

TITLE 11

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

CHAPTER 1

ADMINISTRATION

Authority

N.J.S.A. 17:1-8.1 and 17:1-15e.

Source and Effective Date

R.2001 d.75, effective January 31, 2001.
See: 32 N.J.R. 4184(a), 33 N.J.R. 794(a), 33 N.J.R. 1920(a).

Executive Order No. 66(1978) Expiration Date

Chapter 1, Administration, expires on January 31, 2006.

Chapter Historical Note

Chapter 1, Plan of Organization of the Department of Insurance, was adopted as R.1971 d.11, effective January 20, 1971, and codified at N.J.A.C. 11:1 Subchapter 1. Notice was not published in the New Jersey Register.

Subchapter 3, 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 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 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).

Subchapter 4, Unfair Discrimination, was adopted as R.1975 d.128, effective September 1, 1975. See: 7 N.J.R. 168(a), 7 N.J.R. 276(b).

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).

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 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 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 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).

Subchapter 12, Corporate and Partnership Licensee Requirements, was adopted as R.1976 d.412, effective December 16, 1976, operative 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 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 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).

The Executive Order No. 66(1978) 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).

Pursuant to Executive Order No. 66(1978), Subchapter 5, Administrative Orders and Declarations, 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 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 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).

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). 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).

Pursuant to Executive Order No. 66(1978), Subchapter 20, Cancellation and Nonrenewal of Property and Casualty/Liability Insurance Policies, was readopted as R.1985 d.627, effective November 16, 1985. See: 17 N.J.R. 2978(b).

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 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 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 20, Cancellation and Nonrenewal of Property and Casualty/Liability Insurance Policies, was repealed, and Subchapter 20, Cancellation and Nonrenewal of Commercial and Homeowners' Insurance Policies, was adopted as new rules, effective July 7, 1986, with portions operative July 28, 1986, and 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).

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 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 9, Agents for Life Insurance, Health Insurance and Annuity Contracts-Temporary Licensing, Subchapter 14, Insurance Licensees, Subchapter 18, Approval of Business Names, and Subchapter 19, Branch Offices, were repealed by R.1988 d.186, effective April 18, 1988. See: 20 N.J.R. 225(c), 20 N.J.R. 904(b).

Pursuant to Executive Order No. 66(1978), Subchapter 20, Cancellation and Nonrenewal of Commercial and Homeowners' Insurance Policies, and Subchapter 22, Prohibition of Certain Cancellation and

Nonrenewal Activity, were readopted as R.1988 d.341, effective June 24, 1988. See: 20 N.J.R. 1061(a), 20 N.J.R. 1720(a).

Subchapter 10, Admission Requirements for Foreign and Alien Property and Casualty Insurers, was adopted as new rules by R.1989 d.329, effective June 19, 1989. See: 21 N.J.R. 426(a), 21 N.J.R. 1702(a).

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 3, Cancellation for Nonpayment of Premium Where Producer of Record Has Advanced Premium, Subchapter 7, Service and Placement Fees, Subchapter 8, Property-Casualty Agents, and Subchapter 13, Disclosure Agreements for Motor Club Service Contracts Sold in Connection with Automobile Insurance Policies, were repealed by R.1990 d.11, effective January 2, 1990. See: 21 N.J.R. 1317(a), 22 N.J.R. 30(b).

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).

Pursuant to Executive Order No. 66(1978), Chapter 1, Administration, 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 32, Fees 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).

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 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 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 without change 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 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 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 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 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 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 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).

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 26, Annual Publication of Insurer Profitability Information, Subchapter 29, Temporary Certificate of Authority, and Subchapter 33, Public Advocate Reimbursement Disputes, were repealed by R.1996 d.116, effective March 4, 1996. See: 27 N.J.R. 4121(a), 28 N.J.R. 1382(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).

Pursuant to Executive Order No. 66(1978), Chapter 1, Administration, was readopted as R.1996 d.116, effective January 31, 1996. See: 27 N.J.R. 4121(a), 28 N.J.R. 1382(a).

Petition for Rulemaking. See: 29 N.J.R. 707(c), 29 N.J.R. 948(b).

Subchapter 41, Surety Bonds for Contracts Involving the State, Local Contracting Units, Boards of Education, State Colleges and County Colleges, was adopted as R.1996 d.496, effective October 21, 1996. See: 28 N.J.R. 3505(a), 28 N.J.R. 4582(a).

Subchapter 38, Oversight of Firemen's Relief Associations, was adopted as R.1996 d.125, effective March 4, 1996, operative March 4, 1996, except for N.J.A.C. 11:1-38.4 which became operative July 1, 1997. See: 27 N.J.R. 634(a), 28 N.J.R. 1384(a), 29 N.J.R. 425(a).

Subchapter 43, Unusual Hardship For Covered Claims Under The New Jersey Property-Liability Insurance Guaranty Association and New Jersey Surplus Lines Insurance Guaranty Fund, was adopted as R.1997 d.512, effective December 1, 1997. See: 29 N.J.R. 3765(a), 29 N.J.R. 5065(b).

