

TITLE 11

DEPARTMENT OF INSURANCE

CHAPTER 1

ADMINISTRATION

Authority

N.J.S.A. 17:1-8.1 and 17:1C-6(e).

Source and Effective Date

R.1996 d.116, effective January 31, 1996.
See: 27 N.J.R. 4121(a), 28 N.J.R. 1382(a).

Executive Order No. 66(1978) Expiration Date

Chapter 1, Administration, expires on January 31, 2001.

Chapter Historical Note

Chapter 1 was originally filed as the Plan of Organization of the Department of Insurance, effective January 20, 1971 as R.1971 d.11, and codified at Subchapter 1. Notice was not published in the New Jersey Register.

Subchapter 2, Filings; Property—Liability, was adopted as R.1973 d.120, effective May 1, 1973. See: 5 N.J.R. 113(a), 5 N.J.R. 190(b).

Subchapter 3, concerning cancellation for nonpayment of premium where producer of record has advanced premium, was adopted as R.1972 d.168, effective August 25, 1972. See: 4 N.J.R. 128(b), 4 N.J.R. 221(b). Subchapter 3 was repealed by R.1990 d.11, effective January 2, 1990. See: 21 N.J.R. 1317(a), 22 N.J.R. 30(b). Subchapter 3, Disability Discrimination Grievance Procedure, was adopted as new rules by R.1993 d.618, effective December 6, 1993. See: 25 N.J.R. 1327(a), 25 N.J.R. 5666(b). Subchapter 3 is exempt from expiration under 28 C.F.R. Part 35.

Subchapter 4, Unfair Discrimination, was adopted as R.1975 d.128, concerning sex and/or marital status discrimination, effective September 1, 1975. See: 7 N.J.R. 168(a), 7 N.J.R. 276(b).

Subchapter 5, Administrative Orders and Declarations, was adopted as Emergency New Rule, R.1974 d.237, and the Motor Vehicle Liability Security Fund was declared exhausted, effective August 22, 1974. See: 6 N.J.R. 351(d). The expiration date of Subchapter 5, Administrative Orders and Declarations was extended by gubernatorial directive from June 6, 1984 to September 6, 1984. See: 16 N.J.R. 1451(a). Subchapter 5 was readopted as R.1984 d.426, effective October 1, 1984. See: 16 N.J.R. 1689(a), 16 N.J.R. 2677(a), 17 N.J.R. 2566(a).

Subchapter 6, New Jersey Property-Liability Insurance Guaranty Association, was adopted as R.1975 d.170, effective July 1, 1975. See: 7 N.J.R. 229(a), 7 N.J.R. 334(b). Pursuant to Executive Order No. 66(1978), Subchapter 6 was readopted as R.1991 d.101, effective January 31, 1991. See: 22 N.J.R. 3686(a), 23 N.J.R. 690(b). Subchapter 6, New Jersey Property—Liability Insurance Guaranty Association, was repealed and a new Subchapter 6, New Jersey Property—Liability Insurance Guaranty Association Assessment Premium Surcharge was adopted as new rules by R.1991 d.461, effective September 3, 1991. See: 23 N.J.R. 823(b), 23 N.J.R. 2638(a).

Subchapter 7, Service and Placement Fees, was adopted as R.1976 d.266, effective August 23, 1976. See: 7 N.J.R. 468(a), 8 N.J.R. 422(b). Subchapter 7, Service and Placement Fees, was repealed by R.1990 d.11, effective January 2, 1990. See: 21 N.J.R. 1317(a), 22 N.J.R. 30(b). Subchapter 7, Medical Malpractice Reporting Requirements, was adopted as new rules by R.1994 d.493, effective September 19, 1994. See: 26 N.J.R. 1433(a), 26 N.J.R. 3864(a).

Subchapter 8, Property-Casualty Agents, was adopted as R.1976 d.267, effective October 1, 1976. See: 7 N.J.R. 469(a), 8 N.J.R. 423(a). Section 8.1 of the subchapter was repealed by R.1988 d.186, effective April 18, 1988. See: 20 N.J.R. 225(c), 20 N.J.R. 904(b). Subchapter 8, Property—Casualty Agents, was repealed by R.1990 d.11, effective January 2, 1990. See: 21 N.J.R. 1317(a), 22 N.J.R. 30(b).

