

CHAPTER 17
PRODUCER LICENSING

Authority

N.J.S.A. 17:1C-6(e), 17:1-8.1, and 17:22A-1 et seq.

Source and Effective Date

R.1993 d.206, effective April 15, 1993.
See: 25 N.J.R. 883(a), 25 N.J.R. 1972(a).

Executive Order No. 66(1978) Expiration Date

Chapter 17, Producer Licensing, expires April 15, 1998.

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 was readopted as R.1993 d.206. See: Source and Effective Date. See, also, section annotations for specific rulemaking activity.

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SUBCHAPTER 1. GENERAL PROVISIONS

11:17-1.1 Purpose and scope

(a) This chapter implements provisions of P.L. 1987, c.293 (N.J.S.A. 17:22A-1 et seq.), the New Jersey Insurance Producer Licensing Act (the Act). This chapter concerns the licensing and conduct of insurance producers and shall be considered part of the insurance law of the State of New Jersey, and violation of any provision 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 New Jersey Insurance Producer Licensing Act and of this chapter shall be applied to all licensees, limited insurance representatives and other persons, including nonresident licensees in connection with the licensing and standards of conduct on business for which a New Jersey insurance producer license is required.

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 subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Act” means the New Jersey Insurance Producer Licensing Act, P.L. 1987, c.293 (N.J.S.A. 17:22A-1 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.

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

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

“Credit involuntary unemployment insurance” means casualty insurance on a debtor to provide indemnity for payments becoming due on a specific loan or credit transaction while the debtor is involuntarily unemployed.

“Credit life insurance” and “credit health insurance” mean the insurance coverages as defined in N.J.S.A. 17B:29-2.

“Credit property/casualty insurance” means insurance against loss from bad debts and includes property insurance coverage solely for the lender’s interest against loss of or damage to personal property serving as security on a specific loan or credit transaction.

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

“Home state” means the state other than this State in which a nonresident licensee or license applicant holds a resident insurance license.

“Insurance related conduct” includes 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.

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

“Nonresident” (of New Jersey) means a person who neither resides in New Jersey nor maintains an office in New Jersey where insurance business is transacted.

“Resident” (of New Jersey) means a person who either resides in New Jersey or maintains an office in New Jersey where insurance business is transacted.

“Ticket life insurance”, “ticket accident insurance” and “ticket property/casualty insurance” means the insurance coverages sold covering only the risk of travel in connection with a ticket sold by a travel agent or an agent of any railroad company, steamship company, airline company, car rental company or bus company.

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).

SUBCHAPTER 2. LICENSING RULES

11:17-2.1 Term of license

(a) 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) Each license issued shall contain an expiration date. An initial license shall be deemed effective as of the date of issuance of any temporary certificate issued pursuant to N.J.A.C. 11:17-2.4.

Correction, effective March 6, 1989.

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

Added “before the quarter” to (a).

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; all coverages defined as an “annuity” in N.J.S.A. 17B:17-5; and all coverages defined as a “contract on a variable basis” in N.J.S.A. 17B:28-1.

2. Health Authority: All coverages defined as “health insurance” in N.J.S.A. 17B:17-4.

3. Property Casualty Authority: All coverages written by authorized insurers for fire and allied lines, earthquake, growing crops, ocean marine, inland marine, workers’ compensation and employers’ liability, automobile liability bodily injury, automobile liability property damage, other liability, boiler and machinery, fidelity and surety, credit property/casualty, burglary and theft, glass, sprinkler leakage and water damage, livestock, smoke or smudge, physical loss to buildings, radioactive contamination, mechanical breakdown or power failure, other property or casualty loss, municipal bond insurance and mortgage guaranty insurance.

4. Surplus Lines Authority: All coverages written by unauthorized insurers and defined as "surplus lines" in N.J.S.A. 17:22-6.42. No license shall be issued, renewed or maintained with surplus lines authority unless the applicant or licensee meets the requirements specified in N.J.S.A. 17:22A-14.

5. 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.

