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GOVERNOR SIGNS AUTO REFORMS



Governor James E. McGreevey and Commissioner Holly C. Bakke at the bill signing June 9.
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AUTO REFORM BECOMES LAW

In response to a market crisis that has forced drivers to spend weeks shopping for auto insurance, Governor James E. McGreevey signed landmark reform legislation June 9.

Now, the Department of Banking and Insurance is hard at work implementing the new law, which aims to increase choices for consumers by attracting new carriers, put downward pressure on rates for the best drivers, combat fraud, reduce the ranks of the uninsured, and give drivers greater tools and power when navigating the insurance market.

Almost all of the regulations that will implement the new law were published for comment by August 4, 2003, with a target of January 1, 2004, for implementing changes that affect insurance rating systems. Other regulations that affect consumers could be in place earlier.

Major industry regulations proposed July 21, 2003, include:

- **Changes to the 30-year-old rate-making structure**, known as the Clifford formula, which will be replaced by a return-on-equity model similar to one used in most states.
- **Changes to the excess profits formula**, which will help smooth out the differences between good years and bad years and offer incentives to companies that hire new agents, add infrastructure or put new capital into New Jersey.
- **A call to revamp the World War II-era territorial rating map.** The Automobile Insurance Cost Reduction Act of 1998 called for the creation of a Territorial Rating Commission to revise the map, but its work was shelved in 2000. New data to guide the commission has been ordered, and a statewide map will be struck. Companies, however, will have the right to create their own maps if they meet statutory requirements. Companies can also deviate from the state map within limits.



Commissioner Holly C. Bakke speaks at the June 9 bill signing. The Commissioner is joined by Pam Fisher of AAA Mid-Atlantic, Insurance Fraud Prosecutor Greta Gooden-Brown, Governor James E. McGreevey and Assemblyman Christopher Bateman.

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“The speed with which New Jersey is moving to implement auto reform has come as a surprise to many inside and outside the insurance industry,” Commissioner Holly C. Bakke said. “We had to move quickly to show that this time, reform in New Jersey is for real.”

Already, the reform package is producing tangible results. The Department reached an agreement with the AIG companies in early July to keep two affiliates in New Jersey until at least 2006. AIG, which has about 200,000 risks, had the option to leave in December 2003.

Mercury General, the California-based carrier that has become a major player in several states, announced in July its plans to enter the New Jersey market.

Mercury’s business plan calls for offering quotes to the 4,000 risks dropped each month under State Farm Indemnity’s Market Stabilization Order, which should help ease the market crisis. And, Mercury plans to appoint 50 agents throughout New Jersey. “The appointment of so many agents is particularly good news, as this group has suffered along with consumers during New Jersey’s auto insurance crisis,” Bakke said.

PARTNERSHIP WITH AGENTS

Bakke said the Department will continue to improve its dialogue with agent groups. “Agents have been on the front lines of the crisis, and they will be on the front lines of reform. Their role in helping consumers understand their options is critical.”

An important consumer element of the reform package is “three scenarios,” which will require both agent and direct writer companies to show consumers how different levels of coverage will affect what they pay. “Consumers need to know that they can save money by selecting a higher deductible or lower liability limits, or by relying on their health insurance for medical coverage after an accident,” Bakke said.

“Drivers may choose to keep high liability limits or \$250,000 worth of Personal Injury Protection, and that’s fine. What’s important is that consumers understand what they are getting for their premium dollar. By working with agents, we hope to create more educated consumers.”

Shopping tools envisioned in the law are designed to deliver a more informed consumer to the agent’s office. The law calls for revamping the Buyer’s Guide that companies must send to drivers at renewal. A proposed design is on the Department’s Web site at www.njdobi.org.

The law will also create an Auto Insurance Report Card, which will rate companies in areas such as customer service and frequency of complaints. A consumer Bill of Rights will give drivers information about what can and cannot happen as they purchase insurance.

Though not contained in the law, the Department plans to develop Web-based shopping tools to help consumers focus on what coverage options are appropriate before they contact an agent or a direct writer.

“Our goal is not to make each customer appointment take longer. Our goal is to make the appointment more meaningful,” Bakke said.



Governor James E. McGreevey signs the auto reform bill into law.

GOVERNOR HOLDS CONFERENCE ON HEALTHCARE COVERAGE

PRINCETON BOROUGH – Governor James E. McGreevey recently pledged his determination to try to find ways to reduce the growing number of residents and employers who cannot afford adequate health insurance.

More than one million New Jerseyans — one in seven — lack health insurance, and countless others with limited coverage must often choose between groceries and a doctor’s visit.