Subchapter 9, Agents for Life Insurance, Health Insurance and Annuity Contracts—Temporary Licensing, was adopted as R.1983 d.603, effective January 3, 1984. See: 15 N.J.R. 1828(a), 16 N.J.R. 49(c). Subchapter 9, Agents for Life Insurance, Health Insurance and Annuity Contracts—Temporary Licensing, was repealed by R.1988 d.186, effective April 18, 1988. See: 20 N.J.R. 225(c), 20 N.J.R. 904(b).

Subchapter 10, Insurance Licensing of Financial Institutions, was adopted as R.1976 d.166, effective May 27, 1976. See: 8 N.J.R. 233(a), 8 N.J.R. 300(c). Subchapter 10 was amended by R.1977 d.405, effective October 26, 1977 and R.1978 d.17, effective January 23, 1978. See: 9 N.J.R. 437(a), 9 N.J.R. 536(c); 9 N.J.R. 585(a), 10 N.J.R. 70(a). Subchapter 10, Insurance Licensing of Financial Institutions, was repealed by R.1985 d.69, effective February 19, 1985. See: 16 N.J.R. 2919(a), 17 N.J.R. 458(a). A new Subchapter 10, Admission Requirements for Foreign and Alien Property and Casualty Insurers, was adopted as R.1989 d.329, effective June 19, 1989. See: 21 N.J.R. 426(a), 21 N.J.R. 1702(a).

Subchapter 11, Conduct Constituting Violations by Brokers and Agents, was adopted as R.1976 d.235, effective July 22, 1976. See: 8 N.J.R. 287(e), 8 N.J.R. 398(b).

Subchapter 12, Corporate and Partnership Licensee Requirements, was adopted as R.1976 d.412, effective December 16, 1976 and March 1, 1977. See: 8 N.J.R. 421(c), 9 N.J.R. 24(b).

Subchapter 13, Disclosure Agreements for Motor Club Service Contracts Sold in Connection with Automobile Insurance Policies, was adopted as R.1982 d.177, effective June 7, 1982 (operative August 15, 1982). See: 13 N.J.R. 879(b), 14 N.J.R. 579(a). Subchapter 13, Disclosure Agreements for Motor Club Service Contracts Sold in Connection with Automobile Insurance Policies, was repealed by R.1990 d.11, effective January 2, 1990. See: 21 N.J.R. 1317(a), 22 N.J.R. 30(b).

Subchapter 14, Insurance Licensees, was adopted as R.1982 d.336, effective October 4, 1982 (operative November 19, 1982). See: 14 N.J.R. 748(a), 14 N.J.R. 1099(b). Subchapter 14, Insurance Licensees, was repealed by R.1988 d.186, effective April 18, 1988. See: 20 N.J.R. 225(c), 20 N.J.R. 904(b).

Subchapter 15, Petitions for Rules, was adopted as R.1984 d.511, effective November 5, 1984. See: 16 N.J.R. 2224(b), 16 N.J.R. 3033(b).

Subchapter 16, Requirements for Filing a Downward Deviation in Currently Approved Rates, was adopted as R.1986 d.478, effective December 15, 1986. See: 18 N.J.R. 1998(a), 18 N.J.R. 2458(a).

Subchapter 17 has had no rulemaking activity and remains "Reserved".

Subchapter 18, Approval of Business Names, was adopted as R.1986 d.10, effective February 3, 1986. See: 17 N.J.R. 41(a), 18 N.J.R. 278(a). Subchapter 18, Approval of Business Names, was repealed by R.1988 d.186, effective April 18, 1988. See: 20 N.J.R. 225(c), 20 N.J.R. 904(b).

Subchapter 19, Branch Offices, was adopted as R.1986 d.11, effective February 3, 1986. See: 17 N.J.R. 42(a), 18 N.J.R. 280(a). Subchapter 19, Branch Offices, was repealed by R.1988 d.186, effective April 18, 1988. See: 20 N.J.R. 225(c), 20 N.J.R. 904(b).