(b) The Department is authorized to issue nonresident licenses containing the above authorities regardless of whether the authority conferred by the nonresident applicant's home state license precisely matches the kinds or lines of insurance described above, so long as they are generally comparable. No nonresident licensee shall be authorized to transact business for any kind or line of insurance for which the licensee is not authorized in its home state.

(c) No person shall be authorized to transact business regarding contracts on a variable basis unless that person also holds a securities license as required by any other state or Federal law.

11:17-2.3 Application filing requirements for initial licenses

(a) A first time applicant for an individual license shall submit the following:

1. A properly completed application requesting issuance of an insurance producer license with one or more authorities, which shall contain the applicant's legal name, home address, date of birth, business mailing and location address, business trade name, if any, and response to questions concerning applicant's character and fitness for licensing. The application must be signed, dated and certified to be correct by the applicant;

2. If a resident, a certificate evidencing completion of an approved course of prelicensing education or a certificate evidencing waiver of that requirement; and a certificate evidencing that the applicant has passed the State licensing examination for the authority or authorities requested, or a certificate evidencing waiver of the examination requirement;

3. If a nonresident, a recent certification from the insurance licensing agency of the applicant's home state that he or she holds a currently valid license authorizing transaction of insurance business for the kinds of insurance for which application is made;

4. Any documents or statements required to explain responses to questions concerning the applicant's character, fitness or financial responsibility;

5. A properly completed criminal history verification form;

6. If the application requests surplus lines authority, a bond conforming to the requirements of N.J.A.C. 11:17-2.12; and

7. A valid check or money order for the fees required in accordance with N.J.A.C. 11:17-2.13.

(b) A first time applicant for an organization license shall submit the following:

1. A properly completed application requesting issuance of an insurance producer license for one or more authorities, which shall contain the organization's legal name; business mailing and location address; other business names, if any; names, license reference numbers, if any, and license authorities of each licensed officer or partner; names, addresses and license reference numbers, if any, of all persons owning five percent or more of the organization; and responses to questions concerning the applicant's character, fitness and financial responsibility. The application must be dated, signed and certified to be correct by all officers or partners of the organization that hold, or have applied for, New Jersey insurance producer licenses;

2. If the applicant is a New Jersey corporation or partnership, a copy of the Certificate of Incorporation or of the partnership document, stamped "filed" by the Office of the Secretary of State, County Clerk or other authority as applicable. If the application includes a business name other than the organization's legal name, the applicant shall also submit a certificate stamped "filed" by the Office of the Secretary of State, County Clerk or other authority, as applicable, confirming that the business name has been properly recorded;

3. If the applicant is a foreign corporation or partnership applying for a resident license to open an office in New Jersey, a certificate filed by the Office of the New Jersey Secretary of State authorizing the applicant to transact business in New Jersey;

4. If the applicant is a foreign corporation or partnership applying for a nonresident license, a recently issued certification by the licensing authority in the applicant's home state evidencing that the applicant is authorized there to transact insurance business with comparable authorities;

5. Properly completed criminal history verification forms for each officer, director, partner or owner of five percent or more of the applicant organization;

6. If applying for surplus lines authority, a bond conforming to the requirements of N.J.A.C. 11:17-2.12(c);

7. Any documentation required to explain responses to questions and concerning the applicant's character, fitness and financial responsibility; and

8. A valid check or money order for the fees required by N.J.A.C. 11:17-2.13.

(c) Failure to pay a license fee due to "not sufficient funds" or otherwise non-negotiable instrument shall void any license issued in good faith by the Commissioner. Any business written during the period prior to payment shall be deemed in violation of N.J.S.A. 17:22A-3 and shall subject the licensee to penalties in addition to the penalties prescribed at N.J.A.C. 11:17D-2.4(a)3 for checks returned for insufficient funds, and a late renewal fee.

Amended by R.1993 d.507, effective October 18, 1993.
See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).

Case Notes

Application for residential insurance producer license properly denied. Department of Insurance v. Pintero, 94 N.J.A.R.2d (INS) 1.