Governor James E. McGreevey and DOBI Commissioner Holly C. Bakke, far right, at the Governor’s Conference on Healthcare Coverage.

“This is a situation we cannot tolerate,” Governor McGreevey told about 100 people who attended Governor McGreevey’s Conference on Healthcare Coverage on June 10 at Princeton University. “No one should have to face the choice between putting their health at risk or paying the rent, no matter how carefully they plan, no matter how hard they work to balance a household budget. And yet, every day, so many do.”

“The choice at the family kitchen table is the same choice Governors face: How do we provide health care and still live within our means?” the Governor asked.

The conference was sponsored by the state Departments of Banking and Insurance, Health and Senior Services, and Human Services, in conjunction with the Policy Research Institute for the Region (PRIOR), based at Princeton University’s Woodrow Wilson School of Public and International Affairs. The conference featured several speeches by national experts on health care, as well as breakout sessions in which experts, advocates, members of the health and insurance indus-

tries and the Legislature, as well as other government officials, discussed pressing problems and possible solutions. The overall fallout inadequate insurance has on families; their finances and their health were among the topics targeted.



Wardell Sanders, Executive Director of the Individual Health Coverage Program Board, speaks at the June 10 conference.

Among the noted speakers at the conference was Uwe Reinhardt, an internationally known healthcare expert who is the James Madison Professor of Political Economy at Princeton University. The title of his speech was “Why Are There So Many Uninsured? Will we ever solve their problem?”

Governor McGreevey called on the federal government to show leadership commensurate with the crisis.

“There is no greater long-term budget crisis for Governors than the failure of our federal government to address the plight of the uninsured and the underinsured,” the Governor said, adding that more than 20 percent of the state budget goes for healthcare costs.

Although Governor McGreevey said Washington must contribute much more, he also called on the

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conference participants to help examine changes and improvements that can be made on the state level to make insurance more affordable to the self-employed and to lower the double-digit yearly increases that are making it tougher for small employers to offer coverage.

The governor stressed that any regulatory or legislative changes must consider the consumers: “Those who have health coverage, those who should, and those who will lose it if we do nothing.”



About 100 people attended Governor McGreevey’s Conference on Healthcare Coverage at Princeton University. The conference was sponsored by the state Departments of Banking and Insurance, Health and Senior Services, and Human Services, in conjunction with the Policy Research Institute for the Region, based at Princeton University’s Woodrow Wilson School of Public and International Affairs.



“The choice at the family kitchen table is the same choice Governors face: How do we provide health care and still live within our means?”

Governor James E. McGreevey

Banking and Insurance Commissioner Holly C. Bakke said the input received during the conference will help the Administration develop a white paper to guide the state in its efforts to improve access and affordability.

“We welcome all perspectives and suggestions we can get on this critical issue. Our work is just beginning,” Commissioner Bakke said.

Commissioner Bakke said the Department of Banking and Insurance is currently planning a series of small-group discussions in which a team will travel the state and get input from families and employers about how the health insurance issue is affecting their lives and livelihoods.

Commissioner Bakke said she finds “unacceptable” a series of statistics that indicate that people without health insurance postpone health care, live sicker and die younger.



**Dr. Clifton R. Lacy,
Commissioner of Health
and Senior Services**



NEW FEES FOR REAL ESTATE LICENSES

On June 30, 2003, legislation finalizing the state budget for Fiscal Year 2004 was passed and subsequently signed by Governor McGreevey. The legislation revised the amounts of fees for all real estate licenses, related transactions and applications by the Real Estate Commission during April 2004, which will have to be paid before June 1, 2004.

The revised fee amount is applicable to new and renewed licenses effective July 1, 2003. In April 2004 a special assessment will be made upon all licensees who renewed their licenses in 2003 through payment of the former fee amount. The assessment will have to be paid prior to June 1, 2004.

The new fee schedule is as follows:

INITIAL LICENSE FEES

(amounts include \$50.00 application fee, \$15.00 criminal history record check fee for each individual required by N.J.A.C. 11:5-3.3 to undergo such a check and, where applicable, Real Estate Guaranty Fund fees of \$10.00 for salespersons and \$20.00 for brokers and broker-salespersons. See N.J.S.A. 45:15-35)

Corporations, partnerships and other business entities	\$270.00
Broker of Record	\$285.00
Sole Proprietor Broker	\$285.00
Broker-salesperson	\$285.00
Salesperson	\$175.00
Branch office	\$150.00
Temporary broker license	\$225.00
Multiple broker license	\$270.00