Subchapter 20, Cancellation and Nonrenewal of Property and Casualty/Liability Insurance Policies, was adopted as Emergency New Rule, R.1985 d.507, effective September 17, 1985 (to expire November 16, 1985). See: 17 N.J.R. 2460(a). An emergency amendment was filed as R.1985 d.626, effective November 15, 1985 (to expire January 14, 1986). See: 17 N.J.R. 2915(a). The provisions of R.1985 d.507 were readopted without change as R.1985 d.627, effective November 16, 1985. See: 17 N.J.R. 2978(b). The provisions of R.1985 d.626 were readopted without change as R.1986 d.27, effective January 14, 1986. See: 18 N.J.R. 419(b). Subchapter 20, Cancellation and Nonrenewal of Property and Casualty/Liability Insurance Policies, was repealed by R.1986 d.272 and a new Subchapter 20, Cancellation and Nonrenewal of Commercial and Homeowners' Insurance Policies, was adopted effective July 7, 1986 with portions operative July 28, 1986. See: 18 N.J.R. 457(b), 18 N.J.R. 1388(a). Pursuant to Executive Order No. 66(1978), Subchapter 20 was readopted as R.1988 d.341, effective June 24, 1988. See: 20 N.J.R. 1061(a), 20 N.J.R. 1720(a).

Subchapter 21, Loss Reserve Opinions, was adopted as R.1985 d.711, effective January 21, 1986. See: 17 N.J.R. 2596(a), 18 N.J.R. 196(b).

Subchapter 21A, Actuarial Opinion and Memorandum for Life/Health Insurers, was adopted as new rules by R.1995 d.605, effective November 20, 1995. See: 27 N.J.R. 2998(a), 27 N.J.R. 4720(a).

Subchapter 22, Prohibition of Certain Cancellation and Nonrenewal Activity, was adopted as R.1986 d.272, effective July 7, 1986. See: 18 N.J.R. 457(b), 18 N.J.R. 1388(a). Pursuant to Executive Order No. 66(1978), Subchapter 22 was readopted as R.1988 d.341, effective June 24, 1988. See: 20 N.J.R. 1061(a), 20 N.J.R. 1720(a).

Subchapters 23 and 24 have had no rulemaking activity and remain "Reserved".

Subchapter 25, Official Department Mailing List: Address Information, was adopted as R.1988 d.64, effective February 1, 1988. See: 19 N.J.R. 2236(a), 20 N.J.R. 294(b).

Subchapter 26, Annual Publication of Insurer Profitability Information, was adopted as R.1989 d.538, effective October 16, 1989. See: 21 N.J.R. 2181(a), 21 N.J.R. 3297(c). Subchapter 26, Annual Publication of Insurer Profitability Information, was repealed by R.1996 d.116, effective March 4, 1996. See: 27 N.J.R. 4121(a), 28 N.J.R. 1382(a).

Subchapter 27 has had no rulemaking activity and remains "Reserved".

Subchapter 28, Formation of a Domestic Property and Casualty Insurance Corporation (Stock or Mutual) or Reciprocal Insurance Exchange, was adopted as R.1990 d.162, effective March 19, 1990. See: 21 N.J.R. 3607(a), 22 N.J.R. 954(b), 22 N.J.R. 1266(a).

Subchapter 29, Temporary Certificate of Authority, was adopted as R.1991 d.15, effective January 7, 1991. See: 22 N.J.R. 2453(a), 23 N.J.R. 100(a). Subchapter 29, Temporary Certificate of Authority, was repealed by R.1996 d.116, effective March 4, 1996. See: 27 N.J.R. 4121(a), 28 N.J.R. 1382(a).

Subchapter 30 has had no rulemaking activity and remains "Reserved".

Subchapter 31, Surplus Lines Insurer Eligibility, was adopted as new rules by R.1994 d.102, effective February 22, 1994. See: 25 N.J.R. 1819(a), 26 N.J.R. 1096(a).

Subchapter 32, Fees and Special Purpose Apportionment, was adopted as new rules by R.1991 d.303, effective June 17, 1991 (operative July 1, 1991). See: 23 N.J.R. 825(a), 23 N.J.R. 1948(a). Originally entitled Fees, the heading for subchapter 32 was amended to read as it now appears by R.1996 d.484, effective October 7, 1996. See: 28 N.J.R. 3223(a), 28 N.J.R. 4482.

Subchapter 33, Public Advocate Reimbursement Disputes, was adopted as new rules by R.1993 d.179, effective April 19, 1993. See: 24 N.J.R. 2706(a), 25 N.J.R. 1764(c). Subchapter 33, Public Advocate Reimbursement Disputes, was repealed by R.1996 d.116, effective March 4, 1996. See: 27 N.J.R. 4121(a), 28 N.J.R. 1382(a).

Subchapter 34, Surplus Lines: Exportable List, was adopted as new rules by R.1994 d.7, effective January 3, 1994. See: 24 N.J.R. 4331(a), 26 N.J.R. 236(b).