Subchapter 24, Use of Credit Cards, Charge Cards, Debit Cards Or Direct Account Deduction (Alternative Payment Method) To Pay Insurance Premiums, was adopted as R.1998 d.276, effective June 1, 1998. See: 29 N.J.R. 3588(a), 30 N.J.R. 2003(a).

Pursuant to Executive Order No. 66(1978), Chapter 1, Administration, was readopted as R.2001 d.75, effective January 31, 2001. See: 32 N.J.R. 4184(a), 33 N.J.R. 794(a).

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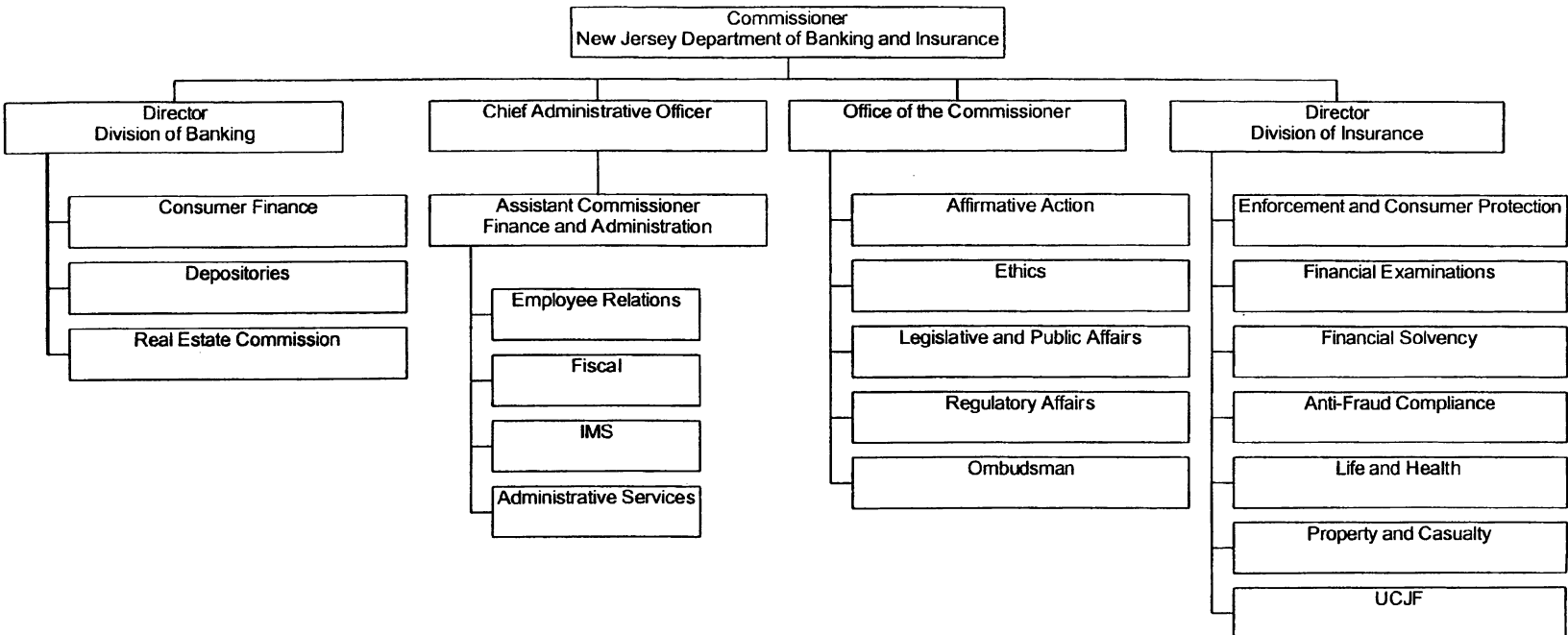
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SUBCHAPTER 1. ORGANIZATION

11:1-1.1 Organization of the Department

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

NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE



September 7, 2000

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.
Amended by R.1991 d.476, effective August 23, 1991.
See: 23 N.J.R. 2862(c).

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).
Amended by R.1997 d.395, effective August 25, 1997.
See: 29 N.J.R. 4137(b).

Replaced existing organizational chart with new chart.
Amended by R.2000 d.54, effective January 11, 2000.
See: 32 N.J.R. 475(a).
Amended by R.2001 d.75, effective March 5, 2001.
See: 32 N.J.R. 4184(a), 33 N.J.R. 794(a).

Replaced existing organizational chart with new chart.

11:1-1.2 Public information

In accordance with N.J.S.A. 52:14B-3(1), the public may obtain information or make general submissions or requests by contacting:

Division of Public Affairs
Department of Banking and Insurance
20 West State Street
PO Box 325
Trenton, NJ 08625-0325
e-mail: publicaffairs@dobi.state.nj.us

New Rule, R.1988 d.454, effective August 26, 1988.
See: 20 N.J.R. 2377(a).
Amended by R.2001 d.75, effective March 5, 2001.
See: 32 N.J.R. 4184(a), 33 N.J.R. 794(a).

11:1-1.3 Sharing of information with other insurance departments

(a) The Commissioner may share any information regarding the financial condition of insurers, including information that is not subject to public inspection or copying pursuant to the "Right to Know" law, N.J.S.A. 47:1A-1 et seq., with the National Association of Insurance Commissioners or any insurance regulatory of another state or U.S. territory, provided that such agency is authorized and irrevocably agrees to hold such information confidential to the same extent as is provided under the laws of this State.