11:17-2.4 Temporary certificate

(a) The Commissioner or his or her designee is authorized to issue a temporary certificate evidencing that an applicant may begin work when the applicant has submitted in proper form the items required by N.J.A.C. 11:17-2.3 if the submission does not disclose any matter that may disqualify the applicant from being licensed. Any certificate issued in accordance with this section shall contain an expiration date and shall expire no more than 60 days after issuance.

(b) A nonresident licensee, upon moving his or her residence or business into the State of New Jersey, shall within 20 days notify the Department of his or her change of address and intent to qualify as a resident insurance producer. Upon such notification, the licensee may continue to act as an insurance producer for a period of 90 days from the date of such notification. The Commissioner or his or her designee may, for good cause shown, extend this time.

Amended by R.1993 d.507, effective October 18, 1993.
See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).

11:17-2.5 License renewal

(a) A current licensee shall renew a license in the following manner:

1. At least 10 days before the license expiration date, each licensee shall submit a properly completed renewal application together with a valid check or money order for fees in accordance with N.J.A.C. 11:17-2.13. The renewal application shall be signed, dated and certified to be correct by the licensee or a licensed officer or partner of a licensed organization. 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 date shown, and that the licensee was not thereafter authorized to engage in any activities for which the license is required.

(c) Any licensee who does not desire license renewal shall notify the Department by submitting the renewal application signed, dated and marked on the face, "Do Not Renew".

(d) 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 48 continuing education credits as required by N.J.A.C. 11:17-3.4; and

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.

(e) 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. 11:17-3.2 and 3.3.

Amended by R.1993 d.507, effective October 18, 1993.
See: 24 N.J.R. 3216(a), 25 N.J.R. 4744(b).

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 the following:

1. His or her current original license, marked to request the additional authority or authorities, dated, signed and certified to be correct by the applicant;

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 or a certificate evidencing waiver of this requirement;

3. If a nonresident, a recent certification issued by the licensing authority in the applicant's home state, evidencing that the applicant holds a current license with comparable authority;

4. If applying for surplus lines authority, a bond conforming to the requirements of N.J.A.C. 11:17-2.12(c); and

5. A valid check or money order for the processing fee as required by N.J.A.C. 11:17-2.13.

(b) A currently licensed organizational producer may obtain additional authorities as described in N.J.A.C. 11:17-2.2 by submitting the following:

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).

11:17-2.13 Fees

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

1. License fee: \$300.00;
2. Filing or processing initial application: \$20.00;
3. Additional authority filing: \$20.00;
4. Reinstating terminated license before its stated expiration date: \$20.00;
5. Any branch office registration: \$20.00;
6. Filing or processing any Notice of Agency Contract: \$20.00;
7. Any limited insurance representative registration: \$20.00; and
8. Late renewal fee: \$50.00.

(b) All fees shall be paid by check or money order 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.

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).

11:17-2.14 Denial of license

(a) Whenever it appears from an application, attached documents and 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. 1:1-1 et seq. 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).

11:17-2.15 Termination and cancellation of license; reinstatement after termination

(a) A licensee may terminate 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 an organization license unless all current licensed officers or partners consent to the request.

(b) A producer license may be reinstated after termination 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. 11:17-2.13 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 certified statement attesting to the loss.

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

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).

Case Notes

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.

11:17-2.16 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, date of birth, license authorities, date first licensed, 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; and

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

(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).

11:17-2.17 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 voluntary; and
3. That the request is authorized by this section.

New Rule, R.1996 d.183, effective April 1, 1996.
See: 28 N.J.R. 234(a), 28 N.J.R. 1891(a).

SUBCHAPTER 3. PROFESSIONAL QUALIFICATIONS

11:17-3.1 Approval of insurance education program

(a) Professional schools, insurance companies and others who establish programs which include teaching of insurance courses to satisfy professional qualification requirements for prelicensing or continuing education shall, prior to conducting such courses, obtain approval in accordance with this section.

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

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