Subchapter 35, Insurance Holding Company Systems, was adopted as emergency new rules by R.1993 d.445, effective August 16, 1993 (to expire October 15, 1993). See: 25 N.J.R. 4275(a). The provisions of R.1993 d.445 were readopted as R.1993 d.554, effective October 15, 1993. See: 25 N.J.R. 4275(a), 25 N.J.R. 5170(b).

Subchapter 36, Examination of Insurers, was adopted as emergency new rules by R.1993 d.446, effective August 16, 1993 (to expire October 15, 1993). See: 25 N.J.R. 4284(a). The provisions of R.1993 d.446 were readopted as R.1993 d.555, effective October 15, 1993. See: 25 N.J.R. 4284(a), 25 N.J.R. 5180(a).

Subchapter 37, Licensing of Public Adjusters, was adopted as new rules by R.1994 d.207, effective April 18, 1994. See: 25 N.J.R. 5432(a), 26 N.J.R. 327(a), 26 N.J.R. 1711(a).

Subchapter 38, Oversight of Fireman's Relief Associations, was adopted as new rules by R.1996 d.125, effective March 4, 1996 (operative March 4, 1996, except for N.J.A.C. 11:1-38.4 which shall be operative January 1, 1997). See: 27 N.J.R. 634(a), 28 N.J.R. 1384(a).

Subchapter 39, Disclosure of Material Transactions, was adopted as new rules by R.1995 d.234, effective May 1, 1995. See: 27 N.J.R. 816(a), 27 N.J.R. 1802(a).

Pursuant to Executive Order No. 66(1978), all subchapters within Chapter 1, Administration, were readopted as R.1991 d.101, effective January 31, 1991. See: 22 N.J.R. 3686(a), 23 N.J.R. 690(b).

Pursuant to Executive Order No. 66(1978), Chapter 1 was readopted as R.1996 d.116, effective January 31, 1996. See: Source and Effective Date. See, also, section annotations.

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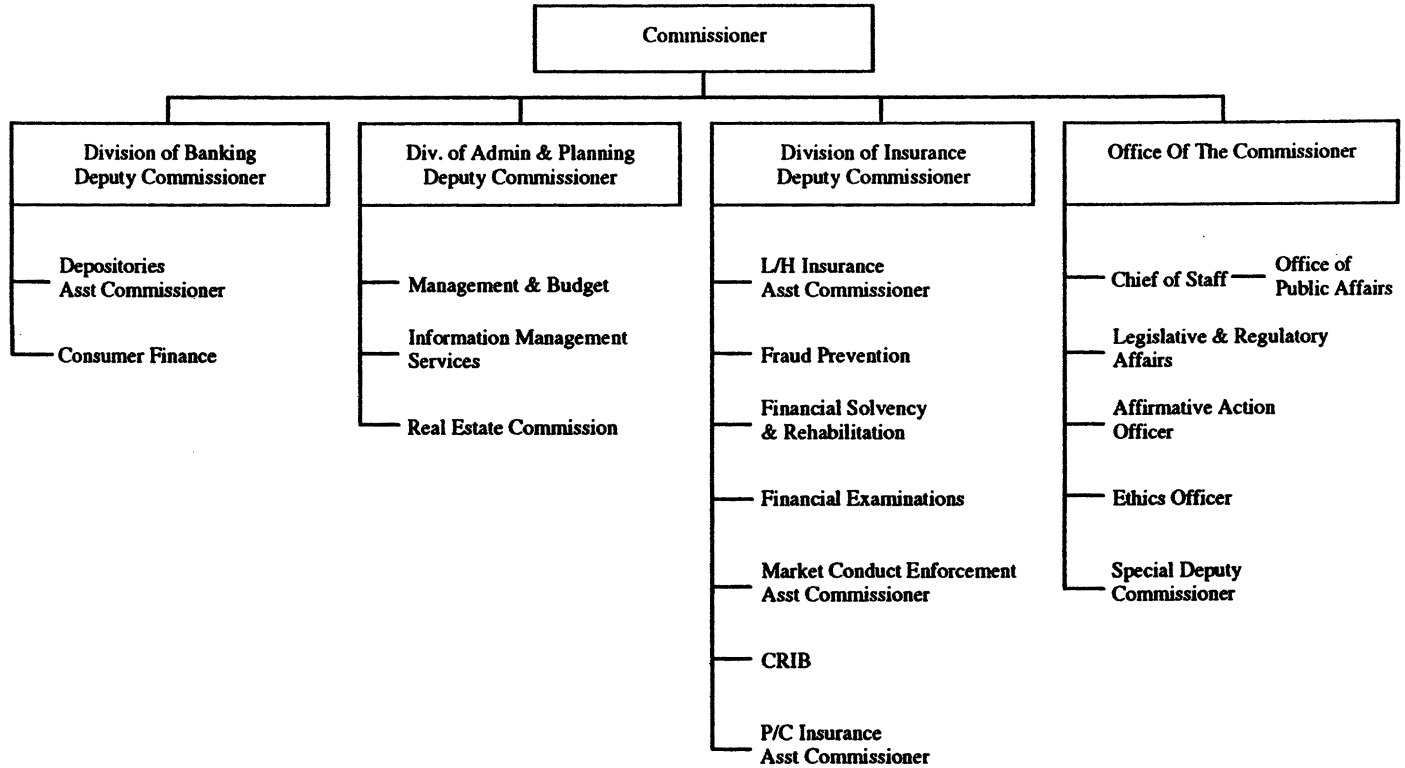
Amended by R.1973 d.195, effective July 24, 1973.
See: 5 N.J.R. 282(c).
Amended by R.1974 d.89, effective April 9, 1974.
See: 6 N.J.R. 199(a).
Amended by R.1988 d.1, effective December 1, 1987.
See: 20 N.J.R. 99(a).
New organizational chart.
Amended by R.1988 d.454, effective August 26, 1988.
See: 20 N.J.R. 2377(a).
New organizational chart.
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New organizational chart.
Amended by R.1994 d.557, effective October 17, 1994.
See: 26 N.J.R. 4405(a).
Amended by R.1996 d.124, effective February 8, 1996.
See: 28 N.J.R. 1382(b).
Amended by R.1996 d.385, effective July 15, 1996.
See: 28 N.J.R. 3797(a).