RENEWAL FEES

Corporations, partnerships and other business entities	\$200.00
Broker of Record	\$200.00
Sole Proprietor Broker	\$200.00
Broker-salesperson	\$200.00
Salesperson	\$100.00
Branch office	\$100.00

TRANSFERS

Broker-salesperson	\$25.00
Salesperson	\$25.00

LATE RENEWAL FEES

Corporations, partnerships and other business entities	\$40.00
Broker	\$40.00
Broker-salesperson	\$20.00
Salesperson	\$20.00
Branch office	\$20.00

REINSTATEMENTS OF UNRENEWED LICENSES

(amounts include \$50.00 application fee)

Corporations, partnerships and other business entities	\$250.00
Broker of Record	\$250.00
Sole Proprietor Broker	\$250.00
Broker-salesperson	\$250.00
Salesperson	\$150.00
Branch office	\$150.00

CHANGES

Name change	\$50.00
Change of business address for Sole Proprietor Brokers and corporations, partnerships or other business entities (plus \$10.00 for each individual licensee)	\$50.00
Change of Status - Sole Proprietor Broker, Broker of Record or Broker-salesperson	\$50.00
Change of Branch Office Supervisor	\$50.00



LICENSE FEES

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EDUCATION BUREAU TRANSACTION FEES

Criminal history check	\$15.00
Application fee, school license	\$100.00
Application fee, instructor license	\$50.00
Initial License fee, non-public school	\$400.00 for licenses issued in the first year of a two-year license term \$200.00 for licenses issued in the second year of a two-year term
Renewal fee, non-public school	\$400.00 plus \$200.00 for each additional licensed location
License fee, additional teaching location	\$200.00 for licenses issued in the first year of a two-year license term \$100.00 for licenses issued in the second year of a two-year term
Change of address (school)	\$50.00
License fee, instructor	\$200.00 for licenses issued in the first year of a two-year license term \$100.00 for licenses issued in the second year of a two-year term
Renewal fee, instructor	\$100.00
Change of name (school)	\$50.00
Change of name for individual	\$50.00
Change of school director	\$100.00
Application fee, waiver of salesperson education	\$50.00
Application fee, waiver of broker education or experience	\$50.00
Application fee, approval of experience report for broker license applicant	\$50.00

GOVERNOR APPOINTS NEW COMMISSIONERS

Governor McGreevey recently appointed the following five persons to serve as Real Estate Commissioners:

Robert Pimienta, broker member; George J. Fiore, broker member; William E. Populus, broker member; Idida Rodriguez, public member; and Robert J. Melillo, Departmental representative.

Commissioner Pimienta was elected by the Commission to serve as president and Commissioner Fiore was elected as vice president. The other members of the Commission are Denise Flanagan, broker member; Robert L. Rose, broker member; and Arlene Pereksta, public member.

The Commission holds hearings which are open to the public and invites any interested persons to attend. The hearing schedule is published each year in accordance with the Open Public Meetings Act. Hearings are held at the Real Estate Commission offices, 240 West State Street, twelfth floor, Trenton. Interested parties may call the Commission offices at (609) 292-8280 to obtain a schedule of meetings.



WHY IS MY LICENSE APPLICATION BEING DENIED?

Over the past few months, the Real Estate Commission and staff have received numerous letters from applicants requesting an appeal of their denial of a real estate license pursuant to N.J.A.C. 11:5-3.6(c). This regulation states in part:

An applicant must apply for and request the issuance of a salesperson's license not later than one year after the date of successful completion of the course prescribed at N.J.A.C. 11:5-2.1. Any person who fails to apply for the issuance of a salesperson's license within the one-year period shall be required to retake and successfully complete the prescribed course in real estate and the examination.

At the present time, the Commission lacks discretion to grant a license for any applicant who violates this regulation by failing to apply for a license within the one-year time period. Many applicants have mistakenly calculated the one-year time period as running from the time that they passed the state examination. **The one-year period runs from the course completion date that appears on the candidate's school certificate.** The **completed application package**, consisting of the application/pass notice which has been completed by both the applicant and the broker, the criminal history form and the required fees **must be submitted to the Real Estate Commission prior to the expiration of one year from course completion.** There are no exceptions in the regulation, and therefore, the Commission does not have the authority to deviate from the one-year rule despite the applicant's exigent circumstances. This means that even if the applicant provided all of the necessary paperwork to the broker before the expiration of the one-year period and the broker was negligent in processing the documents, the applicant will be denied a license.

