

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

**Authority**

N.J.S.A. 17:1-8.1 and 15e, and 17:22A-26 et seq.

**Source and Effective Date**

R.2003 d.441, effective October 10, 2003.  
See: 35 N.J.R. 2159(a), 35 N.J.R. 5115(a).

**Chapter Expiration Date**

In accordance with N.J.S.A. 52:14B-5.1c, Chapter 17, Producer Licensing, expires on April 8, 2009. See: 40 N.J.R. 6523(a).

**Chapter Historical Note**

Chapter 17, Producer Licensing, Subchapters 1, 2 and 5, was adopted as R.1988 d.186, effective April 18, 1988 (operative April 26, 1988). See: 20 N.J.R. 225(c), 20 N.J.R. 904(b). Subchapter 3, Professional Qualifications, was adopted as R.1989 d.192, effective April 3, 1989. See: 20 N.J.R. 1152(a), 21 N.J.R. 899(b).

Pursuant to Executive Order No. 66(1978), Chapter 17, Producer Licensing, was readopted as R.1993 d.206, effective April 15, 1993. See: 25 N.J.R. 883(a), 25 N.J.R. 1972(a).

Subchapter 6, Managing General Agents, was adopted as emergency new rules R.1993 d.454, effective August 16, 1993 (to expire October 15, 1993). The provisions of R.1993 d.454 were readopted as R.1993 d.563. See: 25 N.J.R. 4318(a), 25 N.J.R. 5229(c).

Pursuant to Executive Order No. 66(1978), Chapter 17, Producer Licensing, was readopted as R.1998 d.233, effective April 15, 1998. See: 30 N.J.R. 779(a), 30 N.J.R. 1833(a).

Subchapter 5, Transition rules, was repealed by R.2002 d.354, effective November 4, 2002.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

Chapter 17, Producer Licensing, was readopted as R.2003 d.441, effective October 10, 2003. See: Source and Effective Date. See, also, section annotations.

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**SUBCHAPTER 1. GENERAL PROVISIONS**

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

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

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

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

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

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

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

### 11:17-1.2 Definitions

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

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

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

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

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

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

“Authorized submitter” means a person authorized by a producer or applicant to enter the producer or applicant’s information onto electronic online applications, renewals and other electronic transactions that are approved for use by the Department. An authorized submitter shall obtain all information required in the electronic transaction from the applicant or named producer or, for business entities, from a designated licensed responsible producer, officer, director, partner or owner of ten percent or more of the business entity.

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

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

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

“Car rental insurance” means insurance offered, sold or solicited in connection with and incidental to the rental of rental cars for a specified duration, whether at the rental office or by

pre-selection of coverage in master, corporate, group or individual agreements that: is non-transferable; applies only to the rental car that is the subject of the rental agreement; and is limited to the following kinds of insurance:

1. Personal accident insurance for renters and other rental car occupants, for accidental death or dismemberment, and for medical expenses resulting from an accident that occurs with a rental car during the rental period;

2. Liability insurance that provides protection to the renters and other authorized drivers of a rental car for liability arising from the operation or use of the rental car during the rental period;

3. Personal effects insurance that provides coverage to renters and other vehicle occupants for loss of, or damage to, personal effects in the rental car during the rental period; or

4. Roadside assistance and emergency sickness protection insurance.

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

“Controlling interest” means, for purposes of N.J.S.A. 17:22A-32e, that an officer, director, partner or owner of an entity filing for a producer license owns 10 percent or more of that entity.

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

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

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

“Electronic online submission” means the submission of an initial application, renewal, or any other information required by this chapter submitted online through the Department’s website, [www.njdobi.org](http://www.njdobi.org), in accordance with the instructions therein.

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

“Home state” means the District of Columbia and any state or territory of the United States in which an insurance pro-

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

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

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

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

(d) An applicant who files a late renewal request within one year of the license expiration date shall be granted a waiver from the prelicensing education and examination requirement set forth in N.J.A.C. 11:17-3.4 and 3.5.

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

Rewrote the section.  
Amended by R.2006 d.429, effective December 18, 2006.  
See: 38 N.J.R. 2378(a), 38 N.J.R. 5369(a).

Rewrote (a)1; deleted (c); recodified former (d) and (e) as (c) and (d); and in (d), updated the N.J.A.C. references.