SUBCHAPTER 1. ORGANIZATION

11:1-1.1 Organization of the Department

(a) The organization of the Department of Banking and Insurance appears below.

DEPARTMENT OF BANKING & INSURANCE



The condition of this bond is that if the principal, licensee, or any sublicensees of the licensee, if any, conducts her, his or its business as a public adjuster faithfully, honestly, and in accordance with law, and if the principal, licensee, or any sublicensees of the licensee, if any, faithfully complies with and abides by the provisions of N.J.S.A. 17:22B-1 et seq., and all rules and regulations promulgated pursuant thereto, and any amendments thereto, and will commit no

willful, malicious or wrongful act, and perform all obligations and undertakings when engaging as a public adjuster in this State, and will pay to the State any and all money that may become due and owing to the State under and by virtue of the provisions of N.J.S.A. 17:22B-1 et seq., then this obligation will be null and void; otherwise it shall remain in full force and effect.



This bond is issued subject to the following express conditions, fulfillment of which shall be precedent to all rights of recovery hereunder.

1. This bond shall be deemed continuous in form and shall remain in full force and effect and shall run concurrently with the term for which the license is granted and each and every succeeding term or terms during which the license may be renewed, after which liability shall cease except as to any liability of indebtedness incurred or accrued hereunder, subject however, to cancellation. If the surety herein shall so elect, this bond may be cancelled at any time, by filing with the Commissioner and principal a 30-days written notice of such cancellation. However, surety shall not be discharged from any liability already accrued under this bond or which shall accrue before the expiration of the 30-day period.

2. Every person damaged as a result of any willful, malicious or wrongful act of the principal, licensee, or any sublicensees of the licensee, if any, in the conduct as a public adjuster, may bring an action in a proper court on this bond for the amount of such damage.

3. The aggregate liability of the surety shall not exceed the sum set forth above.

4. The State of New Jersey, acting through the Commissioner of Insurance, reserves the right, at any time, to terminate this bond, except as to any liability already incurred or accrued hereunder, by written notice of such termination to surety delivered or mailed by certified or registered mail. On expiration of the period designated in such notice, which period shall not be less than 3 days from the time the notice was mailed, this bond shall terminate and be of no further force or effect except as to any liability incurred or accrued prior to the termination.

5. In the event that the principal and the surety, or either of them, is served by the notice of any action brought against the principal or the surety under this bond, written notice of the filing of such action shall be immediately given by the principal or the surety, as each is served with notice to the action, to the Commissioner of Insurance.

The premium for which this bond is written is \$_____.