(b) The Commissioner may enter into an agreement with the National Association of Insurance Commissioners or any insurance regulator of any state or U.S. territory by which the Commissioner shall hold any information received from such agency as confidential and not subject to public inspection or copying pursuant to the "Right to Know" law, N.J.S.A. 47:1A-1 et seq., to the same extent such information is required to be held confidential pursuant to that agency's laws or other requirements.

New Rule, R.1995 d.367, effective July 3, 1995.
See: 27 N.J.R. 1736(a), 27 N.J.R. 2582(a).

SUBCHAPTER 2. FILINGS: PROPERTY AND CASUALTY

11:1-2.1 Purpose and scope

(a) This subchapter shall apply to every rating organization and property and casualty insurer that makes its own rate, rule and policy form filings and to every member or subscriber of a rating organization on whose behalf rate, rule and policy form filings are made pursuant to the provisions of N.J.S.A. 17:29A-1 et seq. and 17:29AA-1 et seq.

(b) This subchapter establishes requirements as to the format of filings pertaining to rates, manual rules, rating plans, policy forms and endorsements, and sets forth guidelines as to required supporting information with respect to such filings.

New Rule, R.2002 d.101, effective April 1, 2002.
See: 33 N.J.R. 1875(a), 34 N.J.R. 1431(b).

Former N.J.A.C. 11:1-2.1, Filing of rates, manual rules, rating plans, policy forms and endorsements, recodified to N.J.A.C. 11:1-2.2.

11:1-2.2 Filing of rates, manual rules, rating plans, policy forms and endorsements

(a) Filings submitted to this Department for approval shall be explicit and self-contained, supported by statistics, where applicable, and shall set forth the information upon which the filer relied in making the filing.

(b) All commercial and personal lines filings submitted to the Department shall be accompanied by a Filing Source Document, MARS001 incorporated herein by reference as Exhibit A in the Appendix to this subchapter and shall be submitted in duplicate.

(c) All commercial lines filings submitted to the Department shall also be accompanied by final printed pages and Form MARS002, incorporated herein by reference as Exhibit B in the Appendix to this subchapter. For personal lines filings, final printed pages and Form MARS002 shall be provided no later than 10 days after notice of approval or no later than 10 days prior to the effective date.

Amended by R.1975 d.34, effective February 19, 1975.

See: 7 N.J.R. 9(b), 7 N.J.R. 115(a).

Recodified from N.J.A.C. 11:1-2.1 and amended by R.2002 d.101, effective April 1, 2002.

See: 33 N.J.R. 1875(a), 34 N.J.R. 1431(b).

Rewrote the section. Former N.J.A.C. 11:1-2.2, Filing of changes, recodified to N.J.A.C. 11:1-2.3.

11:1-2.3 Filing of changes

(a) Filings containing changes in rates, rules, plans and forms previously approved for the filer shall be presented in the following fashion:

1. A copy of the page or pages containing the passage for which a change is proposed shall be filed in such form that the text is self-contained without need to refer to

material not included in the filing. Matter to be changed or omitted by the filing shall be identified, preferably by marking the passages to be changed with a marking pencil; where matter is to be added, a mark (Λ) shall so indicate.

2. A memorandum shall be filed reciting the rule or section of form to be changed, properly referenced as to the manual or form, with newly added matter underlined and matter to be eliminated in brackets [] or a side by side comparison indicating the proposed changes.

(b) An explanatory note shall state the reason or purpose for the proposed change including any statistical support, and a calculation or estimate of the effect of the change on premiums and/or losses shall be submitted:

1. Filings of proposed rate changes must contain all information upon which the rate filer relies, including past and prospective loss and expense experience, and due consideration must be given to investment income from unearned premium and loss reserves in any proposed profit provision in the rates.

Amended by R.1975 d.34, effective February 19, 1975.
See: 7 N.J.R. 9(b), 7 N.J.R. 115(a).
Recodified from N.J.A.C. 11:1-2.2 and amended by R.2002 d.101, effective April 1, 2002.
See: 33 N.J.R. 1875(a), 34 N.J.R. 1431(b).

In (a)2, added "or a side by side comparison indicating the proposed changes". Former N.J.A.C. 11:1-2.3, Adoption of rules and forms approved for other filers, recodified to N.J.A.C. 11:1-2.4.

11:1-2.4 Adoption of rules and forms approved for other filers

(a) If a filer proposes to adopt rules, rating plans, policy forms or endorsements previously approved for other filers in New Jersey, the filing shall clearly identify such reference including the name of the filer and the date such filings were approved in this State, including any amendments thereof. The Department staff will give reasonable assistance to a filer in obtaining such information to the extent that it is a public record:

1. Reference to filings of rating organizations or advisory organizations:

i. If the proponent wishes to adopt exactly and without any change filings approved for rating organizations or accepted for reference purposes on behalf of advisory organizations in New Jersey, the filing shall clearly identify such reference and shall not include a copy of the material referred to;

ii. If the proponent wishes to adopt filing material with some exceptions, he shall follow the procedure outlined under this subsection, submitting only pages containing such exceptions.