#### 11:17-2.6 Additional authorities

(a) A currently licensed individual producer may obtain additional authorities as described in N.J.A.C. 11:17-2.2 by submitting a written request to the Department or by completing an online application, which may be submitted by an authorized submitter, and by providing the following:

1. The producer's name, residence and business addresses, contact information and New Jersey Producer License Reference Number or National Producer Number;

2. If a resident, a certificate evidencing completion of an approved course of prelicensing education, if required, or a certificate evidencing waiver of this requirement, and a certificate evidencing that the applicant has passed the State licensing examination for the authority or authorities requested not longer than one year prior to the application date, or a certificate evidencing waiver of this requirement;

3. If a nonresident, certification from the applicant that he, she or it holds a current license with comparable authority in the home state; and

4. Payment of the processing fee as required by N.J.A.C. 11:17-2.12.

(b) A currently licensed business entity producer may obtain additional authorities as described in N.J.A.C. 11:17-2.2 by submitting a written request to the Department dated, signed and certified to be correct by a licensed officer, partner, owner or designated licensed responsible producer who holds or has applied for that authority or by completing an online application, and by providing the following:

1. The business entity's name, address, contact information and New Jersey Producer License Reference Number or National Producer Number; and, if signed by the designated licensed responsible producer, the New Jersey Producer License Reference Number or National Producer Number of the designated licensed responsible producer;

2. If a nonresident applicant, certification from the applicant that it holds a currently valid license with the comparable authority in its home state; and

3. Payment of the processing fee described in N.J.A.C. 11:17-2.12.

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

Amended by R.2006 d.429, effective December 18, 2006.  
See: 38 N.J.R. 2378(a), 38 N.J.R. 5369(a).

In the introductory paragraph of (a), inserted "a written request to the Department or by completing an online application, which may be submitted by an authorized submitter, and by providing"; rewrote (a)1; in (a)2, inserted "not longer than one year prior to the application date,"; in (a)3, inserted " and" at the end; and rewrote the introductory paragraph of (b) and (b)1.

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

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

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

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

(d) Standards for business names are as follows:

1. No business name shall have the capacity or tendency to be misleading or deceptive;

2. No business name shall be identical or confusingly similar to the business name of another currently licensed resident producer;

3. If the word "insurance" or its equivalent is contained in the name, it must be joined with wording such as "agency" or "brokerage" to distinguish the entity from an insurance underwriting company;

4. No business name shall express or imply any identification or affiliation with a Federal, State or other government entity, including any department, division, bureau or subdivision of such entities nor shall it misleadingly imply identification with a not-for-profit organization;

5. No business name shall consist of or include any franchise designation except in accordance with procedures approved by the Commissioner; and

6. No business name shall contain the name of, or imply any affiliation with, a producer whose license has been revoked, terminated, suspended or voluntarily surrendered for cause.

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

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

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

2. All licensees shall provide in the format prescribed by the Department notification of any change of business

mailing or location address, residence address, phone numbers and email addresses within 30 days of the change and maintain a proof of notification for five years or until receipt of a license or other documentation from the Department showing the new address.

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

(g) A licensee shall advise the Department of a change of any legal name, business name or a change of the address which appears on the license by electronic submission or by submitting a written request signed by the producer or a licensed owner, officer, partner or designated licensed responsible producer of the business entity indicating the change required and, in the event of a name change, appropriate supporting documentation of the change. No fee shall be required for such changes. If the notice is to change a legal or business name of a resident business entity, the business name shall be approved by the Department in accordance with (b) above and the hard copy request shall be accompanied by a copy of the document filed in the Department of Treasury, Division of Revenue Business Services, County Clerk or other authority evidencing that the change has been properly recorded or, if the notice is given by electronic means, a copy of the authority shall be immediately mailed to the Department.

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

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

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

See: 34 N.J.R. 2286(a), 34 N.J.R. 2459(b), 34 N.J.R. 3839(a).

Rewrote the section.

Amended by R.2003 d.441, effective November 3, 2003.

See: 35 N.J.R. 2159(a), 35 N.J.R. 5115(a).

In (f)2, substituted "30" for "20" preceding "days".

Amended by R.2006 d.429, effective December 18, 2006.

See: 38 N.J.R. 2378(a), 38 N.J.R. 5369(a).

In the introductory paragraph of (f), substituted a comma for "and" preceding "residence" and inserted ", phone number and email address,"; in (f)1, inserted ", phone number and, if applicable, email address" two times; in (f)2, substituted a comma for "and" preceding "residence", inserted "phone numbers and email addresses"; and deleted "new or renewed" preceding "license"; and rewrote (g).

#### Case Notes

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

#### 11:17-2.8 Branch offices

(a) Except for licensees with authority in only ticket insurance, group mortgage cancellation insurance, legal insurance, credit insurance, car rental insurance, travel insurance or self-storage personal property insurance, licensees shall file with the Department by hard copy or electronic means a branch office registration form within 30 days before business is first conducted there. A branch office registration form shall be

accompanied by the processing fee specified in N.J.A.C. 11:17-2.12. The appropriate registration form will be prescribed by the Department.

(b) Upon receipt of a properly completed branch office registration form and fee, the Department shall enter information confirming the registration of the branch office into its producer licensing database. Branch office registrations shall expire contemporaneously with the producer's own license. The branch office registration shall not authorize the transaction of business at any location other than that named on the accepted registration form.

