

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 director, school address, place or time of scheduled classes and instructors;

3. Obtaining an approval by fraud or misrepresentation;

4. The failure to conduct any classes for a period of 12 months;

5. For prelicensing education programs only, the failure to maintain an overall passing rate on the State insurance licensing examination of 70 percent or more for any period of 12 consecutive months. The 70 percent passing rate shall be determined on the basis of first time test takers;

6. For continuing education programs only, the failure to report to the Department or contract vendor the students' continuing education credits.

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

(o) As an alternative to suspension or revocation of approval, the Commissioner may place any program on probation with appropriate conditions or impose monetary penalties not to exceed \$1,000 for the first violation and \$2,000 for each succeeding violation.

(p) No insurance education program or director whose approval has been revoked may reapply for approval for a period of five years.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).

11:17-3.2 Prelicensing education

(a) Each applicant for a resident insurance producer's license shall pass a course of prelicensing education with the appropriate number of hours of classroom instruction described in (b) through (e) below.

(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; and
5. Doing business as a license insurance producer.

(c) 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 authority, for a total of 25 classroom hours:
 - i. General life insurance concepts;
 - ii. Annuities;
 - iii. Contracts on a variable basis; and
 - iv. New Jersey law and practice regarding life insurance.
2. Health authority, for a total of 25 classroom hours:
 - i. General health insurance concepts; and
 - ii. New Jersey law and practice regarding health insurance.
3. Life and health authorities, for a total of 40 classroom hours:
 - i. General life insurance concepts;
 - ii. Annuities;
 - iii. Contracts on a variable basis;
 - iv. General health insurance concepts; and
 - v. New Jersey law and practice regarding life and health insurance.
4. Property/casualty authority, for a total of 125 classroom hours:
 - i. General property insurance concepts;
 - ii. General casualty insurance concepts;
 - iii. Health insurance concepts; and
 - iv. New Jersey law and practice regarding property/casualty and health insurance.
5. Title insurance authority, for a total of 45 classroom hours:
 - i. General principles of real estate and title insurance; and
 - ii. New Jersey law and practice regarding title insurance.

(d) A person holding an approved professional designation described in N.J.A.C. 11:17-3.5 shall not be required to complete the courses of prelicensing education.

(e) A person who previously held a New Jersey insurance license, which was surrendered as a condition of public employment, shall not be required to complete the courses of prelicensing education to reinstate the license provided that the employment was insurance-related and application for license is made within one year of termination of the public employment.

(f) Upon application to the Supervisor of Insurance Education, any of the courses in (c) above may be waived for any license applicant who can demonstrate that he or she satisfies at least one of the following conditions:

1. For all authorities, that he or she holds, or has held, an insurance producer, agent, broker or solicitor license in a state other than this State, which is current or expired less than one year preceding the date of application for waiver;

2. For all authorities, that he or she is a veteran of the United States armed services, and has completed a course of veteran's education approved by the Department of Education and the Commissioner of Insurance;

3. For all authorities, that he or she has successfully completed courses in insurance subjects at an accredited college or university, which are equivalent or comparable to the prelicensing courses required for the authority requested;

4. For title insurance authority only, that he or she is an attorney at law admitted to practice in New Jersey.

(g) An application for waiver shall be made on a form prescribed by the Department and shall be submitted directly to the Supervisor of Insurance Education prior to registering for the State licensing examination or making application for an insurance producer license. In addition to providing the information requested by the form:

1. Applicants seeking a waiver authorized by (f)1 above shall submit a recent certification of license status or letter of severance issued by the insurance licensing authority in the state where they hold or held an insurance license.

2. Applicants seeking a waiver authorized by (f)2 above shall submit proof of completion of a course of veteran's education issued by the New Jersey Department of Education.

3. Applicants seeking a waiver authorized by (f)3 above shall submit a transcript issued by the college or university where the course was taken and a description of the subject matter covered.

