

CHAPTER 17E
PERSONS EMPLOYED IN THE
BUSINESS OF INSURANCE

Authority

N.J.S.A. 2A:168A-1 et seq., 17:1-8.1, 17:1-15e, and
17:22A-26 et seq.; and 18 U.S.C. §§1033 and 1034.

Source and Effective Date

R.2007 d.132, effective April 3, 2007.
See: 39 N.J.R. 156(a), 39 N.J.R. 1737(a).

Chapter Expiration Date

In accordance with N.J.S.A. 52:14B-5.1c, Chapter 17E, Persons
Employed in the Business of Insurance, expires on September 30, 2014.
See: 46 N.J.R. 676(a).

Chapter Historical Note

Chapter 17E, Persons Employed in the Business of Insurance, was
adopted as new rules by R.2001 d.459, effective December 3, 2001.
See: 33 N.J.R. 2021(a), 33 N.J.R. 4108(b).

Chapter 17E, Persons Employed in the Business of Insurance, was
readopted as R.2007 d.132, effective April 3, 2007. See: Source and
Effective Date.

In accordance with N.J.S.A. 52:14B-5.1b, Chapter 17E, Persons
Employed in the Business of Insurance, was scheduled to expire on
April 3, 2014. See: 43 N.J.R. 1203(a).

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SUBCHAPTER 1. CONVICTED PERSONS; WAIVERS

11:17E-1.1 Purpose and scope

(a) The purpose of this chapter is to implement 18 U.S.C. § 1033, a Federal statute which provides that no person having been convicted of a felony involving dishonesty or breach of trust or an offense under 18 U.S.C. § 1033 shall engage in the business of insurance without having first obtained the written consent of the Commissioner or his or her designee.

(b) This subchapter shall apply to any person employed in any capacity in the business of insurance.

(c) This subchapter applies to all insurers doing business in this State pursuant to Title 17, 17B, or 26 of the New Jer-

sey Statutes, or any risk retention group or purchasing group operating pursuant to the "Liability Risk Retention Act of 1986," 18 U.S.C. §§ 3901 et seq., or other similar risk retention organization organized pursuant to State law.

11:17E-1.2 Definitions

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

"Breach of trust" means any criminal act that includes, in any degree, an element of:

1. Theft, misuse, conversion, misapplication, embezzlement, misappropriation of property of another;
2. Defalcation as trustee, administrator, executor, conservator, receiver, guardian, agent, employee, partner, officer, director or public servant; or
3. Abuse of any position, title or office held in, or the property of any public, private or charitable entity.

"Business of insurance" means the writing of insurance or the reinsuring of risks by an insurer, including all acts necessary or incidental to such writing of insurance or reinsurance, and the activities of any person who acts as, or is, an officer, director, agent, or employee of an insurer, producer, or any other person authorized to act on behalf of such persons, including independent contractors of insurers.

"Commissioner" means the Commissioner of the New Jersey Department of Banking and Insurance or his or her designee.

"Conviction" means a finding of guilty or a plea of guilty, *on vult, nolo contendere* or no contest in a criminal court of the United States of America or in any state, commonwealth or possession. Deferred adjudication and conditional discharges are not convictions.

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

"Dishonesty" means any act, omission or commission, which involves or in any way constitutes the offense of theft, larceny, robbery, wrongful appropriation, criminal conversion, tax evasion, perjury, bribery, forgery, defalcation, counterfeiting, false or misleading oral or written statements, deception, fraud, schemes or other artifices to deceive or defraud, material misrepresentation and/or the failure to disclose material facts which are part of a criminal enterprise.

"Felony" means the following:

1. Any Federal crime for which the maximum authorized punishment exceeds one year of imprisonment;
2. Any crime identified as an offense of the first, second, third or fourth degree pursuant to N.J.S.A. 2C:1-4 and 43-1;

3. Any crime identified as a high misdemeanor or misdemeanor by Title 2A of the New Jersey Statutes for which the maximum authorized punishment exceeds one year incarceration; or

4. Any crime in any other state, commonwealth, territory or possession that is identified as a felony in that state, commonwealth, territory or possession, or, if not identified as a felony in said other jurisdiction, any offense for which the maximum authorized punishment exceeds one year incarceration.