The Commission has heard several appeals from applicants who have not complied with N.J.A.C. 11:5-3.6 and have affirmed denials in all cases. Unless there is evidence of an error on the part of the Commission staff in processing a particular application, the applicant will not be successful on appeal. **Further, the broker may be subject to fines for failing to submit the applicant's paperwork to the Commission in a timely manner.**

Therefore, the Real Estate Commission is highlighting the significance of this regulation. Brokers are encouraged to remind applicants of the importance of filing requirements by monitoring each application closely.

TENANT SECURITY DEPOSIT LAWS AMENDED

At press time, Governor McGreevey was poised to sign a bill making amendments to N.J.S.A. 46:8-19 regarding tenant security deposits. The new amendments eliminate the right of a landlord to receive any administrative expenses from earnings on a security deposit account.

Prior to the amendment, a landlord could receive administrative expenses of one percent per year on the security deposit or 12.5 percent of the aggregate yield on the deposit. The new law requires landlords to notify their tenants annually of the type of account where the deposit is held and the current rate of return for the account. It also requires that the tenant be paid the earnings annually. If a landlord fails to notify the tenant or pay the earnings annually to the tenant, the landlord is subject to a penalty of seven percent interest on the deposit, as well as having the security deposit applied to rent. However, in the case of failure by the landlord to pay the annual interest or to provide the annual notice at the time of the annual interest payment, a tenant cannot apply the security deposit to the rent payments unless the tenant notifies the landlord of his failure and gives him 30 days to correct it.

The new law also makes a purchaser of rental premises responsible for the transfer and control of the security deposits for the premises. Whether or not the deposit plus earnings are transferred to the purchaser, the purchaser is responsible for the return of the security deposit, plus any accumulated earnings thereon.

Real estate licensees who represent landlords or sellers of rental properties should be sure to advise their clients to obtain a copy of the new amendments. They are found in Assembly Bill No. 2608 and can be obtained by visiting the New Jersey Legislature Web site at www.njleg.state.nj.us.



A MESSAGE FROM THE COMMISSIONER

Fall 2003 will be another hectic season for staff here at the Department of Banking and Insurance as we address the problem many New Jersey residents face: a lack of affordable and available healthcare coverage.

In January 2002, Governor James E. McGreevey gave me three specific challenges: Reform auto insurance, take steps to stop predatory lending, and make healthcare coverage more available and affordable.

Auto insurance reform and anti-predatory lending legislation have been signed by the Governor. And now DOBI is focusing intensely on healthcare coverage.

The lack of affordable healthcare is a nationwide problem that has federal and state officials throughout the country searching for ways to help more people protect themselves and their families. One thing is clear from countless studies: People without health insurance are sicker and die younger.

Families should not have to choose between paying their bills or getting health care. Employers in the state have been faced with double-digit increases in premiums they pay to insure their workers. Many have had to stop offering health insurance or they pass on higher costs to the employees.

Although this is a nationwide problem, Governor McGreevey and I are particularly alarmed at some statistics here in New Jersey: One million residents, or one in seven, currently lack any kind of health insurance at all. And millions more have less insurance than they need.

Governor McGreevey called for national leadership on the issue. However, he also stressed that we can not wait for the federal government to fix this. So, the Governor has given me and the Department the charge of trying to see what we in New Jersey can do to protect more residents.

Our first step was to gather experts from throughout the nation and the state for Governor McGreevey's Conference on Healthcare Coverage at Princeton Uni-

versity. A select group of about 100 people from all aspects of the industry, as well as consumer groups and academics, were invited to help us launch our efforts to examine and attack this problem.

The Department partnered with the Policy and Research Institute for the Region (PRIOR), based at Princeton University's Woodrow Wilson School for Public and International Affairs.

The conference was also sponsored by the Department of Health and Senior Services and the Department of Human Services.

Those who attended heard provocative speeches from a number of international and national experts, as well as the governor, Commissioners Clifton Lacy and Gwendolyn Harris.

One speaker of particular note was Uwe Reinhardt, an internationally known health care expert who is the James Madison Professor of Political Economy at Princeton University. His speech, "Why Are There So Many Uninsured? Will we ever solve the problem?" challenged attendees to think about a wide range of possible reform alternatives.

We then had participants break into smaller groups to tackle specific issues and problems and freely debate possible solutions to them.

Before being asked to break into smaller groups and roll up their sleeves, I asked the participants to write their names, using the hand they don't usually write with. The reason I conducted this awkward exercise was simple: We need to challenge ourselves to look beyond our own typical perspectives. And we did.

The give-and-take at the breakout sessions was lively and provocative. Nothing was off the table. We discussed the impact mandates have on premiums, problems in the small employer market and the individual market, and understanding that we must dispel the myth that only poor people are uninsured.