4. Applicants seeking a waiver authorized by (f)4 above shall submit a certificate of good standing issued by the Clerk of the New Jersey Supreme Court.

(h) If a waiver is approved pursuant to (f) and (g) above, the Supervisor of Insurance Education shall issue a letter of approval waiving the prelicensing education requirement, which shall be attached to the producer license application when submitted to the Department.

(i) Producer license applicants who obtain a waiver of the education requirement shall be solely responsible for preparing themselves to take the state examination.

(j) Waivers shall expire in 30 days from the date of issuance and shall thereafter be reissued or renewed for good cause only, upon presentation of evidence satisfactory to the Commissioner. Any such extension shall not exceed one additional period of 30 days.

Amended by R.1994 d.438, effective September 6, 1994.
See: 26 N.J.R. 1289(a), 26 N.J.R. 3731(a).

11:17-3.3 State licensing examination; use of independent examination vendor; exemptions; retaking of examination

(a) All applicants for a resident insurance producer license shall pass the State licensing examination, which may be given by the Department or by an independent vendor under contract to the Department that meets the criteria set forth in (b) below.

(b) Any contract for development and administration of the New Jersey State insurance producer licensing examination shall include, without limitation, the following terms and conditions:

1. The contract vendor shall develop and administer the examination in accordance with specifications approved by the Commissioner.

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.

2. If the applicant seeking authorization as a reinsurance intermediary is a nonresident, the application shall provide that the applicant, as a condition precedent to receiving or holding such authorization, designate the Commissioner as agent for service of process. The applicant shall also:

- i. Provide the Commissioner with the name and address of a resident of this State upon whom notices or orders of the Commissioner or process affecting such nonresident reinsurance intermediaries may be served; and
- ii. Within 30 days notify the Commissioner in writing of every change in its designated agent for service of process, and such change shall not become effective until acknowledged by the Commissioner;

3. Any documents or statements required to explain responses to questions concerning the applicant's character, fitness or financial responsibility; and

4. A valid check or money order for \$20.00 which shall accompany the application.

(c) A reinsurance intermediary-manager shall acquire and maintain a surety bond for the protection of the reinsurer contracting with the reinsurance intermediary-manager. The bond shall be in the amount of \$100,000 or 25 percent up to \$10,000,000 of the gross amount of direct premium written by the reinsurer for the previous calendar year that is attributable to the reinsurance intermediary-manager, 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 reinsurer contracting with the reinsurance intermediary.
- 3. Proof of an executed bond shall be submitted by the insurance company contracting with the reinsurance intermediary and manager.

(d) All reinsurance intermediary-managers shall acquire and maintain an errors and omissions insurance policy. The policy coverage limits shall be set at \$100,000 or 25 percent up to \$10,000,000 of the direct premium written by a reinsurer for the previous calendar year that is attributable to the reinsurance intermediary-manager, 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.

3. Proof of an errors and omissions insurance policy shall be submitted to the insurance company contracting with the reinsurance intermediary-manager.

Amended by R.1993 d.564, effective November 15, 1993.
See: 25 N.J.R. 4323(a), 25 N.J.R. 5234(a).

11:17-7.4 Filing requirements

(a) No person, firm, association or corporation shall act as a reinsurance intermediary-broker in this State if the reinsurance intermediary-broker maintains an office either directly or as a member or employee of a firm or association, or an officer, director or employee of a corporation:

- 1. In this State, unless such reinsurance intermediary-broker is a licensed producer in this State; or
- 2. In another state, unless such reinsurance intermediary-broker is a licensed producer in this State or another state having a law substantially similar to this law or such reinsurance intermediary-broker is licensed in this State as a nonresident reinsurance intermediary.

(b) No person, firm, association or corporation shall act as a reinsurance intermediary-manager:

- 1. For a reinsurer domiciled in this State, unless such reinsurance intermediary-manager is a licensed producer in this State;
- 2. In this State, if the reinsurance intermediary-manager maintains an office either directly or as a member or employee of a firm or association, or an officer, director or employee of a corporation in this State, unless such reinsurance intermediary-manager is a licensed producer in this State; or
- 3. In another state for a nondomestic insurer, unless such reinsurance intermediary-manager is a licensed producer in this State or another state having a law substantially similar to this law or such person is licensed in this State as a nonresident reinsurance intermediary.

