

1. The statement or report contains substantially similar information required to be furnished on Exhibit B; and

2. The filing insurer is the principal insurer in the insurance holding company system.

(b) An insurer filing a registration statement or report in lieu of Exhibit B on behalf of an affiliated insurer shall provide a brief statement of facts to substantiate the filing insurer's claims that it, in fact, is the principal insurer in the insurance holding company system.

(c) With the prior approval of the Commissioner, an unauthorized insurer may follow any of the procedures which could be done by an authorized insurer under paragraph (a) above.

(d) Except as provided at (c) above, any insurer may make consolidated or alternate filings as set forth in this section without the prior approval of the Commissioner. The Commissioner, however, may require individual filings at any time if he or she deems such filings necessary in the interest of clarity, ease of administration or the public good.

11:1-35.9 Disclaimers and termination of registration

(a) A disclaimer of affiliation or a request for termination of registration claiming that a person does not, or will not upon the taking of some proposed action, control another person (hereinafter referred to as the "subject") shall contain the following information:

1. The number of authorized, issued and outstanding voting securities of the subject;

2. With respect to the person whose control is denied and all affiliates of such person, the number and percentage of shares of the subject's voting securities which are held of record or known to be beneficially owned, and the number of such shares concerning which there is a right to acquire, directly or indirectly;

3. All material relationships and bases for affiliation between the subject and the person whose control is denied and all affiliates of such person; and

4. A statement explaining why such person should not be considered to control the subject.

(b) A request for termination of registration shall be deemed to have been granted unless the Commissioner, within 30 days after receipt of the request, notifies the registrant otherwise.

11:1-35.10 Transactions subject to prior notice

(a) An insurer required to give notice of a proposed transaction pursuant to N.J.S.A. 17:27A-4 shall furnish the required information as set forth in Exhibit D within the applicable time frames set forth in N.J.S.A. 17:27A-4.

(b) Notification of extraordinary dividends and any other ordinary dividend distribution to shareholders shall include the following information:

1. The amount of the proposed dividend;

2. The date established for payment of the dividend;

3. A statement as to whether the dividend is to be in cash or other property. If the dividend is in property, a description thereof shall be provided, as well as a description of its cost, fair market value, and an explanation of the basis for valuation;

4. A copy of the work paper calculations determining whether the proposed dividend is an extraordinary dividend as defined in N.J.S.A. 17:27A-4c(2)(b). The work paper shall include the following information:

i. The amounts, dates and form of payment of all dividends or distributions (including regular dividends but excluding distributions of the insurer's own securities) paid within the period of 12 consecutive months ending on the date fixed for payment of the proposed dividend for which approval is sought and commencing on the day after the same day of the same month in the last preceding year;

ii. The insurer's surplus as regards policyholders (total capital and surplus) as of the 31st of December next preceding;

iii. If the insurer is a life insurer, the net gain from operations less realized capital gains for the 12-month period ending the 31st day of December next preceding; and

iv. If the insurer is not a life insurer, the net income less realized capital gains for the 12-month period ending the 31st day of December next preceding;

5. A balance sheet and statement of income for the period intervening from the last annual statement filed with the Commissioner and the end of the month preceding the month in which the request for dividend approval is submitted;

6. A brief statement as to the effect of the proposed dividend upon the insurer's surplus and the reasonableness of surplus in relation to the insurer's outstanding liabilities and the adequacy of surplus relative to the insurer's financial needs; and

7. The non-refundable filing fee as set forth at N.J.A.C. 11:1-32.4(b)14.

11:1-35.11 Adequacy of surplus

In determining the adequacy and reasonableness of an insurer's surplus, the Commissioner shall consider the factors set forth in N.J.S.A. 17:27A-4b, among others, and need not consider any single factor as necessarily controlling. The Commissioner may consider the net effect of all of these factors plus other factors bearing on the financial

condition of the insurer. In comparing the surplus maintained by other insurers, the Commissioner shall consider the extent to which each of these factors varies from company to company and in determining the quality and liquidity of investments in subsidiaries, the Commissioner shall consider the individual subsidiary and may discount or disallow its valuation to the extent that, in his or her judgment, the individual investment so warrants.

11:1-35.12 Pre-acquisition notification

(a) If a domestic insurer, including any person controlling a domestic insurer, is proposing a merger or acquisition pursuant to N.J.S.A. 17:27A-2a, that person shall file a pre-acquisition notification form, in the form of Appendix Exhibit E, incorporated herein by reference.

(b) If a non-domiciliary insurer licensed to do business in this State is proposing a merger or acquisition pursuant to N.J.S.A. 17:27A-4.1, that person shall file a pre-acquisition notification form in the form of Exhibit E. No pre-acquisition notification form need be filed if the acquisition is not subject to N.J.S.A. 17:27A-4.1 as set forth in N.J.S.A. 17:27A-4.1b(2).