(c) The licensee shall advise the Department in writing by hard copy or electronic means of the closing of any branch office within 30 calendar days of the closing.

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

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

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

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

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

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

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

Amended by R.2003 d.441, effective November 3, 2003.

See: 35 N.J.R. 2159(a), 35 N.J.R. 5115(a).

In (a), rewrote the first sentence.

Amended by R.2006 d.429, effective December 18, 2006.

See: 38 N.J.R. 2378(a), 38 N.J.R. 5369(a).

In (a), inserted ", car rental insurance, travel insurance"; rewrote (b); and in (c), substituted "30" for "20" and deleted "by returning the branch office certificate for cancellation" from the end.

### 11:17-2.9 Business relationships

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

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

2. An insurance company contracting with a licensed insurance producer shall be responsible to advise the Department of that relationship by filing a notice within 15 days after execution of the contract or within 15 days after the first insurance application is submitted by the producer, on a

form prescribed by the Department or by using the online appointment and termination system available through the National Insurance Producer Registry, incorporated herein by reference, as amended and supplemented, located at <http://www.licenseregistry.com> containing the company's name and license reference number; the producer's name and license reference number; and the effective date of the contract. The form shall contain the name and title of the company official who signed and certified the notice. The fee set forth in N.J.A.C. 11:17-2.12 for each appointment shall be collected from the insurer.

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

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

5. All appointment notifications shall be renewed with the Department annually on May 1. An insurer shall utilize the online appointment renewal process available through the National Insurance Producer Registry, incorporated herein by reference, as amended and supplemented, located at <http://www.licenseregistry.com>. The renewal appointment fee as set forth in N.J.A.C. 11:17-2.12 shall be collected from the insurer. All active appointments on record with the Department as of April 1 of the same year shall be subject to renewal.

6. The agency contract shall be deemed to continue in effect until a notice of termination of that contract is filed by the insurance company with the Department on a form prescribed by the Commissioner or by using the online appointment and termination system available through the National Insurance Producer Registry, incorporated herein by reference, as amended and supplemented, located at <http://www.licenseregistry.com>. The fee set forth in N.J.A.C. 11:17-2.12 for each termination shall be collected from the insurer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Amended by R.2006 d.429, effective December 18, 2006.

See: 38 N.J.R. 2378(a), 38 N.J.R. 5369(a).

Rewrote (a)2; added new (a)5; recodified former (a)5 through (a)8 as (a)6 through (a)9; and in (a)6, inserted the final sentence.

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

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

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

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

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

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

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

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

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

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

Rewrote the section.

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

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

1. An applicant for an initial individual resident license shall complete an electronic fingerprint scan through the vendor approved by the Department, pay the fees required for its processing, and upon request by the Department, submit proof of completion.

2. An applicant for a resident business entity license shall complete an electronic fingerprint scan through the vendor approved by the Department, pay the fees required for their processing, and upon request by the Department, submit proof of completion for each officer, director, partner and owner of 10 percent or more of the organization. Applicants who contemporaneously submit resident business entity and resident individual applications need not submit duplicates.

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

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

5. Failure to indicate a criminal conviction on the application for an insurance producer's license shall constitute a material misrepresentation and subject a licensee to the penalties provided at N.J.S.A. 17:22A-40a and c and 17:22A-45.

6. All licensed insurance producers shall otherwise comply with the criminal and administrative action reporting requirements set forth at N.J.S.A. 17:22A-40a(18) and 17:22A-47.

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

(c) Licensed business entities shall notify the Department within 30 days of the addition or deletion of any licensed or unlicensed officer, director, partner or owner of 10 percent or more of the licensed organization. For resident business entities, notification of the addition of any unlicensed officer, director, partner or owner of 10 percent or more of the licensed business entity shall be accompanied by properly completed fingerprint forms together with the required fee. Licensed business entities shall retain evidence of notification for a period of five years or, until receipt of documentation from the Department verifying such change, if earlier.

(d) Departure, termination or deletion of licensee officers, directors or partners, which leaves a business entity insurance producer with no licensed officers, directors or partners or with officers, directors or partners who do not have like authorities as the business entity producer, shall make the business entity producer license inactive. Under these circumstances, the business entity license shall be returned immediately to the Commissioner.

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

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

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

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

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

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

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

Amended by R.2006 d.429, effective December 18, 2006.

See: 38 N.J.R. 2378(a), 38 N.J.R. 5369(a).

Rewrote (a)1 and (a)2; in (a)5, inserted "and 17:22A-45"; added (a)6; in the introductory paragraph of (b), inserted "involving funds held on behalf of others"; and in (c), substituted "10" for "five" two times and "For resident business entities, notification" for "Notification".