(c) Reinsurers and their reinsurance intermediaries-managers shall file a Notice of Reinsurance Intermediary-Manager 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 the written contract, a valid check or money order for \$20.00, and all necessary attachments to the Department at the following address:

Attn: License Processing
New Jersey Department of Banking and Insurance
PO Box 329
Trenton, NJ 08625-0329

Amended by R.1993 d.564, effective November 15, 1993.
See: 25 N.J.R. 4323(a), 25 N.J.R. 5234(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 (c), updated the address information.

11:17-7.5 Insurer requirement

(a) No insurer or reinsurer shall appoint or continue to use the services of a reinsurance intermediary unless the reinsurance intermediary is qualified to act as a reinsurance intermediary in this State pursuant to N.J.A.C. 11:17-7.3 and 7.4.

(b) Transactions between a reinsurance intermediary-manager and the reinsurer it represents in that capacity shall be pursuant to a written contract, specifying the responsibilities of each party, which shall be approved by the reinsurer's board of directors. At least 30 days before the reinsurer assumes or cedes business through a reinsurance intermediary-manager, a true copy of the approved contract shall be filed with the Commissioner for approval. The contract shall provide the minimum requirements specified at N.J.S.A. 17:22E-1 et seq.

(c) Within 15 days of termination of a contract with a reinsurance intermediary-manager, the reinsurer shall provide written notification of that termination to the Commissioner. The reinsurer shall notify the Department of termination of the reinsurance intermediary-manager relationship by filing a Notice of Termination of a reinsurance intermediary-manager the form set forth as Form B in the Appendix to this subchapter. Agency appointment shall not terminate until notice of termination has been received by the Commissioner.

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

1. For a reinsurance intermediary-manager:
 - i. An executed bond in accordance with N.J.A.C. 11:17-7.3(c); and
 - ii. Proof of the reinsurance intermediary-manager's errors and omissions coverage in accordance with N.J.A.C. 11:7-7.3(c); and
2. For a reinsurance intermediary-broker:
 - i. An executed contract between the reinsurance intermediary-broker and the insurer or reinsurer.

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), substituted an N.J.S.A. reference for a Public Law reference.

11:17-7.6 Record maintenance

(a) For at least 10 years after the expiration of each contract of reinsurance transacted by the reinsurance intermediary, the reinsurance intermediary shall keep a complete record for each transaction showing:

1. The type of contract, limits, underwriting restrictions, classes or risks and territory;
2. The period of coverage, including effective and expiration dates, cancellation provisions and notice required of cancellation;

3. Reporting and settlement requirement of balances;
4. The rate used to compute the reinsurance premium;
5. The names and addresses of assuming reinsurers;
6. The rates of all reinsurance commissions, including the commissions on any retrocessions handled by the reinsurance intermediary;
7. Related correspondence and memoranda;
8. Proof of placement;
9. Details regarding retrocessions handled by the reinsurance intermediary, including the identity of retrocessionaires and percentage of each contract assumed or ceded;
10. Financial record, including, but not limited to, premium and loss accounts; and
11. When the reinsurance intermediary procures a reinsurance contract on behalf of a ceding licensed insurer.

(b) All records, books and documents required to be maintained by the provisions of this subchapter shall, upon his or her request, be produced for examination by the Commission or his or her duly authorized representatives.

(c) The books and records required by this subchapter to be maintained may be maintained electronically if the following conditions are met:

1. That all the elements required by this subchapter to be maintained are contained in the electronic system;
2. That, upon the request of the Department, the electronically kept records can be reproduced in hardcopy; and
3. That, at least every 30 days, the records maintained electronically are reproduced in hardcopy and maintained on file for a period of five years after the termination of coverage for an insured, or, alternatively, are maintained for said period of five years on an electronic system that is, in the opinion of the Commissioner, unalterable. Such a determination of unalterability shall be made by the Commissioner, in writing, before any electronic system may be used for storage beyond 30 days.