2. Reference to filings of individual filers:

i. If the proponent wishes to adopt filings approved in New Jersey for other filers acting independently of rating organizations, the material made reference to must be filed, with any modifications identified as outlined in Section 2 of this Subchapter.

Amended by R.1975 d.34, effective February 19, 1975.
See: 7 N.J.R. 9(b), 7 N.J.R. 115(a).
Recodified from N.J.A.C. 11:1-2.3 by R.2002 d.101, effective April 1, 2002.
See: 33 N.J.R. 1875(a), 34 N.J.R. 1431(b).
Former N.J.A.C. 11:1-2.4, New Filings, recodified to N.J.A.C. 11:1-2.5.

11:1-2.5 New filings

Action on new filings will be expedited if they are identified as to their foundation. Filings shall not be identified as new filings if they properly fall under the categories discussed under section 3 or 4 of this subchapter.

Amended by R.1975 d.34, effective February 19, 1975.
See: 7 N.J.R. 9(b), 7 N.J.R. 115(a).
Recodified from N.J.A.C. 11:1-2.4 and amended by R.2002 d.101, effective April 1, 2002.
See: 33 N.J.R. 1875(a), 34 N.J.R. 1431(b).

Deleted the first sentence, substituted "new" for "such" in the second sentence and substituted "3 or 4" for "2 or 3" in the third sentence. Former N.J.A.C. 11:1-2.5, Notification, recodified to N.J.A.C. 11:1-2.6.

11:1-2.6 Notification

The filing with a cover letter shall be submitted to the Department of Banking and Insurance. The filing shall be accompanied by a Filing Source Document as described in N.J.A.C. 11:1-2.2(b) and (c) and incorporated herein by reference as Exhibit A and B in the Appendix to this subchapter, properly completed and signed by the person authorized by the company to make filings.

New Rule R.1975 d.34, effective February 19, 1975.
See: 7 N.J.R. 9(b), 7 N.J.R. 115(a).
Public Notice: change of address.
See: 16 N.J.R. 1813(b).
Amended by R.1996 d.116, effective March 4, 1996.
See: 27 N.J.R. 4121(a), 28 N.J.R. 1382(a).
Amended by R.2001 d.75, effective March 5, 2001.
See: 32 N.J.R. 4184(a), 33 N.J.R. 794(a).
Recodified from N.J.A.C. 11:1-2.5 and amended by R.2002 d.101, effective April 1, 2002.
See: 33 N.J.R. 1875(a), 34 N.J.R. 1431(b).
Rewrote the section.

Case Notes

Filing of insurance rates was a "proceeding" in which Rate Counsel was authorized to intervene. *State Farm Mut. Auto. Ins. Co. v. State, Dept. of Public Advocate*, 227 N.J.Super. 99, 545 A.2d 823 (A.D.1988), certification granted 114 N.J. 479, 555 A.2d 605, affirmed 118 N.J. 336, 571 A.2d 957.

Rate Counsel is entitled to compensation in a "proceeding initiated" by insurance company. *State Farm Mut. Auto. Ins. Co. v. State, Dept. of Public Advocate*, 227 N.J.Super. 99, 545 A.2d 823 (A.D.1988), certification granted 114 N.J. 479, 555 A.2d 605, affirmed 118 N.J. 336, 571 A.2d 957.

11:1-2.7 Penalties

Failure to comply with the provisions of this subchapter may result in the imposition of penalties as prescribed by law.

New Rule, R.2002 d.101, effective April 1, 2002.
See: 33 N.J.R. 1875(a), 34 N.J.R. 1431(b).

APPENDIX

APPENDIX
INSTRUCTIONS FOR FILING SOURCE DOCUMENT,
FORM MARS001

1. Market—The following are lists of commercial and personal lines the Department regulates:

Commercial	Personal
Artisans	Auto Liability
Auto Liability	Auto Physical Damage
Auto Physical Damage	Boatowners
Businessowners	Crime
Commercial Package Policy	Economic Security
Crime	Excess Liability
Fire	Farmowners
General Liability	Fire
Glass	General Liability
Market Segments	Glass
Professional Liability	Homeowners
Special Multi Peril	Inland Marine
	Mobile-homeowners
	Pet insurance
	Title
2. Type of Filing—Check all applicable items. “Other” includes the following: symbol pages, CAIP & PAIP changes in Plan of Operation. Plain Language Certification only applies to personal lines (except Title & Farmowners).
3. Proposed Effective Date—Enter the anticipated date you would like the filing effective, for example, June 10, 2000 as 06 10 2000. No rate, rule or form filings for personal lines insurance may be used in New Jersey until it is approved by the Commissioner. The effective date is an agreed date between the filer and the Department. Commercial lines rates and rules filings are submitted on a use and file basis in accordance with the Commercial Deregulation Act of 1982, N.J.S.A. 17:29AA-1 et seq. Commercial lines forms filings are submitted on a file and use basis with a minimum 30 day deemer from receipt of filing. “Renewals” if not applicable leave blank.