**11:17-2.12 Fees**

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

1. License fee, not limited line, for a four-year license issued or renewed prior to January 1, 2007: \$300.00;

2. License fee, not limited line, for a biennial license issued or renewed on or after January 1, 2007: \$150.00;

3. License fee for limited line only, for a four-year license issued or renewed prior to January 1, 2007: \$150.00;

4. License fee for limited line only, for a biennial license issued or renewed on or after January 1, 2007: \$75.00;

5. Filing or processing initial application, electronic on-line submission: \$20.00;

6. Filing or processing initial application, paper application: \$40.00;

7. Additional authority filing, electronic online submission: \$20.00;

8. Additional authority filing, paper application: \$40.00;

9. Reinstating terminated license before its stated expiration date, electronic online submission: \$20.00;

10. Reinstating terminated license before its stated expiration date, paper submission: \$40.00;

11. Any branch office registration: \$20.00;

12. License renewal processing fee for paper renewals: \$20.00;

13. Late renewal fee, not limited line: \$100.00;

14. Late renewal fee, limited line: \$50.00;

15. Producer company appointment or termination fee, electronic online submissions: \$25.00;

16. Producer company appointment or termination fee, paper submission: \$35.00; and

17. Producer company appointment renewal fee: \$25.00.

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

(c) Disabled veterans may be exempted from payment of the fees described in (a) above upon submission to the Department of a recent certificate of the United States Veterans

Administration confirming a current service connected disability.

(d) Notwithstanding any action by the Department to the contrary, no license will be deemed issued or renewed if payment of the license fee is subsequently dishonored. In such cases, the Department will provide notice of the fact that funds were dishonored and the status of the application or license to the applicant.

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

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

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

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

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

Amended by R.2003 d.441, effective November 3, 2003.

See: 35 N.J.R. 2159(a), 35 N.J.R. 5115(a).

Added (d).

Amended by R.2006 d.429, effective December 18, 2006.

See: 38 N.J.R. 2378(a), 38 N.J.R. 5369(a).

Rewrote (a).

### 11:17-2.13 Denial of license

(a) Whenever it appears from an application, renewal form, attached documents or Department records that an applicant has not demonstrated the qualifications prescribed in the Act and this chapter, the Department shall advise the applicant in writing that the license requested is denied; shall specify the reason for denial; and shall further advise the applicant of the right to request a hearing in accordance with the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1, and the procedure for doing so.

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

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

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

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

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

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

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

Amended by R.2006 d.429, effective December 18, 2006.

See: 38 N.J.R. 2378(a), 38 N.J.R. 5369(a).

In (a), substituted "renewal" for "renewals" and inserted commas following "et seq." and "N.J.A.C. 1:1".

### Case Notes

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

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

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

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

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

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

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

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

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

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

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

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

Amended by R.2006 d.429, effective December 18, 2006.

See: 38 N.J.R. 2378(a), 38 N.J.R. 5369(a).

In (d), substituted "signed" for "certified".

### Case Notes

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

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

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

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

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

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

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

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

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

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

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

#### 11:17-2.15 Licensee records

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

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

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

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

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

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

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

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

5. Records concerning the medical disability of any licensee;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. The purpose or purposes for which the Department intends to use the social security numbers;
2. That disclosure made pursuant to the request is either voluntary or mandatory; and
3. That the request is authorized by this section and by such other law as may be applicable.

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

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

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

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

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

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

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

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

**SUBCHAPTER 3. PROFESSIONAL QUALIFICATIONS****11:17-3.1 Approval of insurance education program**

(a) Persons and entities that establish programs that include teaching or offering insurance courses to satisfy professional qualification requirements for prelicensing or continuing education for producers shall, prior to conducting such courses, be approved by the Department in accordance with this section.

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

1. The name of the insurance education provider and the address of the permanent program office;
2. The name and address of the sponsoring organization, if any;
3. The name, address and telephone number of the program director or directors, New Jersey producer license reference number(s), if any, and a signed statement from each insurance education director that he or she has read this subchapter, understands his or her responsibilities as an insurance education director, and that he or she is fully responsible for the activity of the insurance education program;
4. The names, addresses and telephone numbers of any authorized personnel;

5. Whether the insurance education provider will teach or offer prelicensing education courses, continuing education courses, or both;

6. The address of any permanent classroom or classrooms to be used by the provider; and

7. Any other information that may be required by the Department to determine whether the provider and the insurance education program meets the requirements for approval.

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

1. The names of all instructors employed by the insurance education provider to teach prelicensing education courses and certify that the producers have completed the prelicensing program together with documentation confirming that each is qualified in accordance with N.J.A.C. 11:17-3.2(a)3;

2. The names of the courses, by license authority, which will be taught by the insurance education provider, if approved;

3. A copy of the enrollment application for the insurance education provider, the student contract, and any other agreement between the insurance education provider and student; and

4. Copies of the course curriculum and a detailed description of the methods that the provider will use to document that the student has satisfactorily completed the course content for each line of authority for which prelicensing education shall be offered.