11:17-7.7 Penalties

(a) If the Commissioner finds, after notice and opportunity for 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, that any person has violated any provisions of N.J.S.A. 17:22E-1 et seq., or this subchapter, the Commissioner may refuse to issue or renew the insurance producer's license, or may revoke or suspend the insurance producer's license.

(b) In addition, or as an alternative to any other penalty, the Commissioner may:

1. Impose a fine of up to \$5,000 for the first violation, and not exceeding \$10,000 for each subsequent violation, and in appropriate circumstances other restitution of moneys owed to any person and reimbursement of the costs of investigation and prosecution.

2. Order the reinsurance intermediary to reimburse the insurer, the rehabilitator or liquidator of the insurer or reinsurer for the net losses incurred by the insurer or reinsurer caused by a violation of this act committed by the reinsurance intermediary.

(c) If the Commissioner finds that the interests of the public require that immediate action be taken prior to completion of the hearing, the making of a determination and the entry of a final order, the Commissioner may enter

an appropriate order to be effective pending completion of the hearing and entry of a final order. These orders may be entered on ex parte proofs if the proofs indicate that the Commissioner's withholding of any action until completion of a full hearing will be harmful to the public interest. Orders issued pursuant to this subsection shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the ex parte order shall be held in any event within 20 days after it is entered. In the alternative, or in addition, the Commissioner is authorized to institute a proceeding in the Superior Court, to be conducted in a summary manner, for an injunction against specified acts or conduct in aid of the proceedings pending before him or her, including temporary injunctions and interim restraints.

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), substituted an N.J.S.A. reference for a Public Law reference.

FORM C

NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE
LICENSE PROCESSING
PO BOX 327
TRENTON, NEW JERSEY 07625-0327

APPLICATION FOR RESIDENT OR NON-RESIDENT
ORGANIZATION CORPORATION/PARTNERSHIP OR INDIVIDUAL
REINSURANCE INTERMEDIARY AUTHORIZATION

A. IDENTIFYING INFORMATION:

Full legal name of organization:

Full legal name of individual licensee:

Date of Birth: _____

Trade name, if any:

Residence Address:

N.J. Producer Reference # _____

B. BUSINESS INFORMATION:

Business Address: If your Business Address is located in New Jersey, then you are a Resident Applicant.

Room No. _____ Suite No. _____ Apt. No. _____

Street Address _____

P.O. Box No. _____

You must supply a street or location address; a P.O. Box alone is not sufficient. The City, State and Zip Code must reflect the location of the P.O. Box.

City State Zip Code (include +1, if known)

County (if NJ Resident)

Federal ID Number: _____ - _____

Business Telephone Number: _____ - _____ - _____

Telefax Number, if any: _____ - _____ - _____

NON RESIDENTS ATTACH A CERTIFICATION OF CURRENT LICENSE STATUS ISSUED BY INSURANCE LICENSING AUTHORITY IN HOME STATE SHOWING YOU ARE AUTHORIZED IN YOUR HOME STATE AS A REINSURANCE INTERMEDIARY. (IF YOUR HOME STATE DOES NOT AUTHORIZE REINSURANCE INTERMEDIARIES, PLEASE ATTACH A WRITTEN EXPLANATION.)

C. IDENTIFICATION OF ALL OFFICERS, PARTNERS, DIRECTORS AND OWNERS OF 5% OR MORE OF THE ORGANIZATION, OR EMPLOYEES DESIGNATED TO ACT AS REINSURANCE INTERMEDIARIES.

