

**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.2009 d.153, effective April 8, 2009.  
See: 40 N.J.R. 6523(a), 41 N.J.R. 2014(c).

**Chapter Expiration Date**

In accordance with N.J.S.A. 52:14B-5.1b, Chapter 17, Producer Licensing, expires on April 8, 2016. See: 43 N.J.R. 1203(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).

Subchapter 7, Reinsurance Intermediaries, was adopted as emergency new rules by 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, effective October 15, 1993. See: 25 N.J.R. 4323(a), 25 N.J.R. 5234(a).

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Subchapter 5, Transition rules, was repealed by R.2002 d.354, effective November 4, 2002.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: 35 N.J.R. 2159(a), 35 N.J.R. 5115(a).

Chapter 17, Producer Licensing, was readopted as R.2009 d.153, effective April 8, 2009. 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-

ducer maintains his or her principal place of residence or principal place of business and is licensed to act as a resident insurance producer.

“Insurance education program” or “program” means an insurance education provider’s overall curriculum.

“Insurance education provider” means any insurance school, authorized insurer, recognized producer or insurance trade association, accredited college, university or trade school, or other institution or organization that is approved by the Department in accordance with N.J.A.C. 11:17-3.1 to provide prelicensing or continuing education for insurance producers in this State.

“Insurance related conduct” includes selling, soliciting, negotiating or binding policies of insurance; all communication with insureds concerning any term or condition of a policy of insurance; office management policies affecting insureds; processing claims; and transmitting funds between insureds, producers, premium finance companies and insurance companies.

“Insurance related debt” means any debt incurred by a producer arising from the selling, soliciting or negotiating of insurance.

“Interactive online course” means a computer online or internet course with an internal testing program that can monitor if the licensee responded with at least 70 percent correct answers without access to online study materials.

“Late renewal” means any renewal that is applied for subsequent to the expiration of a license and within 12 months after the expiration date.

“NAIC” means the National Association of Insurance Commissioners, its affiliates or subsidiaries, or any agency or committee thereof.

“National Producer Number” or “NPN” means a unique identifier assigned to each licensed producer by the National Association of Insurance Commissioners. A producer’s NPN shall be the same in all states in which the producer is licensed.

“Nonresident” (of New Jersey) means a person for whom a state other than New Jersey has been designated the home state for the purposes of licensure.

“Resident” (of New Jersey) means a person who maintains his or her principal place of residence or principal place of insurance business in New Jersey where insurance business is transacted and for whom New Jersey has been designated the home state for the purpose of licensure.

“Self-storage personal property insurance” means direct primary insurance coverage for the personal property of a renter or lessee in a self-storage facility which insures the renter’s or lessee’s interest against loss or damage to the renter’s or lessee’s personal property, including debris re-

moval and extra rental expense, while the personal property is located in the rented self-storage space.

“Self-study or self-directed course” means a continuing education course with study material in text, video, audio, or computerized format including interactive online courses, that is completed by successfully passing a test of the subject matter.

“Surrendered for cause” means the return of a license in lieu of or in connection with a revocation, suspension, other sanction or termination order.

“Ticket insurance” means the insurance coverages sold covering only the risk of travel sold by a travel agent or an agent of any railroad company, steamship company, airline company, car rental company or bus company.

“Travel insurance” means insurance coverage for trip cancellation, trip interruption, baggage, life, sickness and accident, disability, and personal effects when limited to a specific trip and sold in connection with transportation provided by a common carrier.

(c) For purposes of this chapter, references to officers or partners shall include limited liability company members or managers.

Petition for Rulemaking: Producer Licensing.  
See: 24 N.J.R. 305(b).

Notice of Receipt of Petition for Rulemaking.  
See: 24 N.J.R. 659(a), 24 N.J.R. 660(a).

Notice of Receipt and Action on Petition for Rulemaking.  
See: 24 N.J.R. 1826(b), 24 N.J.R. 3770(a).

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.1997 d.278, effective July 7, 1997.

See: 28 N.J.R. 4707(a), 29 N.J.R. 2853(a).

Added “Self-storage personal property insurance”.

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 “chapter” for “subchapter”.

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 (b), added definitions “Authorized submitter”, “Car rental insurance”, “Controlling interest”, “Electronic online submission”, “National Producer Number”, and “Travel Insurance”; and in definition “Branch office”, deleted “resident” preceding “licensee”.

SUBCHAPTER 2. LICENSING RULES

11:17-2.1 Term of license

(a) For licenses issued or renewed prior to January 1, 2007, the standard term of an insurance producer license shall be 16 licensing quarters. Licensing quarters shall begin on the first day of February, May, August and November of each year. Licenses shall expire in the fourth year on the last day of the quarter before the quarter in which the license was effective.