4. Company Name—Include only companies in your group to which this filing applies. Group number is 4 digits, NAIC number is 5 digits.
5. Line—Enter the line of insurance (see #1 above for lines of insurance).
6. Subline—The following are recognized sublines by the Department and may be amended.

Line	Subline
Professional Liability	Dentists/Technical Employees
	Employees Professional Liability
	Hospitals
	Lawyers
	Nurses
	Nursing Homes
	Optometrists/Opticians
	Physicians/Surgeons
	Physiotherapists
	Podiatrists
Commercial General Liability	Premises/Operations
Personal Inland Marine	Credit Property
Economic Security	Credit Involuntary Unemployment
	Leave of Absence
7. Program Name—Enter program name if applicable, for example, Businessowners Insurance Program.
8. Bureau Designation #—Not applicable to companies.
9. Include previously disapproved exclusions, rates or rules.
10. If this filing is a revision of your current program, provide the New Jersey Department File #and effective date of the rates, rules or forms that are being revised by this filing.
11. If this filing is identical or similar to that of another carrier, provide the Department File #and company name.
12. Enter the applicable Annual Statement Statutory Page 14 line(s) of business where the premium associated with this filing will be reported.
13. If this filing has an impact on rates, complete the requested information as it affects the current book of business. Affidavit of Compliance—complete all parts.

NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE
OFFICE OF PROPERTY/CASUALTY
FILING SOURCE DOCUMENT

9. Does this filing contain any provisions previously disapproved by the New Jersey Insurance Department? Yes [] No []

If yes, provide the New Jersey Department File # _____

10. Does this filing change Rates, Rules or Forms currently approved and on file with the New Jersey Insurance Department? Yes [] No []

If yes, provide the following: New Jersey Department File # _____
Effective Date _____

11. Is this filing identical to another submission filed for use in New Jersey by another carrier? Yes [] No []

If yes, provide the following: New Jersey Department File # _____
Company Name _____

12. Enter applicable Annual Statement Statutory Page 14 line of business number(s) for the line of insurance being filed. Line No. _____

13. Does this filing have an impact on rates charged to insureds? Yes [] No []

If yes, provide the following: Overall Percentage Change _____
Dollar Impact _____
Number of exposures affected by change _____
How measured (# of drivers, policies, etc.) _____
Range of increase/decrease per insured _____ %
Current and Proposed Statewide Average Premium _____
(For Homeowners show separately for owner and tenant forms)

AFFIDAVIT OF COMPLIANCE

The attached filing, to the best of my knowledge and belief, fully conforms to all pertinent State of New Jersey laws, and New Jersey Department of Banking and Insurance rules and requirements. The attached filing, to the best of my knowledge and belief, contains no provisions previously disapproved by the New Jersey Department of Banking and Insurance or its predecessors, except as specifically noted above.

Name (Please Print) : _____
Signature : _____
Title : _____
Phone # : _____
Fax # : _____
E-Mail Address : _____

INSTRUCTIONS FOR FINAL PRINTED PAGES, FORM MARS002

The Final Printed Pages form must be completed accurately by filers so that the DOBI can maintain a current manual of rates,

rules and forms. This form is utilized by our staff to withdraw old forms and/or manual pages from your current manual, replace revised forms and/or manual pages, and to insert new forms and/or manual pages. It is therefore very important that

this form be completed and returned to our office expeditiously. If the company fails to submit a completed form and final printed pages within the allowable time frame, it may result in administrative action.

NJ Dept File No: This is the number assigned to your submission from the Department. It is included in the acknowledgment copy that is returned to you. If this is not known, please contact the Department.

Date of Filing: This is the letter date of your initial submission.

Effective Date: This is the date you would like the filing to become effective. This date should be consistent with item 3. of the Filing Source Document.

Line: The line of insurance is to be identified as the line applicable to your submission. Same as item 5. of the Filing Source Document.

Program Name: If applicable, identify the specific name of the program.

CLM Division No: This includes the commercial lines manual division number applicable to this submission. For example, Division One—Commercial Auto. This is not applicable to Personal Lines or bureaus other than ISO.

Company Names:

This includes the companies for which this filing is being made. If the filing is made for certain companies in a group, only list the names of the companies that apply.

Manual Page and Form Numbers:

This information is the most important information on this form and must therefore be completed accurately. Always identify pages/forms with a printing date and/or edition date.

New: Use this column when the pages/forms are new and do not replace any current pages/ forms.

Revised: Use this column to indicate the revised pages/forms. If this column is used an entry must be in the Superseded column.

Superseded: Use this column to identify the pages/forms being replaced or withdrawn.

New Rule, R.2002 d.101, effective April 1, 2002.
See: 33 N.J.R. 1875(a), 34 N.J.R. 1431(b).

See: 32 N.J.R. 4184(a), 33 N.J.R. 794(a).

SUBCHAPTER 3. DISABILITY DISCRIMINATION
GRIEVANCE PROCEDURE

11:1-3.1 Definitions

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

“ADA” means the Americans with Disabilities Act, 42 U.S.C.A. § 12101 et seq.

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

“Designated decision maker” means the Commissioner of Banking and Insurance or his or her designee.

Amended by R.2001 d.75, effective March 5, 2001.