Executed on this _____ day of _____, 19___, effective immediately.

signed, sealed this _____ day of _____, 19___, in the presence of

[Name of Licensee]

[_____] President—if corp.]

[Individual or Partner]

attest _____
[_____] Secretary—if corp.]

[Witness—if individual or partnership] _____
By: _____
[Surety company]
[Attorney in Fact]

to

The State of New Jersey

Under the Public Adjusters' Licensing Act
P.L. 1993, c.66 (N.J.S.A. 17:22B-1 et seq.)

Filed _____, 19___

Commissioner of Insurance

SUBCHAPTER 38. OVERSIGHT OF FIREMEN'S RELIEF ASSOCIATIONS

Authority

N.J.S.A. 17:1C-6e, 17:1-8.11, 43:17-1 et seq.,
54:17-4, 54:17-5 and 54:18-1 et seq.

Source and Effective Date

R.1996 d.125, effective March 4, 1996 (operative March 4, 1996, except for N.J.A.C. 11:1-38.4 which shall be operative July 1, 1997).
See: 27 N.J.R. 634(a), 28 N.J.R. 1384(a), 29 N.J.R. 425(a).

Subchapter Historical Note

N.J.A.C. 11:1-38.4 was originally operative January 1, 1997. The Department of Banking and Insurance extended the operative date to July 1, 1997, pursuant to Legislation enacted as P.L. 1996, c.151, effective December 27, 1996.

11:1-38.1 Purpose and scope

(a) This subchapter sets forth the filing requirements for the New Jersey State Firemen's Association and each local firemen's relief association, the auditing procedures to be utilized by any relief association, and the manner in which payments are to be made by foreign or alien insurers to local relief associations pursuant to N.J.S.A. 54:17-4 and 54:18-1 et seq. and by surplus lines producers pursuant to N.J.S.A. 17:22-6.59.

(b) This subchapter shall apply to the New Jersey State Firemen's Association, all local firemen's relief associations, all foreign and alien insurers transacting fire insurance business in this State, and all licensed producers with surplus lines authority.

11:1-38.2 Definitions

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

“Alien insurer” means an insurer formed under the laws of a country other than the United States, its states, districts, territories, commonwealth and possessions.

“Association” means the New Jersey State Firemen’s Association established pursuant to N.J.S.A. 43:17-40 et seq. or any local firemen’s relief association established pursuant to N.J.S.A. 43:17-1 et seq.

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

“Department” means the New Jersey Department of Insurance.

“Foreign insurer” means an insurer formed under the laws of a jurisdiction of the United States other than this State.

“Independent certified public accountant” means an independent certified public account or accounting firm in good standing both with the American Institute of Certified Public Accountants and in all states in which they are licensed to practice.

“Local relief association” means a local firemen’s relief association established pursuant to N.J.S.A. 43:17-1 et seq.

“State Association” means the New Jersey State Firemen’s Association established pursuant to N.J.S.A. 43:17-40 et seq.

11:1-38.3 Filing requirements

(a) All local relief associations shall file with the Commissioner, the Secretary of State, and the secretary of the State Association, no later than April 1 of each year, a sworn statement, which shall contain the following information:

1. The names of its representatives, visitors or trustees and other officers, with the amount of their respective fees or salaries, if any;
2. The names of its beneficiaries during or within the year next preceding the statement;
3. The amount of money paid to each beneficiary;
4. The receipts and, in detail, the expenditures during that year;
5. The amount of money and other property in its possession at the date of mailing the statement; and
6. How its money is invested or secured, or where it is deposited.

(b) The information filed pursuant to (a) above shall be subject to audit in accordance with N.J.A.C. 11:1-38.4.

(c) The State Association shall file with the Commissioner and the Secretary of State not later than June 1 of each year, a list of all local associations which have complied with N.J.S.A. 47:17-1 et seq.

11:1-38.4 Audit and filing requirements

(a) The State Association shall cause to be made an audit of each local relief association to be conducted by an independent certified public accountant. Such an audit shall be conducted not less frequently than once every two years. The audit report shall include a statement that the independent certified public accountant finds that the local relief association properly expended its funds as provided by law, and that its accounting and recordkeeping procedures comply with those established by the State Association, with any exceptions noted.