(c) In addition to the information required by Exhibit E, the Commissioner may require the filer to provide, or otherwise may obtain, an expert opinion as to the competitive impact of the proposed acquisition.

New Rule, R.1997 d.12, effective January 6, 1997. See: 28 N.J.R. 4700(a), 28 N.J.R. 129(b). Former section recodified as N.J.A.C. 11:1-35.13.

11:1-35.13 Penalties

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

Recodified from 11:1-35.12 by R.1997 d.12, effective January 6, 1997. See: 28 N.J.R. 4700(a), 29 N.J.R. 129(b).

APPENDIX

EXHIBIT A

FORM A

STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR MERGER WITH A DOMESTIC INSURER

Name of Domestic Insurer

BY

Name of Acquiring Person (Applicant)

filed with the Insurance Department of the State of

NEW JERSEY

Dated: _____, 19__

Name, title address and telephone number of Individual to Whom Notices and Correspondence Concerning this Statement Should be Addressed:

ITEM 1. INSURER AND METHOD OF ACQUISITION

State the name and address of the domestic insurer to which this application relates and a brief description of how control is to be acquired.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) State the name and address of the applicant seeking to acquire control over the insurer.

(b) If the applicant is not an individual, state the nature of its business operations for the past five years or for such lesser period as such person and any predecessors thereof shall have been in existence. Briefly describe the business intended to be done by the applicant and the applicant's subsidiaries.

(c) Furnish a chart or listing clearly presenting the identities of the inter-relationships among the applicant and all affiliates of the applicant, regardless of the amount of the affiliate's total assets. Indicate in such chart or listing the percentage of voting securities of each such person which is owned or controlled by the applicant or by any other such person. If control of any person is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (for example, corporation, trust, partnership) and the state or other jurisdiction of domicile. If court proceedings involving a reorganization or liquidation are pending with respect to any such person, indicate which person, and set forth the title of the court, nature of proceedings and the date when commenced.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT.

State the following with respect to (1) the applicant if (s)he is an individual; (2) all persons who are directors, executive officers or owners of 10 percent or more of the voting securities of the applicant if the applicant is not an individual; (3) all general partners of the applicant if the applicant is a limited partnership; or (4) all members of the applicant if the applicant is a limited liability company.

(a) Name and business address;

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

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

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

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

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

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

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

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

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

[Name of Licensee]

[_____] President—if corp.]

[Individual or Partner]

attest _____
[_____] Secretary—if corp.]

[Witness—if individual or partnership]

[Surety company]
By: _____
[Attorney in Fact]

to
The State of New Jersey
Under the Public Adjusters' Licensing Act
P.L. 1993, c.66 (N.J.S.A. 17:22B-1 et seq.)
Filed _____, 19__

Commissioner of Insurance

SUBCHAPTER 38. OVERSIGHT OF FIREMEN'S RELIEF ASSOCIATIONS

Authority

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

Source and Effective Date

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

11:1-38.1 Purpose and scope

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

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

11:1-38.2 Definitions

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

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

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

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

“Department” means the New Jersey Department of Insurance.

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

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

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

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

11:1-38.3 Filing requirements

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

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

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

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

11:1-38.4 Audit and filing requirements

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

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

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

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

(d) The State Association shall have an annual audit of its operations by an independent certified public accountant. Such audit shall be conducted for the same purpose, conducted in the same manner, subject to the same standards, and filed with the Commissioner in the same manner, as audits of local relief associations. The audit report shall be filed with the Commissioner no later than three months after the end of the State Association’s fiscal year.

2. The surety shall not have been found to be in a hazardous financial condition by the Commissioner, its domiciliary jurisdiction, and all jurisdictions in which it is licensed, as determined pursuant to N.J.A.C. 11:2-27 or such equivalent requirements in other jurisdictions in which the surety is domicile and admitted;

3. The surety's net premium written to surplus as to policyholders shall not exceed a 3:1 premium to surplus ratio, and loss and loss adjustment expense reserve liability to surplus shall not exceed a 4:1 ratio as of the date of its most recently filed annual statement;

4. The surety shall satisfy, at a minimum, the statutorily prescribed minimum capital and surplus or net cash asset requirements for all lines of insurance that it is authorized to write pursuant to the certificate of authority issued by its domiciliary jurisdiction and all states in which it is licensed to transact business;

5. The surety shall not have received from the NAIC a "first priority" designation for the calendar year ending December 31 immediately preceding its application date;

6. If the surety is a member of an insurance holding company system, its parent or subsidiary shall not have received from the NAIC a "first priority" designation; and

7. The surety shall not have been identified as "second or third priority" and/or failed four or more Insurance Regulatory Information System (IRIS) tests, unless the applicant demonstrates to the Commissioner and its domiciliary jurisdiction that these IRIS test results and/or "priority" identification are not indicative of the applicant being in a hazardous financial condition.