11:1-3.2 Purpose

(a) These rules are adopted by the agency in satisfaction of the requirements of the ADA and regulations promulgated pursuant thereto, 28 C.F.R. 35.107.

(b) The purpose of these rules is to establish a designated coordinator whose duties shall include assuring that the agency complies with and carries out its responsibilities under the ADA. Those duties shall also include the investigation of any complaint filed with the agency pursuant to N.J.A.C. 11:1-3.5 through 3.8.

11:1-3.3 Required ADA notice

In addition to any other advice, assistance or accommodation provided, a copy of the following notice shall be given to anyone who inquires regarding the agency’s compliance with the ADA or the availability of accommodation which would allow a qualified individual with a disability to receive services or participate in a program or activity provided by the agency.

(g) An insurer shall not limit its writings pursuant to any premium volume limitation imposed pursuant to (e) or (f) above until the insurer notifies the Department that it is approaching such limitation and the Department notifies the insurer to so limit its writings.

Amended by R.1995 d.604, effective November 20, 1995.
See: 27 N.J.R. 2854(a), 27 N.J.R. 4717(c).
Administrative Correction.
See: 27 N.J.R. 4894(a).

11:1-10.9 Compliance

This subchapter shall apply to all applicants submitting a letter of intent on or after June 19, 1989. Applicants whose letters of intent have been received by the Department prior to June 19, 1989 may elect to proceed under this subchapter if they so notify the Department no later than July 19, 1989. Applicants whose letters of intent have been received by the Department prior to June 19, 1989 who do not timely notify the Department that they wish to proceed under this subchapter shall have their applications reviewed under the procedures pre-existing this subchapter.

11:1-10.10 Severability

If any provision of this subchapter or the application thereof to any person or circumstance is held invalid, the remainder of the subchapter and the application of such provision to other persons or circumstances shall not be affected thereby.

SUBCHAPTER 11. CONDUCT CONSTITUTING VIOLATIONS BY BROKERS AND AGENTS

11:1-11.1 Scope

This rule does not purport to describe all conduct within the proscription of the statute. Such other conduct found by the commissioner to constitute violation prior to this rule remains as a reason for sanctions under the statute. Nor is it possible to describe herein all forms of conduct which may in future be found to fall under the prohibition of the statutes.

11:1-11.2 Unworthiness and bad faith under N.J.S.A. 17:22-6.16(h) and 17B:22-27(12)

(a) Any licensed agent or broker who is a shareholder or who is serving as an officer of record of a corporate licensee which declares insolvency, dissolves, ceases to do business or does not renew its insurance licenses primarily to avoid payment of fines or debts to insolvent insurers, other insurance licensees, insureds, guaranty associations or govern-

mental entities is engaging in conduct demonstrating unworthiness and bad faith.

(b) Any licensee engaging in the above conduct shall be subject to the usual penalties and may be prohibited from licensing of or association with any other incorporated licensee.

(c) A showing that the licensee has placed 10 per cent or more of the book of business of the moribund corporate licensee into a new corporation controlled by one or more persons associated with the prior corporation shall raise a presumption of violative conduct.

11:1-11.3 Disciplinary action; restitution

(a) Violation of any of the rules of the Department of Insurance, or of any insurance statute, shall be sufficient cause for any disciplinary action permitted by statute.

(b) In accordance with the provisions of N.J.S.A. 17:22-6 through 6.16a and 17B:22-1 through 28, the commissioner in appropriate circumstances will exercise his authority to impose restitution of moneys owed to others as a condition to the issuance of a license or to the reinstatement of a license after revocation or suspension, including revocation or suspension in states other than New Jersey.

New Rule, R.1978 d.11, effective January 18, 1978.
See: 9 N.J.R. 585(b), 10 N.J.R. 69(b).

SUBCHAPTER 12. CORPORATE AND PARTNERSHIP LICENSEE REQUIREMENTS

11:1-12.1 (Reserved)

11:1-12.2 Responsibility of active officers of corporate licensees

(a) Active officers shall be held individually responsible for all insurance related conduct of the corporate licensee.

(b) Every license application, amended application and renewal must be accompanied by a sworn statement signed by each active officer listed thereon that he consents to being an active officer and that he has read and is fully aware of the meaning of the departmental regulations relevant thereto.

11:1-12.3 through 11:1-12.4 (Reserved)

11:1-12.5 Responsibility of active members of partnership licensee

Active members shall be held individually responsible for all insurance related conduct of the partnership licensee.

11:1-12.6 (Reserved)

SUBCHAPTERS 13 THROUGH 14. (RESERVED)

SUBCHAPTER 15. PETITIONS FOR RULES

11:1-15.1 Scope

This subchapter shall apply to all petitions made by interested persons for the promulgation, amendment or repeal of any rule by the Department of Banking and Insurance, pursuant to N.J.S.A. 52:14B-4(f).

Amended by R.2001 d.75, effective March 5, 2001.
See: 32 N.J.R. 4184(a), 33 N.J.R. 794(a).