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

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

1. An inspection of the provider's office and any permanent classroom facility may be conducted prior to approval or the approval may be granted conditioned upon the results of an inspection.

2. Upon approval of an application, the Department shall issue a certificate of approval which shall contain:

- i. The name and approval code number of the insurance education provider;
- ii. An indication as to whether the insurance education provider is approved for prelicensing education, continuing education or both; and

iii. The effective date and expiration date of the approval.

3. An insurance education provider approval shall expire in the fourth year on the last day of the licensing quarter in which it was effective;

4. At least 10 days prior to the renewal date, the provider's insurance education director shall submit a properly completed renewal application; and, if offering pre-licensing education, copies of the course curriculum and a detailed description of the methods that the provider will use to document that the student has satisfactorily completed the course content for each line of authority for which pre-licensing education is offered; and the \$300.00 renewal fee. Applications for renewal shall be reviewed by the Department in accordance with the procedures established in this section for new insurance education provider approval. Failure to submit the renewal application for receipt by the date of expiration shall be deemed to establish that the insurance education provider approval has expired, and the provider is not thereafter authorized to teach or offer insurance courses to satisfy professional qualification requirements for prelicensing or continuing education for producers.

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

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

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

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

Rewrote the section.

Amended by R.2006 d.429, effective December 18, 2006.

See: 38 N.J.R. 2378(a), 38 N.J.R. 5369(a).

In (c)2, deleted "and" from the end; in (c)3, substituted "; and" for the period at the end; added (c)4; and in (e)4, inserted "; and, if offering prelicensing education, copies of the course curriculum and a detailed description of the methods that the provider will use to document that the student has satisfactorily completed the course content for each line of authority for which pre-licensing education is offered;".

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

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

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

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

i. Oversee the program and activities of all instructors and authorized personnel;

ii. Be responsible to carry out or oversee the program's administrative duties imposed by this subchapter;

iii. Receive and distribute to all instructors, authorized personnel and students communications from the Department and the Department's contract vendor; and

iv. Notify the Department in writing of any change to the insurance education provider's application or renewal information, including, but not limited to, changes in the insurance education provider's name, address or telephone number, as well as the identity of the authorized insurance education director or authorized personnel.

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

i. Hold a recognized professional designation; or

ii. Have passed the New Jersey instructor examination; or

iii. Be a faculty member of an accredited college or university teaching insurance courses;

4. Be permitted to use substitute teachers, special lecturers or guest speakers to instruct on particular topics, so long as the insurance education provider fulfills the record-keeping and reporting requirements imposed by this subchapter. For prelicensing education courses, the use of substitute teachers, special lecturers or guest speakers shall not collectively exceed 25 percent of the total course hours.

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

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

7. Conduct and administer courses in a manner reasonably calculated to assure that certificates or reports of courses attended and completed accurately reflect the students' attendance, for classroom courses of study, and per-

formance. For classroom or seminar prelicensing education or continuing education offerings, an instructor shall be physically present in the classroom during the entire course including any tests or examinations;

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

9. If approved to teach prelicensing courses, provide remedies for students who have failed the State licensing examination, which may include review courses or additional full courses at reduced rates. Each provider offering prelicensing education courses shall provide each prospective student a written outline of available remedies during the registration process or earlier upon request; and

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

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

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

1. The program name and program code number;
2. The student's name;
3. The name of the course and the hours of study;
4. A statement from the instructor, authorized personnel, or the insurance education director of the program verifying completion of the course and that, based upon the

results of an objective evaluation, the instructor is satisfied that the student knows the material; and

5. The course completion date.

(d) An approved insurance education program shall issue to each student who has successfully completed a continuing education course a certificate verifying completion of the course. The certificate may be provided by electronic means and shall contain the following:

1. The name and provider authorization number of the approved education provider;
2. The course name and authorization code;
3. The student's name and New Jersey license reference number;
4. The course completion date; and
5. The signature of the course instructor or authorized insurance education director of the approved education provider, or other verification that the certificate was issued by an approved education provider.

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

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

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

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

Added a new (k) and appendix.

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

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

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

Amended by R.2003 d.441, effective November 3, 2003.

See: 35 N.J.R. 2159(a), 35 N.J.R. 5115(a).

In (a), rewrote the introductory paragraph in 3, added a new 4 and recodified former 4 through 9 as 5 through 10.

Amended by R.2006 d.429, effective December 18, 2006.

See: 38 N.J.R. 2378(a), 38 N.J.R. 5369(a).

