. Insurers shall submit all the information required by this subchapter.

(b) These rules apply to all domestic life/health insurers regulated under the laws of New Jersey unless specifically stated otherwise.

Amended by R.1998 d.109, effective February 17, 1998.
See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).
In (a), rewrote the last sentence.

11:19-4.2 Definitions

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

"ADAS" means the Actuarial Data and Analysis Subsystem, which provides tools to help the Department's analysts to value the reserves of domestic life/health insurance companies.

"Amount 1" means the inforce amount or the benefit amount which is directly used in determining the "Reserve Amount." If the "Traditional Indicator" is "T," the amount times the "Factor" is equal to the "Reserve Amount." Otherwise, this relationship need not exist.

"ASCII" means the American Standard Code for Information Interchange. It is a byte-oriented coding system based on an eight bit code and used primarily to format information for transfer in a data communications environment.

"Basis level" means the code or detailed description of the unique actuarial assumptions used in developing valuation premiums and reserves, including, but not limited to, the mortality or morbidity table(s), interest rate(s), reserve method, gender, type of function, age nearest birthday ("ANB") or age last birthday ("ALB"), grading and age setbacks. Any coding system shall be fully documented.

"Certificate Line" means the unique description of the mortality, interest and reserve method used for the total reserve shown on a specific line of the Certificate of Valuation. The text of the description shall not change or vary from year to year.

"Certificate Line Number" means the location of the specific reserve amounts on the Certificate of Valuation. If the "Reinsurance Indicator" is "Y," the "Certificate Line Number" shall be 9999, the last line number in the "Certificate Section" and its description shall be "Reinsurance." If "N" then the relationship need not exist.

"Certificate of Valuation" means certification by the Commissioner with respect to the valuation of an insurer's total reserve liability, pursuant to N.J.S.A. 17B:19-2 and 5.

"Certificate Section" means the appropriate Code described in Appendix A, incorporated herein by reference.

"Certificate Section Description" means the appropriate Category of Insurance as related to the "Certificate Section" of the Certificate of Valuation as described in Appendix A.

"Commissioner" means the Commissioner of the New Jersey Department of Banking and Insurance.

"Department" means the Department of Banking and Insurance.

"Domestic insurer" means an insurer formed under the laws of this State pursuant to N.J.S.A. 17B:18-1 et seq.

"Duration" means, if the Traditional Indicator is "T," the number of years the policy has been in force. If the indicator is "N," this field may contain a number significant to a time period relevant to determining the reserves, such as years to run for extended term or years of disablement for disabled lives. If no time period is relevant to determine the reserve, "999" shall be used to fill the field.

"EBCDIC" means the Extended Binary Coded Decimal Interchange Code which is a computer code for representing data. This code is used in all IBM mainframe systems.

"Factor" means a number with two decimal places equal to the reserve per unit of "Amount 1." This field assumes two decimal places; therefore, the company shall not include the decimal point. This number shall be determined using actuarial principles and methodology and be referred to as the reserve factor. This reserve factor is used in calculating the reserve liability for an insurance contract or policy. If the Traditional Indicator is "T," the result of "Factor" times "Amount 1" is equal to the "Reserve Amount."

"File type" means Duration Level detail submission. The layout is specified in Appendix B.

"NAIC" means the National Association of Insurance Commissioners.

"New indicator" means that if the plan appears for the first time during the current valuation year, the indicator shall be "Y"; otherwise, this field shall contain "N."

"Number of policies" means the total number of policies/certificates for the duration level.

"Plan ID" means the unique code to identify each plan of insurance.

"Policy ID" means the policy/contract or certificate number for the individual item.

"Reinsurance indicator" means that if the reserve amount reported represents reinsurance ceded, the indicator shall be "Y"; otherwise the indicator shall be "N."

"Reserve amount" means the amounts used to determine the reserves reported in the Annual Statement. If the "Traditional Indicator" is "T," the reserve amount shown is obtained as a result of the multiplication of "Amount 1" by the corresponding "Factor" associated with it.

"Traditional indicator" means that the field contains a "T" (Traditional) or an "N" (nontraditional). If this field contains a "T", the plan has a factor driven reserve; otherwise, if the field contains an "N" then it represents a plan that has a non-factor driven reserve.

Amended by R.1998 d.109, effective February 17, 1998.
See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

Deleted "Age", "Amount 2" and "Amount 3", and "Factor deck"; in "Commissioner" and "Department", changed the "Department of Insurance" to the "Department of Banking and Insurance"; in "File type" deleted Age Level detail, Policy Level detail, and Factor deck submissions; and in "Number of Policies", deleted "appropriate level of detail, such as policy/contract level, age level, or".

11:19-4.3 ADAS filing requirements

(a) All domestic life/health insurance companies shall provide the Department with a report on the insurer's year end summary valuation on a personal computer diskette, tape or cartridge in accordance with (b) through (e) below.