(b) The terms of individual producer licenses are established as set forth below.

1. The first term of licenses that are initially issued, or of licenses that were previously in effect and are initially renewed, on or after January 1, 2007 shall expire on the last day of the birth month of the producer in the year that will result in the term of the license being at least 18 months.

2. Commencing on the first license expiration on the last day of the birth month of an individual producer as set forth in (b)1 above, all such licenses shall thereafter expire biennially on the last day of the birth month of the individual producer that is two years subsequent to the preceding expiration date.

3. For example, a producer is initially licensed on February 1, 2007. His or her birth month is March. The second birth month after the February 1, 2007 issue date is March 2008 (less than 18 months). In this case, the first renewal will be March 31, 2009, and subsequent renewals would be on March 31, 2011, March 31, 2013, and so on. If the birth month was September, the second September 30 following the February 1, 2007 issue date would be September 30, 2008, more than 18 months from issuance. Thus, the license would initially renew on September 30, 2008 and thereafter on September 30, 2010, September 30, 2012, and so on.

(c) The terms of business entity producer licenses are established as set forth below.

1. The first term of licenses initially issued, or of licenses that were previously in effect and are initially renewed, on or after January 1, 2007 shall expire on May 31 of the first year that will result in the term of the license being at least 18 months.

2. Commencing on the first license expiration on a May 31 date as set forth in (c)1 above, all such licenses shall thereafter expire biennially on the second May 31 date that is two years subsequent to the preceding expiration date.

3. For example, a business entity license renews on February 1, 2007. Since the second May 31 following this renewal (May 31, 2008) is less than 18 months from the prior renewal date, the license would not expire until May 31, 2009, and subsequent renewals would be on May 31, 2011, May 31, 2013, and so on. If the business entity renewed on October 31, 2007, the license would expire on May 31, 2009, since the license term would be more than 18 months and, if renewed, again expire on May 31, 2011, May 31, 2013, and so on.

(d) An insurance producer license shall remain in effect unless revoked or suspended as long as the renewal fee set forth in N.J.A.C. 11:17-2.12 is timely paid and, in the case of resident individual insurance producers, education requirements are timely satisfied.

(e) An initial license shall be deemed effective as of the date of issuance of any temporary authority issued pursuant to N.J.A.C. 11:17-2.4(a) if the application for licensure and applicable fees are received by the Department prior to expiration of the temporary authority.

Correction, effective March 6, 1989.

See: 21 N.J.R. 637(a).

Added "before the quarter" to (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).

In (b), substituted "authority" for "certificate".

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 "For licenses issued or renewed prior to January 1, 2007, the" for "The"; rewrote introductory paragraph of (b); and added (b)1 through (b)3 and (c) through (e).

### 11:17-2.2 License authorities

(a) Producers licensed in accordance with the Act and this chapter shall be authorized to write the kinds of insurance designated, if qualified by each authority set forth below.

1. Life Authority: All coverages defined as "life insurance" in N.J.S.A. 17B:17-3; and all coverages defined as an "annuity" in N.J.S.A. 17B:17-5.

2. Accident and health or sickness Authority: all coverages defined as "health insurance" in N.J.S.A. 17B:17-4.

3. Property Authority: All coverages written by authorized insurers for direct and consequential loss or damage to property of any kind including fire and allied lines, earthquake, growing crops, ocean marine, inland marine, boiler and machinery, credit property, burglary and theft, glass, sprinkler leakage and water damage, livestock, smoke or smudge, physical loss to buildings, radioactive contamination, mechanical breakdown or power failure, and other property loss.

4. Casualty Authority: All coverages written by authorized insurers for coverage against legal liability from death, disability, injury or damage to real or personal property including employers' liability, automobile liability bodily injury, automobile liability property damage, other liability, credit casualty, other casualty loss, fidelity and surety, workers' compensation, mortgage guaranty insurance and municipal bond insurance.

5. Surplus Lines Authority: All coverages written by unauthorized insurers and defined as "surplus lines" in N.J.S.A. 17:22-6.42.

6. Title Insurance Authority: All policies of insurance guaranteeing or indemnifying owners of real property or others interested therein against loss or damage suffered by reason of liens, encumbrances upon, defects in or the unmarketability of the title to said property, guaranteeing, warranting or otherwise insuring by a title insurance company the correctness of searches relating to the title to real property, or doing any real business in substance equivalent to any of the foregoing.