In (a)5, substituted "When using" for "Use" and "provide" for "with"; in (a)7, inserted "for classroom courses of study," substituted "For" for "Except as may be provided consistent with the provisions of N.J.A.C. 11:17-3.4(k), for prelicensing education and for", and inserted "prelicensing education or"; in (a)9, inserted "Each provider offering prelicensing education courses shall provide each prospective student a written outline of available remedies during the registration process or earlier upon request"; in (c)4, substituted "A statement from" for "signatures of the student and" and "verifying completion of the course and that, based upon the results of an objective evaluation, the instructor is satisfied that the student knows the material; and" for the semicolon at the end; in (c)5, substituted a period for "and"; deleted (c)6; and added (d).

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

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

(b) Any denial of an application for approval of insurance education provider's program, or any proposal to revoke or suspend approval of insurance education provider's program, shall be in writing, and shall advise the applicant of his or her

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

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

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

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

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

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

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

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

Amended by R.2006 d.429, effective December 18, 2006.

See: 38 N.J.R. 2378(a), 38 N.J.R. 5369(a).

In (a), inserted "travel insurance, car rental insurance,;" in the introductory paragraph of (b), deleted a comma following "include"; rewrote (b)2, (b)3i, (b)4, (b)8, and the introductory paragraph of (b)10; in (b)10i, substituted "Lists" for "Alphabetical lists"; in (b)14, inserted "Banking and"; rewrote (b)17; deleted former (c) and (d); and recodified former (e) and (f) as new (c) and (d).

### 11:17-3.6 Continuing education

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

1. For licenses initially issued on or after January 1, 2007 and, subject to (a)2 below, for renewals on or after January 1, 2007, no resident individual insurance producer licensed with life, accident and health or sickness, property, casualty, surplus lines, title, variable life and variable

annuity or personal lines authority shall be renewed unless the renewal applicant demonstrates that he or she has completed 24 credit hours of approved continuing education courses during the previous license term, three of which shall have been in approved courses related to professional ethics.

2. During the transition period from four-year license terms to two-year license terms based upon the individual producer's date of birth as set forth in N.J.A.C. 11:17-2.1(b), if the term of their expiring license was four years, in order to qualify for renewal, a resident individual producer licensee shall demonstrate that he or she has completed 48 hours of continuing education credits during the prior license term, six of which shall have been in approved courses related to professional ethics or fraud. If the term of their expiring license was two years or is a transitional term as described in N.J.A.C. 11:17-2.1(b), in order to qualify for renewal, such a licensee shall demonstrate that he or she has completed 24 credit hours of continuing education courses during the previous license term, three of which shall have been in approved courses related to professional ethics.

3. With respect only to the first renewal following the initial issuance or initial renewal of a license on or after January 1, 2007, no resident individual insurance producer with property authority who writes flood insurance shall be renewed unless the renewal applicant demonstrates that, as part of their total continuing education obligation as set forth above, he or she has completed a three credit hour approved continuing education course related to flood insurance and the National Flood Insurance Program during the previous license term.

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

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

(d) Producers satisfying credit requirements in a state other than New Jersey will be considered to have satisfied New Jersey's continuing education requirements if the home state

recognizes the satisfaction of its continuing education requirements imposed upon New Jersey producers on the same basis.

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

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

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

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

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

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

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

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

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

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

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

v. For interactive, online courses:

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

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

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

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

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

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

3. Effective January 1, 2007, each request for approval of a continuing education course shall be charged a processing fee of \$20.00. The Commissioner may determine the billing and collection format for periodic collection of course processing fees from providers.

4. The Department shall notify the insurance education provider of approval or disapproval of courses submitted for continuing education credits. In the event of disagreement with the decision, the insurance education director may, within 30 days of receipt of notice from the Department, supply the Department with a written request for reevaluation supported by reasons for disagreement with the decision and such additional information as may be appropriate. The Department shall promptly reevaluate the course and advise the insurance education director of the result of the reevaluation.

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

6. Effective January 1, 2007, courses approved pursuant to this subsection shall be approved for a period of time that shall expire at the time that the education provider's approval expires pursuant to N.J.A.C. 11:17-3.1(e)3. If the provider wishes to continue to use the course following expiration, it must submit a request to renew the approval of the course in a format prescribed by the Department and pay a renewal fee of \$10.00. The Commissioner may determine the billing and collection format for periodic collection of course approval renewal processing fees from providers.

(g) The insurance education director or authorized personnel for an approved insurance education provider shall report the names and producer license reference number of those persons completing each continuing education course within 15 days of course completion or certification of continuing education credits, whichever is later, either in hard copy or through electronic submission. The instructor teaching the course may be deemed to have completed it for the purpose of securing continuing education credit. Instructors may only

receive credit once for teaching any one approved course once during each license cycle. The report shall be made to the Department, or its designee, in a format prescribed by the Department, and shall include the following information:

1. The insurance education provider name and school code;
2. The name and code number of the continuing education course and date completed; and
3. The number of continuing education credits as certified by the Department.