(Please Print Clearly or Type)

1. Name _____
LAST, FIRST MI (Example: SMITH, JOHN A)

NJ License Reference #: _____ Date of Birth: ____ - ____ - ____

2. Name _____
LAST, FIRST MI (Example: SMITH, JOHN A)

NJ License Reference #: _____ Date of Birth: ____ - ____ - ____

3. Name _____
LAST, FIRST MI (Example: SMITH, JOHN A)

NJ License Reference #: _____ Date of Birth: ____ - ____ - ____

4. Name _____
LAST, FIRST MI (Example: SMITH, JOHN A)

NJ License Reference #: _____ Date of Birth: ____ - ____ - ____

5. Name _____
LAST, FIRST MI (Example: SMITH, JOHN A)

NJ License Reference #: _____ Date of Birth: ____ - ____ - ____

6. Name _____
LAST, FIRST MI (Example: SMITH, JOHN A)

NJ License Reference #: _____ Date of Birth: ____ - ____ - ____

7. Name _____
LAST, FIRST MI (Example: SMITH, JOHN A)

NJ License Reference #: _____ Date of Birth: ____ - ____ - ____

8. Name _____
LAST, FIRST MI (Example: SMITH, JOHN A)

NJ License Reference #: _____ Date of Birth: ____ - ____ - ____

ATTACH ADDITIONAL SHEETS IF NECESSARY

D. YOU MUST ANSWER THE FOLLOWING QUESTIONS BY CHECKING THE APPROPRIATE BOX:

- 1. Have you (or the organization or any officer, partner, director or owner of 5% or more) or designated employee been arrested, indicted or convicted of a crime, misdemeanor or disorderly person offense in this state, other state, or by the federal government since the effective date of your (their) producer license ?

Yes No

If yes, attach a certified copy of the indictment or judgement of conviction, which may be obtained from the clerk of the court of where the conviction was entered.

- 2. Have you (or the organization or any officer, partner, director or owner of 5% or more) or designated employee had any business or professional license suspended or revoked since the effective date of your (their) producer license?

Yes No

If yes, attach a copy of order of suspension or revocation from professional or governmental authority.

- 3. Are you (or any officer, partner, director or owner of 5% or more, if an organization) or designated employee indebted (other than accounts current) to any insurance company, producer or insured or has any judgement been rendered against you, since the effective date of your (their) insurance producer license which has not been satisfied or vacated, for money received from or owned to any insurance company, producer or insured?

Yes No

If yes, attach copies of the judgement and other information concerning the nature of and amount of the indebtedness.

E. I/WE HEREBY CERTIFY THAT:

- 1. I/WE give the New Jersey Department of Insurance permission to verify any information supplied with any federal state or local government agency.
- 2. All of the information submitted in this application and all attachments is true and complete. I am/We are aware that submitting false information in connection with this application is grounds for revocation of license and may subject me/us to other civil or criminal penalties.
- 3. As a licensed officer/partner of the organization or as an individual licensed producer, I understand that I am individually and jointly responsible for the insurance related conduct of the organization or my employees.

Must be signed by all individuals identified in section C of the previous page. (Attach additional sheets if necessary.)

_____ Signature	_____ Date	_____ Signature	_____ Date
_____ Signature	_____ Date	_____ Signature	_____ Date
_____ Signature	_____ Date	_____ Signature	_____ Date
_____ Signature	_____ Date	_____ Signature	_____ Date

G. FEES:

Application Processing Fee \$20.00

You must attach a completed history check form and an additional fee of \$8.00 should be enclosed for each officer, partner, director and owner of 5% or more who are not on the organization's, corporation's or association's producer license in order for the Department to obtain their Criminal History Record information.

Attach one check or money order for the total fee as calculated above, made payable to "State Treasurer of New Jersey."

Amended by R.1993 d.564, effective November 15, 1993.
See: 25 N.J.R. 4323(a), 25 N.J.R. 5234(a).
Amended by R.1998 d.233, effective May 18, 1998.

See: 30 N.J.R. 779(a), 30 N.J.R. 1833(a).
Updated the address information in Forms A, B, and C.