(c) The Department shall publish in the New Jersey Register a list of surety companies that satisfy the requirements set forth in (a) and (b) above in or about September of each year.

(d) A surety seeking to continue to be listed by the Department as having satisfied the requirements set forth in (b) above shall file with the Department a certification in the format of Appendix B to this subchapter no later than August 1 of each year.

(e) Applications and renewal applications to be listed by the Department shall be sent to:

New Jersey Department of Insurance
 Attention: Surety Company List
 20 West State Street
 CN 325
 Trenton, NJ 08625-0325

11:1-41.5 Penalties

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

APPENDIX A

Rating Company	Three Highest Rating Categories	Ratings Within Three Highest Categories
A.M. Best Company	Best's Ratings: 1. Superior 2. Excellent 3. Very Good ----OR----	A + + , A + A, A- B + + , B +
	Financial Performance Rating: 1. Strong 2. Above average 3. Average	9, 8 7, 6 5
Standard & Poor's	1. Superior 2. Excellent Financial Security 3. Good Financial Security	AAA AA + , AA, AA- A + , A, A-
Moody's	1. Exceptional 2. Excellent 3. Good	Aaa Aa1, Aa2, Aa3 A1, A2, A3
Duff and Phelps Credit Rating Company	1. Highest claims pay- ing ability 2. Very high claims paying ability 3. High claims paying ability	AAA AA + , AA, AA- A + , A, A-
Weiss	1. Excellent 2. Good 3. Fair	A + , A, A- B + , B, B- C + , C, C- (also includes the above rat- ings with "s" prefix)
Fitch	1. Extremely strong 2. Very strong 3. Strong	AAA AA A

APPENDIX B

REQUEST FOR LISTING BY NEW JERSEY

DEPARTMENT OF INSURANCE AS ACCEPTABLE SURETY FOR PROVISION OF BONDS ON PUBLIC CONTRACTS PURSUANT TO P.L. 1995, C.384

COMPANY NAME ADDRESS

TELEPHONE NO. COMPANY NAIC NUMBER

GROUP NAME GROUP NAIC NUMBER

I, hereby file this certification on behalf of in connection with this company's application to be listed by New Jersey Department of Insurance for purposes of providing payment and performance bonds pursuant to P.L. 1995, c. 384. I further certify that I am authorized to execute this certified statement on behalf of

(Name of Surety)

PART I

1. The above-referenced surety is listed in the most recent United States Treasury Circular 570 issued July 1 of each year. Yes No

If yes, go to Part III; if no, complete Part II.

PART II

1. The above-referenced surety is currently licensed to transact business in the following jurisdictions for the following lines:

Table with 2 columns: Jurisdiction, Line

(Attach additional sheets if necessary)

2. The above-referenced surety's capital and surplus or net cash assets, as of December 31 immediately preceding is \$, as reported in the statutory annual statement for that year. This amount satisfies the statutorily prescribed minimum capital and surplus or net cash asset

requirements for all lines of insurance that the surety is authorized to write pursuant to the certificate of authority issued by its domiciliary jurisdiction and all states in which it is licensed to transact business. Yes No

3. The above-referenced surety been found to be in a hazardous financial condition by the Commissioner, its domiciliary jurisdiction, or any jurisdiction in which it is licensed, as determined pursuant to N.J.A.C. 11:2-27 or such other equivalent requirements in other jurisdictions in which the surety is licensed. Yes No

If yes, indicate jurisdiction(s) and details regarding such finding below.

4. The above-referenced surety's premium to surplus ratio as of December 31 immediately preceding is and loss and loss adjustment expense reserve liability to surplus ratio for that period is, as reported in the statutory annual statement for that period.

5. The above-referenced surety received from the NAIC a "first priority" designation for the calendar year ending December 31 immediately preceding its application date. Yes No

6. If the above-referenced surety is a member of an insurance holding company system, its parent or subsidiary has received from the NAIC a "first priority" designation. Yes No

7. The above-referenced surety has been identified as "second or third priority" and/or has failed four or more IRIS tests. Yes No

If yes, provide an explanation that demonstrates that such results are not indicative that the surety is in a hazardous financial condition.

PART III

Dated and signed this ___ day of _____. I hereby certify that the foregoing statements are true and correct to the best of my knowledge and belief. I further certify that I am aware that the New Jersey Department of Insurance will rely on this certification in connection with its determination whether the surety satisfies the requirements set forth in N.J.A.C. 11:1-40 for purposes of providing

payment and performance bonds pursuant to P.L. 1995, c.384.

I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

(Signature of Affiant)