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

(i) At least once each year, the Department, or its designee, shall issue to individual resident producers an accounting which shall identify and include the information in (i)1 through 4 below. Written notification to the licensee that the information is available at any time via a secure Internet connection shall satisfy the requirements of this provision.

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

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

(k) In the event the producer asserts that credit has not been recorded for a certified continuing education course completed prior to the renewal of the producer's license, it shall be the sole responsibility of the producer to request the insurance education provider of the approved program where the course was taken to file with the Department, or its designee, a supplemental report of continuing education credits.

(l) Attorneys who are licensed for title insurance only on November 4, 2002 shall submit to the Department, at least three months but not more than one year prior to renewal, a certificate of good standing issued by the Clerk of the Supreme Court of New Jersey accompanied by a completed

form prescribed by the Department, which provides the attorney's name, producer reference number, date of birth, social security number and license expiration date. Attorneys who as of November 4, 2002, are licensed for title insurance only, shall have until the second renewal following November 4, 2002 to comply with the continuing education requirements of this section.

Public Notice: operative date delayed until May 1, 1991.  
See: 22 N.J.R. 662(b).  
Amended by R.1991 d.218, effective April 15, 1991 (operative May 1, 1991).

See: 23 N.J.R. 287(a), 23 N.J.R. 1133(a).

Added "For example, annual maintenance of the certified insurance counselor designation shall, upon approval of the program, satisfy the continuing education requirements of this paragraph." to (c)4.

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

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

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

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

In (a), added last two sentences; in (c)1, substituted "Consultant" for "Counselor"; and in (g), updated address information.

Recodified from N.J.A.C. 11:17-3.4 by R.2002 d.354, effective November 4, 2002.

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

Rewrote the section.

Amended by R.2003 d.441, effective November 3, 2003.

See: 35 N.J.R. 2159(a), 35 N.J.R. 5115(a).

In (a), inserted "those 24" following "and six of" in the first sentence.

Amended by R.2006 d.429, effective December 18, 2006.

See: 38 N.J.R. 2378(a), 38 N.J.R. 5369(a).

Rewrote the introductory paragraph of (a); added (a)1 through (a)3; in (e), substituted "license period" for "four years"; added new (f)3; and recodified former (f)3 and (f)4 as new (f)4 and (f)5; deleted former (f)5; added (f)6; in (g), substituted "15" for "30", inserted "either in hard copy or through electronic submission" and deleted "four-year" preceding "license cycle"; in (h), substituted "in" for "on" and "format" for "form"; rewrote the introductory paragraph of (i); and in (k), deleted the first sentence and inserted "completed prior to the renewal of the producer's license."

**11:17-3.7 (Reserved)**

Amended by R.1998 d.153, effective April 6, 1998.

See: 29 N.J.R. 5259(a), 30 N.J.R. 1318(a).

In (a)1, inserted a reference to a Chartered Financial Consultant designation.

Recodified from N.J.A.C. 11:17-3.5 by R.2002 d.354, effective November 4, 2002.

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

Rewrote the section.

Repealed by R.2006 d.429, effective December 18, 2006.

See: 38 N.J.R. 2378(a), 38 N.J.R. 5369(a).

Section was "Recognized professional designations".

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SUBCHAPTER 4. (RESERVED)

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SUBCHAPTER 5. (RESERVED)

FORM B

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE
License Processing
PO BOX 327
Trenton, New Jersey 08625-0327

NOTICE OF TERMINATION OF MANAGING GENERAL AGENT

To: Commissioner of Insurance, State of New Jersey

From: [Company Reference No.] [Name of Company]

The undersigned hereby gives notice of the termination of the agency contract between this company and the insurance producer named below:

[Insurance Producer Reference No.] THIS INFORMATION MAY NOT BE OMITTED

PRINT Name of Insurance Producer (Last, First, Middle)

Said contract terminated on [month] [day] [Year] Termination Date

Reason for Termination: [ ]

If the reason for termination is agent misconduct, mail an additional copy of this form to: Director of Enforcement, Department of Insurance, CM 323, Trenton, NJ 08625-0325

Authorized Company Signature [Date] [Phone Number]

[Print Name and Title] [Office Address]

[Date]

DT630/IN/BR0P/m/2

Amended by R.1993 d.563, effective November 15, 1993. See: 25 N.J.R. 4318(a), 25 N.J.R. 5229(c). Amended by R.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 and B.

11:17-7.1 Purpose and scope

This subchapter implements the provisions of N.J.S.A. 17:22E-1 et seq. This subchapter sets forth the procedures for the regulation of certain persons, firms, associations or corporations who act as reinsurance intermediaries and for insurers which transact business through a reinsurance intermediary.