“Insurer” means:

1. Any corporation, association, partnership, reciprocal exchange, interinsurer, Lloyd’s insurer, fraternal benefit society or other person engaged in the business of insurance pursuant to Subtitle 3 of Title 17 of the Revised Statutes (N.J.S.A. 17:17-1 et seq.), or Subtitle 3 of Title 17B of the New Jersey Statutes (N.J.S.A. 17B:17-1 et seq.);

2. Any medical service corporation operating pursuant to P.L. 1940, c.75 (N.J.S.A. 17:48A-1 et seq.);

3. Any hospital service corporation operating pursuant to P.L. 1938, c.366 (N.J.S.A. 17:48-1 et seq.);

4. Any health service corporation operating pursuant to P.L. 1985, c.236 (N.J.S.A. 17:48E-1 et seq.);

5. Any dental service corporation operating pursuant to P.L. 1968, c.305 (N.J.S.A. 17:48C-1 et seq.);

6. Any dental service organization operating pursuant to P.L. 1979, c.478 (N.J.S.A.17:48D-1 et seq.);

7. Any insurance plan operating pursuant to P.L. 1970, c.215 (N.J.S.A. 17:29D-1);

8. The New Jersey Insurance Underwriting Association operating pursuant to P.L. 1968, c.129 (N.J.S.A. 17:37A-1 et seq.); and

9. Any risk retention group or purchasing group operating pursuant to the “Liability Risk Retention Act of 1986,” 15 U.S.C. §§ 3901 et seq.

“Insurance producer” means any person, persons or corporation licensed in the business of an insurance agent, insurance broker or insurance consultant.

“Prohibited person” is any person convicted of a felony involving dishonesty or breach of trust who is prohibited from being employed by an insurer in the business of insurance pursuant to 18 U.S.C. § 1033.

“Waiver” means a written order signed by the Commissioner or his or her designee that permits an otherwise prohibited person to be employed by a specific employer in a specified title, job or position in the business of insurance issued in accordance with 18 U.S.C. § 1033(e)(2).

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 “Business of insurance”, deleted “limited insurance representative” preceding “or any other person”; deleted “Limited insurance representative”.

11:17E-1.3 Prohibited activities; requirement to obtain waiver; determination of appropriate state

(a) No person having been convicted of a felony involving breach of trust or dishonesty or having been convicted under 18 U.S.C. § 1033 shall be employed in the business of insurance in this State in any capacity without having first obtained a waiver from the Commissioner or his or her designee in accordance with the provisions of 18 U.S.C. § 1033(e)(2) and this subchapter.

(b) No insurer, producer, or any other person or independent contractor involved in the business of insurance in this State shall employ any prohibited person in any capacity without having first ensured that said prohibited person has obtained a waiver in accordance with 18 U.S.C. § 1033(e)(2) and this subchapter.

(c) All prohibited persons seeking to obtain a waiver in accordance with (a) above shall complete and file “Application for Waiver Short Form” or “Application for Waiver Comprehensive Form,” set forth in Exhibits A and B respectively in the Appendix to this chapter and incorporated herein by reference, together with the processing fee of \$59.00 to:

New Jersey Department of Banking and Insurance
1033 Compliance
PO Box 324
Trenton, NJ 08625-0324

(d) This State shall be deemed to be the appropriate state from which an applicant shall obtain a waiver where:

1. The applicant will be employed in the business of insurance in this State;

2. The applicant would be required to obtain a producer’s license to do business in this State; or

3. The applicant is or will be an officer, director or employee of a domestic insurer, reinsurer, producer, third-party administrator or independent contractor performing substantial insurance related activities for a domestic insurer or producer.

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 (b), deleted “limited insurance representative,” preceding “or any other person”; in (d), deleted “or limited insurance representative registration” in 2 and deleted “or limited insurance representative” in 3.

11:17E-1.4 Applications, general provisions and maintenance of records

(a) Except as provided in (b) below, all prohibited persons who are, or seek to be, employed in the business of insurance in any capacity in this State shall complete and file an application for waiver using the Initial Application (Short Form), set forth as Exhibit A in the Appendix to this chapter and available on the Department website at <http://www.state.nj.us/dobi/inslic.htm>.

(b) The following prohibited persons when seeking a waiver shall complete and file the “Comprehensive Form,”