11:1-15.2 Procedure for petitioner

(a) Any person who wishes to petition the Department to promulgate, amend or repeal a rule must submit to the Commissioner, in writing, the following information:

1. Name of the petitioner;
2. The substance or nature of the rulemaking which is requested;
3. The reasons for the request and the petitioner's interest in the request;
4. References to the statutory authority for the Department to take the requested action; and
5. A caption at the top of the document identifying it as a petition for rulemaking pursuant to N.J.S.A. 52:14B-4(f) and this subchapter.

(b) Petitions shall be sent to the following address:

New Jersey Department of Banking and Insurance
Regulatory Affairs
Attn: Rulemaking Petitions
PO Box 325
Trenton, NJ 08625-0325

(c) Any document submitted to the Department of Banking and Insurance which is not in substantial compliance with (a) above shall not be deemed to be a petition for a rule requiring further Department action pursuant to N.J.S.A. 51:14B-4(f).

Amended by R.2001 d.75, effective March 5, 2001.
See: 32 N.J.R. 4184(a), 33 N.J.R. 794(a).
Added (a)5.

11:1-15.3 Procedure of the Department

(a) Upon receipt of a petition in compliance with N.J.A.C. 11:1-15.2, the Department will file a notice of petition with the Office of Administrative Law for publication in the New Jersey Register. The notice will include:

1. The name of the petitioner;
2. The substance or nature of the rulemaking action which is requested;
3. The problem or purpose which is the subject of the request; and
4. The date the petition was received.

(b) Within 30 days of receiving the petition, the Department will mail to the petitioner, and file with the Office of Administrative Law for publication in the Register, a notice of action on the petition which will include:

1. The name of the petitioner;
2. The Register citation for the notice of petition, if that notice appeared in a previous Register;
3. Certification by the Commissioner that the petition was duly considered pursuant to law;
4. The nature or substance of the Department's action upon the petition; and
5. A brief statement of reasons for the Department's action.

(c) Department action on a petition may include:

1. Denying the petition;
2. Filing a notice of proposed rule or a notice of pre-proposal for a rule with the Office of Administrative Law; or
3. Referring the matter for further deliberations, the nature of which will be specified and which will conclude upon a specified date. The results of these further deliberations will be mailed to petitioner and submitted to the OAL for publication in the Register.

SUBCHAPTER 16. REQUIREMENTS FOR FILING A DOWNWARD DEVIATION IN CURRENTLY APPROVED RATES

11:1-16.1 Purpose and scope

(a) The purpose of this subchapter is to promote competition among insurers for the benefit of the insurance consuming public by permitting insurers subject to N.J.S.A. 17:29A-1 et seq. to effect expeditiously certain decreases in rates currently approved by the Department when, in an insurer's judgment, economic or competitive reasons or conditions warrant such a decrease.

(b) A further purpose is to enable an insurer to return to its previously approved rate level without delay or regulatory review when, in its judgment, the conditions or reasons for the decrease no longer pertain.

11:1-24.5 Cancellation of policy

The insurance policy that is the subject of an alternative payment method transaction shall not be cancelled or non-renewed by any person other than the named insured, the policyholder (including the owner of the policy where the policyholder is not the named insured) or the insurer, in accordance with the provisions of Title 17 and 17B of the New Jersey Statutes, any implementing administrative rules, and the insurance policy or contract.

11:1-24.6 Payment of premiums

Premium payments shall be considered collected by and paid to the insurer, insurance producer or limited insurance representative, as applicable, when the charge is authorized or debited, as applicable.

11:1-24.7 Disclosure of optional methods of payment

An insurer, insurance producer or limited insurance representative allowing alternative payment methods of insurance premiums shall fully disclose to the insured or prospective insured, upon request, the availability of all optional methods of payment offered by that insurer, insurance producer or limited insurance representative, and the differences, including cost, between these methods and the alternative payment methods.

11:1-24.8 Penalties

Failure to comply with the provisions of this subchapter shall result in the imposition of penalties as provided by law.

**SUBCHAPTER 25. OFFICIAL DEPARTMENT
MAILING LIST: ADDRESS INFORMATION**

11:1-25.1 Purpose

The purpose of this subchapter is to ensure that the Department's official mailing address records remain accurate and updated at all times and thereby maximize the use of Department resources and the effectiveness of Department mailings.

11:1-25.2 Scope

This subchapter shall apply to any person, partnership, corporation or any other legal entity that is required to submit an annual financial statement or report to the Commissioner pursuant to any of the following: N.J.S.A. 17:16A-13, 17:22-6.45, 17:23-1, 17:35-8, 17:35-19, 17:44A-34, 17:45-12, 17:46A-7, 17:46B-55, 17:46C-9, 17:48-11, 17:48A-15, 17:48C-26, 17:48D-13, 17:48E-36, 17:50-8 or 17B:21-1.

11:1-25.3 Official mailing list; change in address information

(a) For the purpose of disseminating Department information, including, but not limited to, bulletins, certificates of authority, orders to show cause, administrative orders, and public notices, the Department's official mailing list shall be based upon the mailing address information as provided in the insurer's most recent annual financial statement or report filed pursuant to the respective insurance laws requiring such, as set forth above at N.J.A.C. 11:1-25.2. The mailing address provided in the annual financial statement or report shall be deemed the official mailing address of the person, partnership, corporation or other legal entity which filed such statement or report, unless the Department has been specifically notified otherwise of a change in the mailing address. In such cases, the mailing address the Department has been notified of shall be deemed the official mailing address.