(b) Each audit shall be conducted to determine whether the monies in the possession of such local relief association are properly expended for public purposes reasonably related to the benevolent programs conducted by such local relief association, and whether the local relief association is in compliance with the accounting and recordkeeping procedures for local relief associations as established by the State Association. No monies shall be expended for private purposes not reasonably related to such benevolent purposes. Permitted expenditures include, but shall not be limited to, the following:

1. Payment of local relief or assistance pursuant to N.J.S.A. 43:17-24;
2. Convention expenses to cover the actual expense incurred by attendees of the annual convention of the State Association, pursuant to N.J.S.A. 43:17-29;
3. Administrative expenses, including printing, stationary and postage, which in the aggregate may not exceed 15 percent of the association’s annual receipts, or such lesser amount as may be established by the State Association in its duly adopted bylaws or rules;
4. Insurance expenses; and
5. Any miscellaneous expenses, including, but not limited to, mortgage, safe deposit rental, bank service charges, audit costs, and investments authorized pursuant to N.J.S.A. 43:17-33.

(c) The State Association shall file with the Commissioner a copy of the report of each audit conducted pursuant to this rule within 30 days after completion. The filing shall include a copy of any plan addressing any material deficiencies set forth in the audit report.

(d) The State Association shall have an annual audit of its operations by an independent certified public accountant. Such audit shall be conducted for the same purpose, conducted in the same manner, subject to the same standards,

and filed with the Commissioner in the same manner, as audits of local relief associations. The audit report shall be filed with the Commissioner no later than three months after the end of the State Association's fiscal year.

(e) Upon Department review of any audit report and plan to address deficiencies set forth therein, the Commissioner may issue an Order to Show Cause to such association why such additional steps as the Commissioner may deem necessary should not be taken to address the deficiencies.

(f) For purposes of (a) and (d) above, no certified public accountant shall conduct an audit if the individual, or if a firm, any individual employed by the firm, is a member of the State Association or any local relief association. However, this provision shall not disqualify such a firm if the employee is not responsible for the audit of the State Association or the particular local relief association of which he or she is a member.

(g) The Commissioner may, upon review of an audit report or any other information submitted pursuant to this subchapter, request that the State Association or any local relief association provide such additional information as he or she may deem necessary to determine whether monies are properly expended for public purposes pursuant to (b) above.

(h) The Commissioner may, upon review of any audit report submitted pursuant to this subchapter, directly conduct an audit of the State Association or any local relief association, the expense of which shall be borne by the entity audited for the purpose of determining whether monies are properly expended for public purposes pursuant to (b) above.

(i) Allowable reimbursement for convention expenses set forth in (b)2 above shall be consistent with the schedule for compensation established by the State Association in its duly adopted bylaws or rules pursuant to law.

1. The State Association shall file with the Commissioner by April 1 of each year the schedule of compensation and shall include a description of the basis for such schedule.

11:1-38.5 Payments by insurers to local relief associations

(a) Payment of the appropriate amount of funds to local relief associations by foreign and alien insurers transacting fire insurance in this State pursuant to N.J.S.A. 54:17-4 and 54:18-1 et seq. and by licensed surplus lines producers pursuant to N.J.S.A. 17:22-6.59, shall be made as follows:

1. Each foreign and alien insurer transacting fire insurance in this State shall annually notify the State Association with payment of the appropriate amounts due pursuant to (a)2 below of every locality in this State in which the insurer has fire insurance premium and the premium volume for each locality for the year immediately preceding.

2. The insurer shall, by March 1 of each year, pay to the State Association the total amount due for the year immediately preceding for all localities calculated at the rate set forth in N.J.S.A. 54:17-4 and 54:18-1 et seq.

3. The State Association shall then distribute the monies received from each insurer in the manner prescribed by N.J.S.A. 54:18-1 et seq. to each local relief association, based on each association's share based on the premium volume of each such insurer.

(b) In lieu of the procedures set forth in (a) above, an insurer may pay its obligation pursuant to N.J.S.A. 54:18-1 et seq. directly to each local association. Where an insurer utilizes the method of payment set forth in this subsection, in order to receive credit for such payment against its applicable premium tax for payments made, the insurer shall file with the Department a copy of the front and back of each cancelled check.

(c) Every licensed surplus lines producer shall follow the procedures for the remittance of premium taxes and funds to local associations set forth in N.J.A.C. 11:19-3.

11:1-38.6 Penalties

Failure to comply with this subchapter may result in the imposition of penalties as authorized or required by law, including, but not limited to, withholding of monies otherwise distributable from the State Association or any local relief association pursuant to N.J.S.A. 54:17-5.