(b) All personal computer diskettes submissions shall be IBM compatible, formatted with IBM DOS so that it can be read by an IBM Personal computer. The diskette shall be a high density, double-sided, 1.44 megabyte (3.5 inch). If the personal computer diskette report is more than 20 diskettes, then domestic life/health insurers may submit their report on either IBM compatible 3490 cartridges or 1600 BPI tapes, in accordance with (e) below (3490 cartridges are preferred with 1600 BPI tapes as a secondary preference).

1. The diskette file shall be a non-delimited ASCII text file with a carriage return or line feed as the last character of each record. The data shall not be in compressed format.

2. The filename (for diskettes) or data set name (for tapes and cartridges) is to be named using the letter D followed by a letter representative of the company type, that is, L for L/H, F for Fraternal, etc., followed by the year (two digits) and the disk number for diskettes. All filenames or data set names shall end with the ASCII extension (.ASC) for diskettes and EBCDIC Extension (.ADAS for tapes or cartridges). The filename or data set name shall not exceed eight characters.

(c) All reports on an insurer's valuation data filed by domestic life/health insurance companies with the Department shall include the information and be submitted in the format set forth in the record layout in Appendices A and B to this subchapter which are incorporated in this rule by reference. Subject to prior approval by the Department, an insurer may submit data in a format which differs from the record layout in Appendix B to the extent that the data provided in some fields differs from that described in Appendix B. There can be no variation in the field length or start position. The report shall include the following information:

1. An external label shall be affixed to all diskette(s) and shall include the following information:

i. The company's name, NAIC number, and year and quarter relating to the data submitted;

ii. The date when the diskette was mailed;

iii. The volume label (VOL), created using the DOS, shall consist of the volume sequence number (VQN) of the diskette preceded by the first three characters of the file type; for example, "DUR 2 of 4"; and

iv. The volume serial number ("VSN") of the diskette (this can be determined by executing the DOS "VOL" command).

2. An external label shall be affixed to the tapes or cartridges and shall include the following information:

i. The company's name and NAIC number, and the year and quarter relating to the data submitted;

ii. The volume serial number and the volume sequence number if the file is multi-volume (for example, 1 of 5);

iii. The date when the tape or cartridge was mailed; and

iv. The letters "SL" on the external label indicating that the internal IBM standard tape information is included.

3. The information on the external label(s) shall be displayed as follows:

NAME:
NAIC #:
DATE MAILED:
VOL:
VSN:

YEAR:
QUARTER:
VQN:

4. A cover letter indicating the same information on the external labels shall also describe what certificate sections or types of insurance are included on the diskette(s), tape(s) or cartridge(s). The description shall be in sufficient detail so the Department may determine whether the valuation reports are complete;

5. A signed affidavit by two officers from the insurer which shall accompany all transmissions attesting to the accuracy of the information contained on the diskette(s), tape(s) or cartridge(s); and

6. The diskette(s), tape(s) or cartridge(s) must be received by February 15 for year end reports at the address listed below:

New Jersey Department of Banking and Insurance
 FEMS—Valuation and Statement Bureau
 20 West State Street
 PO Box 325
 Trenton, New Jersey 08625-0325

i. If mailed, they shall be mailed in standard secure containers with a pre-addressed, prepaid return address label enclosed or attached.

ii. The box or container and any label thereto, shall be clearly and legibly printed or typed in capital letters.

(d) All reports on an insurer's valuation data filed by domestic life/health insurance companies with the FEMS—Valuation and Statement Bureau for the year-end reports shall include the following information:

1. All year-end submissions shall provide the duration level detail for all in force business;

i. (Reserved)

ii. A plan listing which provides, for each plan included in the valuation report, the plan code, a description of the plan, the valuation basis, the certificate line, and a description of the data contained in each field; and

iii. A complete summary of the company's year-end reserve valuation which identifies each reserve item by its appropriate actuarial bases and is consistent with the applicable Annual Statement reports, Exhibit 8 and 9 for the General Account and Exhibit 6 for Separate Accounts.

2. Insurers may treat blocks of business separately when submitting valuation reports to the Department. In order to make separate submissions, an insurer shall submit a plan describing how its blocks of business will be split and shall obtain the Commissioner's approval for the

plan. The submission of separate blocks of business shall be in accordance with (b) above.

3. For year-end reports, each domestic life/health insurer shall submit a hard copy of the valuation report along with the diskette filing.

(e) All cartridge or computer tape report submissions on an insurer's valuation data filed by domestic life/health insurance companies with the Department shall include the information in (b) through (d) above and shall be submitted in accordance with the format set forth below.

1. The duration level report for year-end shall include an internal IBM standard tape label containing:

- i. Duration level data set name;
- ii. The data shall be EBCDIC character set and alphas in upper case;
- iii. Volume serial number (will be assigned by the company);
- iv. Tape density;
- v. Record format (must be fixed block);
- vi. Record length (must be 215);
- vii. Block size (must be 31,820); and
- viii. Create date.