1. In cases where no mailing address is designated, the home address as provided in the annual financial statement or report filed shall be deemed the official mailing address or report, unless the Department has been specifically notified otherwise of a change in the home address. In such cases, the home address the Department has been notified of shall be deemed the official mailing address.

2. If an insurer's or other regulated entity's mailing address, or home address if applicable, is different on the annual financial statement then the insurer or other regulated entity shall notify the Department in writing within 10 days of the address change, by sending the notification to the Department at the address set forth in (b) below.

(b) Upon any change in the mailing address, or home address if applicable, the insurer or other regulated entity shall notify the Department in writing of such change no later than 10 days from the date the new address became effective. All address change notifications shall be sent to:

Supervisor of Insurance Reports
Division of Financial Examinations
New Jersey Department of Banking and Insurance
PO Box 325
Trenton, New Jersey 08625-0325

(c) Department information, as defined in subsection (a) above, shall be addressed to the secretary of the company and mailed to the official mailing address.

(d) Unless the Department is notified otherwise in accordance with the above provisions, the mailing address last provided to the Department pursuant to this rule shall be deemed correct and any communications mailed to such shall be deemed properly mailed and received.

Amended by R.1996 d.116, effective March 4, 1996.
See: 27 N.J.R. 4121(a), 28 N.J.R. 1382(a).
Amended by R.2001 d.75, effective March 5, 2001.
See: 32 N.J.R. 4184(a), 33 N.J.R. 794(a).

11:1-25.4 Penalties

Failure to comply with the provisions of this subchapter shall constitute a violation of the insurance laws of this State and may result in the imposition of any penalties authorized by law.

 SUBCHAPTERS 26 THROUGH 27. (RESERVED)

 SUBCHAPTER 28. FORMATION OF A DOMESTIC
 PROPERTY AND CASUALTY INSURANCE
 CORPORATION (STOCK OR MUTUAL) OR
 RECIPROCAL INSURANCE EXCHANGE
11:1-28.1 Purpose

This subchapter sets forth the filing requirements for the granting of a certificate of authority to transact property and casualty insurance in this State, pursuant to N.J.S.A. 17:17-1 et seq., 17:46A-1 et seq., and 17:46B-1 et seq., and to transact business as a reciprocal insurance exchange, pursuant to N.J.S.A. 17:50-1 et seq.

11:1-28.2 Scope

This subchapter applies to all persons seeking to form a property and casualty insurance corporation or reciprocal insurance exchange in this State.

11:1-28.3 Definitions

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

“Actuary” means a person who is a fellow in good standing of the Casualty Actuarial Society with three years recent experience in loss reserving or an associate in good standing of the Casualty Actuarial Society with five years recent experience in loss reserving.

“Annual statement” means the form of statement that is described in N.J.S.A. 17:23-1.

“Applicant” means a domestic corporation seeking to obtain a certificate of authority to transact property and casualty insurance in this State or the attorney in fact representing a proposed reciprocal insurance exchange seeking to obtain a certificate of authority to transact business pursuant to N.J.S.A. 17:50-1 et seq.

“Attorney in fact” or “attorney” means a person or corporation possessing the power of attorney to act on behalf of a reciprocal insurance exchange.

“Certificate of authority” means a certificate issued by the Commissioner evidencing the authority of a corporation to transact insurance in this State.

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

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

“Domestic insurer” means an insurer formed under the laws of this State.

“Property and casualty insurance” means all lines of business for which an insurance company may be formed to transact, pursuant to N.J.S.A. 17:17-1, and includes mortgage guarantee insurance and title insurance pursuant to N.J.S.A. 17:46A-1 et seq. and 17:46B-1 et seq., respectively.

Amended by R.2001 d.75, effective March 5, 2001.
 See: 32 N.J.R. 4184(a), 33 N.J.R. 794(a).

11:1-28.4 Types of insurance

(a) The following are the types of insurance which a company may be formed to transact under the stated paragraphs of N.J.S.A. 17:17-1:

1. Paragraph “a” means fire and allied lines, earthquake and growing crops;
2. Paragraph “b” means ocean marine, inland marine, automobile physical damage and aircraft physical damage;
3. Paragraph “e” means worker’s compensation and employer’s liability, automobile liability (bodily injury), automobile liability (property damage) and other liability;
4. Paragraph “f” means boiler and machinery;
5. Paragraph “g” means fidelity and surety;
6. Paragraph “i” means credit;
7. Paragraph “j” means burglary and theft;
8. Paragraph “k” means glass;
9. Paragraph “l” means sprinkler leakage and water damage;
10. Paragraph “m” means livestock;
11. Paragraph “n” means smoke and smudge; and
12. Paragraph “d” means accident and health insurance as defined in N.J.S.A. 17B:17-4.

(b) The following are the miscellaneous coverages allowed under N.J.S.A. 17:17-1, paragraph “o”:

1. All loss to buildings and structures, including consequential loss, and against loss or damage to property of others, caused by an insured;