SUBCHAPTER 39. DISCLOSURE OF MATERIAL TRANSACTIONS

11:1-39.1 Purpose and scope

(a) This subchapter requires that information be filed with the Commissioner by domestic insurers, fraternal benefit societies, dental plan organizations, hospital service corporations, medical service corporations, dental service corporations, and health service corporations regarding certain acquisitions and dispositions of assets, and nonrenewals, cancellations or revisions of ceded reinsurance agreements, and sets forth the specific information to be filed.

(b) This subchapter shall apply to all of the entities set forth in (a) above domiciled in this State.

11:1-39.2 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.

“Department” means the New Jersey Department of Insurance.

“Insurer” means: any corporation, association, partnership, reciprocal exchange, interinsurer, Lloyd’s insurer, fraternal benefit society, or other person engaged in the business of insurance pursuant to subtitle 3 of Title 17 of the Revised Statutes or subtitle 3 of Title 17B of the Revised Statutes; any hospital service corporation operating pursuant to N.J.S.A. 17:48-1 et seq.; any medical service corporation operating pursuant to N.J.S.A. 17:48A-1 et seq.; any dental service corporation operating pursuant to N.J.S.A. 17:48C-1 et seq.; any dental plan organization operating pursuant to N.J.S.A. 17:48D-1 et seq.; and any health service corporation operating pursuant to N.J.S.A. 17:48E-1 et seq.

“NAIC” means the National Association of Insurance Commissioners.

11:1-39.3 Disclosure of transactions

(a) Every insurer domiciled in this State shall file a report with the Commissioner disclosing material acquisitions and dispositions of assets, or material nonrenewals, cancellations or revisions of ceded reinsurance agreements, unless such acquisitions and dispositions of assets or material nonrenewals, cancellations or revisions of ceded reinsurance agreements have been submitted to the Commissioner for review, approval or information purposes pursuant to other provisions of the Title 17 or Title 17B of the Revised Statutes, Title 11 of the New Jersey Administrative Code, or other requirements.

(b) The report required in (a) above shall be filed within 15 days after the end of the calendar month in which any of the transactions set forth in (a) above occur.

(c) One complete copy of the report, including any exhibits or other attachments filed as part thereof, shall be separately filed with the Department and the NAIC.

1. Filings with the Department shall be mailed to the following address:

New Jersey Department of Insurance
Division of Financial Examinations
Attention: Disclosure of Transactions
20 West State Street
CN 325
Trenton, NJ 08625

2. Filings with the NAIC shall be made in the same manner as filings of financial statements with the NAIC.

(d) All reports obtained by or disclosed to the Commissioner pursuant to this subchapter shall be given confidential treatment and shall not be subject to subpoena and shall not be made public by the Commissioner, the NAIC, or any other person, except to insurance departments of other states, without the prior written consent of the insurer to which it pertains unless the Commissioner, after giving the insurer who would be affected thereby, notice and an opportunity to be heard, determines that the interest of policyholders, shareholders or the public will be served by the publication thereof, in which event the Commissioner may publish all or any part thereof in such manner as he or she may deem appropriate.

(e) This subchapter shall not be construed as limiting the Commissioner’s authority to require any insurer to file any specific information or documents pursuant to law, including, but not limited to, copies of any reinsurance agreements.

11:1-39.4 Acquisitions and dispositions of assets; reporting requirements

(a) Acquisitions or dispositions of assets are not required to be reported, as otherwise required pursuant to N.J.A.C. 11:1-39.3, if the acquisitions or dispositions are not material.

1. For purposes of this subchapter, a material acquisition (or the aggregate of any series of related acquisitions during any 30 day period) or disposition (or the aggregate of any series of related dispositions during any 30 day period) is one that is non-recurring and not in the ordinary course of business and involves more than five percent of the reporting insurer’s total admitted assets as reported in its most recent statutory annual statement filed with the Department.

(b) Asset acquisitions subject to this subchapter include every purchase, lease, exchange, merger, consolidation, succession, or other acquisition other than the construction or development of real property by or for the reporting insurer or the acquisition of materials for such purpose.

(c) Asset dispositions subject to this subchapter include every sale, lease, exchange, merger, consolidation, mortgage, hypothecation, assignment (whether for the benefit of creditors or otherwise), abandonment, destruction, or other disposition.

(d) The following shall be disclosed and provided in any report of a material acquisition or disposition of assets required to be filed pursuant to this subchapter:

1. The date of transaction;
2. The manner of acquisition or disposition;
3. A description of the assets involved;
4. The nature and amount of the consideration given or received;