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

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

SUBCHAPTER 7. REINSURANCE INTERMEDIARIES

Authority

N.J.S.A. 17:1-8.1, 17:1C-6(e) and P.L. 1993, c.244.

Source and Effective Date

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

Subchapter Historical Note

Subchapter 7, Reinsurance Intermediaries, was adopted as emergency new rules R.1993 d.455, effective August 16, 1993 (to expire October 15, 1993). See: 25 N.J.R. 4323(a). The provisions of R.1993 d.455 were readopted as R.1993 d.564. See: Source and Effective Date.

11:17-7.2 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.

"Controlling person" means a person which directly or indirectly has the power to direct, or cause to be directed,

the management, control or activities of the reinsurance intermediary.

"Insurer" means:

1. A corporation, association, partnership, reciprocal, exchange, interinsurer, Lloyd's insurer, fraternal benefit society or other person engaged in the business of insurance pursuant to N.J.S.A. 17:17-1 et seq. or 17B:17-1 et seq.;

2. A medical service corporation operating pursuant to N.J.S.A. 17:48A-1 et seq.;

3. A hospital service corporation operating pursuant to N.J.S.A. 17:48-1 et seq.;

4. A health service corporation operating pursuant to N.J.S.A. 17:48E-1 et seq.; and

5. A dental service corporation operating pursuant to N.J.S.A. 17:48C-1 et seq.

"Producer" means a person engaged in the business of an insurance agent, insurance broker or insurance consultant pursuant to N.J.S.A. 17:22A-1 et seq.

"Reinsurance intermediary" means a reinsurance intermediary-broker or a reinsurance intermediary-manager.

"Reinsurance intermediary-broker" means a person, other than an officer or employee of the ceding insurer, which solicits, negotiates or places reinsurance cessions or retrocessions on behalf of a ceding insurer without the authority or power to bind reinsurance on behalf of that insurer.

"Reinsurance intermediary-manager" means a person which has authority to bind or manages all or part of the assumed reinsurance business of a reinsurer, including the management of a separate division, department or underwriting office, and acts as an agent for that reinsurer whether known as a reinsurance intermediary-manager, manager or other similar term, except that the following persons shall not be considered a reinsurance intermediary-manager, with respect to that reinsurer, for the purposes of this subchapter:

1. An employee of the reinsurer;
2. A United States manager of a United States branch of an alien reinsurer;
3. An underwriting manager which, pursuant to contract, manages all or part of the reinsurance operations of the reinsurer, is under common control with the reinsurer, subject to N.J.S.A. 17:27A-1 et seq.; and whose compensation is not solely based on the volume of premiums written;

4. The manager of a group, association, pool or organization of insurers which engages in joint underwriting or joint reinsurance and who are subject to examination by the insurance commissioner or other similar regulatory officer of the state in which the manager's principal business office is located;

5. A licensed attorney-at-law who negotiates contracts or provides general financial counsel provided no commission or brokerage fee is provided.

"Reinsurer" means any person which engages in the activity of insuring part or all of an insurance risk from an originating or ceding insurer.

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

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

In "Insurer" definition, inserted an N.J.S.A. reference.

### 11:17-7.3 Requirements for reinsurance intermediaries

(a) No person shall act as a reinsurance intermediary in this State unless licensed as a producer in this State, with authority for the kind and kinds of business to be transacted. The Commissioner may authorize a person to act as a reinsurance intermediary if that person has complied with the requirements of this section and N.J.A.C. 11:17-7.4.

1. An authorization issued to a firm or association shall authorize all members of the firm or association and any designated employee to act as reinsurance intermediaries under the authorization, and all those persons shall be named in the application and any supplements thereto.

2. An authorization issued to a corporation shall authorize all of the officers, and any designated employee and directors thereof, to act as reinsurance intermediaries on behalf of the corporation, and all those persons shall be named in the application and any supplements thereto.

(b) Any firm, association or corporation licensed as a producer in this State, wishing to be authorized as a reinsurance intermediary shall submit the following:

1. A properly completed application (see Appendix Form C, incorporated herein by reference) requesting authorization to act as a reinsurance intermediary. The application shall be signed, dated and certified to be correct by a licensed officer of the corporation;

i. Applications submitted by a firm or association shall provide in the application the names and New Jersey insurance producer reference numbers of all members of the firm/association and any designated employees, who are licensed as producers to act as reinsurance intermediaries on behalf of the corporation;

ii. Applications submitted by corporations shall provide in the application the names and New Jersey insurance producer reference numbers of all of the officers and any designated employees and directors thereof, who are licensed as producers to act as reinsurance intermediaries on behalf of the corporation;

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.