Amended by R.1998 d.109, effective February 17, 1998.
 See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

In (a), removed third quarter report requirement; in (b), amended computer and diskette requirements; in (b)2, amended filename requirements; in (c)4, deleted "and/or factor deck submissions" in the second sentence, and deleted the last sentence; in (c)6, removed the third quarter report deadline and changed the address; rewrote (d); and in (e), deleted third quarter report requirement in 1, and deleted 2 through 4.

11:19-4.4 Penalties

Failure to comply with the provisions of this subchapter shall subject the insurer to penalties pursuant to N.J.S.A. 17B:21-1 and 17B:21-2 and any other penalties permitted by law.

APPENDIX A

CERTIFICATE SECTION/CERTIFICATE SECTION DESCRIPTION

Certificate Section Code	Primary Category of Insurance
	GENERAL ACCOUNT—EXHIBIT 8
IA	Life Insurance:
IB	Annuities (excl Supp Contracts with Life Cont):
IC	Supp Contracts with Life Contingencies:
ID	Accidental Death Benefits:
IE	Disability—Active Lives:
IF	Disability—Disabled Lives:
IG	Miscellaneous Reserves:

Certificate Section Code	Primary Category of Insurance
	ACCIDENT AND HEALTH—EXHIBIT 9
IIA	Active Life Reserve:
IIB	Claim Reserve:
	SEPARATE ACCOUNT—EXHIBIT 6
IIIA	Life Insurance:

Certificate Section Code	Primary Category of Insurance
IIIB	Annuities (excl Supp Contracts with Life Cont):
IIIC	Supp Contracts with Life Contingencies:
IIID	Miscellaneous Reserves:

Additional categories may be used by an insurer upon notification to and approval by the Commissioner.

APPENDIX B

DURATION LEVEL RECORD LAYOUT

Field Number	Field Name	Start Position	Field Type and Length	Required Field	Comments
1	CERTIFICATE SECTION	1	X(5)	Y	See Code in Appendix A.
2	CERTIFICATE SECTION DESC	6	X(50)	Y	See Appendix A.
3	CERTIFICATE LINE NUMBER	56	N(8)	Y	Range (1-9999). The specific number assigned to this field represents the location of the line in the Certificate Section of the Certificate of Valuation. However, for reserves ceded, the "Reinsurance Indicator" must be 'Y' and the "Certificate Line Number" must be 9999, the greatest number assigned in the "Certificate Section."
4	CERTIFICATE LINE	64	X(50)	Y	This field's description must be identical to any prior years' description of the valuation basis (i.e., spaces, upper and lower case lettering, hyphens, text, etc.). However, this field's description must be "Reinsurance" if the "Reinsurance Indicator" is 'Y'.
5	BASIS LEVEL	114	X(50)	N	Basis code or description of basis.
6	PLAN ID	164	X(12)	Y	Unique plan code or kind code.
7	DURATION	176	N(3)	Y	If "Traditional Indicator" is 'T', the field represents the number of years all of the policies in the record are in force. Otherwise, the field must identify a time period relevant to the reserve calculation. Enter "999" if field does not apply.
8	AMOUNT 1	179	N(13)	Y	Inforce/benefit amount used to calculate reserve. If the "Traditional Indicator" is 'T', "Amount 1" times "Factor" must equal the "Reserve Amount."
9	RESERVE AMOUNT	192	N(12)	Y	Total dollar amount of reserve for "Duration" and plan specified.
10	NUMBER OF POLICIES	204	N(9)	Y	Policy Count.
11	TRADITIONAL INDICATOR	213	X(1)	Y	Enter 'T' for a "Traditional" "Plan ID". This reserve is factor driven (i.e. the "Reserve Amount" equals a verifiable "Factor" times "Amount 1.") Age level data records described in Exhibit 2 shall be available for "Traditional" plans upon request. Enter 'N' for a "Nontraditional" "Plan ID". This reserve is not factor driven (i.e. the "Reserve Amount" is not computed as the "Factor" times "Amount 1.") Policy level data records described in Exhibit 3 shall be available for "Nontraditional" plans upon request.
12	NEW INDICATOR	214	X(1)	Y	Enter 'Y' if the "Plan ID" is new this current valuation year; otherwise, enter 'N'.
13	REINSURANCE INDICATOR	215	X(1)	Y	Enter 'Y', if the "Reserve Amount" in the record represents reinsurance ceded; otherwise enter 'N'.

NOTE:

- (a) FIELD TYPE "X(n)" in Column 4 is alphanumeric; this field must be left justified.
 (b) FIELD TYPE "N(n)" in Column 4 is numeric; this field must be right justified.
 (c) There are no spaces between fields.

Deleted former Exhibits 2 through 4.