**Commissioner
Holly C. Bakke**

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A NEW HOME FOR THE UCJF

It seems like only yesterday that the Unsatisfied Claim and Judgment Fund packed its bags and moved from the Division of Motor Vehicles to the Department of Insurance (now Banking and Insurance). With the passage of Auto Reform Bill S-63 on June 9, the New Jersey Property-Liability Insurance Guaranty Association (“PLIGA”) in Bernardsville will assume responsibility for all management, administration and claims functions of the “Fund.” The Fund, under the direction of Assistant Commissioner William Rader, currently employs 21 people and is located on the 7th and 11th floors of the Mary G. Roebling Building in Trenton.

The Fund was established in the 1950s as part of the Department of Law and Public Safety. At the time, the Fund handled the claims of qualified victims whose injuries were caused by uninsured or unidentified motorists. With the adoption of New Jersey’s “no-fault” auto insurance system in the 1970s, the Fund assumed the responsibility of reimbursing New Jersey PIP insurers for their medical expense benefits in excess of \$75,000 per injured party, starting in 1978. The PIP medical coverage was unlimited until 1991, when benefits were capped at \$250,000.

The Fund is financed through an annual assessment levied on all insurers authorized to write automobile liability and PIP coverage for New Jersey policyholders. The Fund reimburses the State of New Jersey for all its operational expenses. In March 2003, the Fund assessed insurers \$201,649,791 to pay claims anticipated for fiscal year 2004 (July 2003 through June 2004).



Members of the UCJF Board (front row, from left): Thomas M. Curry, New Jersey Manufacturers; Carol Miksad, Deputy Executive Director, UCJF; Prince F. Kessie, Deputy Attorney General; Jean Kelly, UCJF Board Recording Secretary; Michael A. Luciani, Palisades Safety and Insurance Association; (back row, from left): Donald Bryan, Director of Insurance; William G. Rader, Assistant Commissioner and Acting Executive Director, UCJF; Thomas Glowacki, Hanover Insurance Company; and John C. Crisci, Board Chairman, United Services Auto Association.



Staff members of the UCJF (front row, from left): Shirley Kutz, Anita Harris, Lucille Reid, Robert Sussman, Karen Jarvie, Patricia Johnson, Mary Anna Prokolyshen, Carol Miksad, Mary Jane Melini, Kristin Hall and Glenn Albright; (back row, from left): Ruth Jackson, Bernard Volski, William Rader, Julius Chmielewski, Eileen Caratzas, Jean Kelly, Renee Clevenger, Robin Hickmond, William Risdon and David Graber. Missing from photo is Jill Pierson.

During calendar year 2002, the Fund received 7,155 new Uninsured/Unidentified Motorist (UM) claims. As of December 2002, there were 948 active claims. In 2002, the Fund paid 439

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NEW JERSEY HOSTS NAIC ZONE CONFERENCE

This spring, the New Jersey Department of Banking and Insurance hosted the National Association of Insurance Commissioners' Northeast Zone Conference in historic downtown Princeton. Held May 7-9, the conference focused on "Strengthening the National System of State Based Regulation — Northeast Zone Initiatives."

This was the first time New Jersey hosted this conference, and according to Pennsylvania Insurance Department Commissioner Diane Koken, an attendee, it was an outstanding Zone meeting. In a letter to Commissioner Holly C. Bakke, Koken commented that "It takes a lot of time and energy to coordinate a meeting with excellent content and participation and I'm looking forward to working on these Zone initiatives."

Twelve states make up the Northeast Zone, from Maine to Washington, D.C., and most states were able to participate in the conference. Medical mal-



State Commissioners, DOBI staff and members of the insurance industry gathered for the NAIC's Northeast Zone Conference May 7-9 in Princeton.

practice and mold coverage were among the topics of discussions led by Northeast Zone Commissioners, DOBI staff and members of the insurance industry. Sen. Joseph F. Vitale, D-Woodbridge, also spoke on seeking stability in the medical malpractice insurance marketplace. Several breakout sessions gave attendees the opportunity to share their knowledge and to discuss resolutions to some of the nation's and New Jersey's hottest insurance topics.

UCJF

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of the victims of these claims, totaling \$4,121,350. The Fund collected \$970,102 in interest and principal from uninsured motorists in 2002. The Fund received 2,229 new Excess Medical Benefits claims from New Jersey automobile insurers. As of December 2002, the Fund had 7,113 active reimbursement claims. In 2002, the Fund issued 10,140 payments to New Jersey automobile insurers for their medical claims in excess of \$75,000, totaling \$242.5 million.

The UCJF would like to offer its thanks to the Department of Banking and Insurance for all its support and assistance over the years. Thanks are also offered to the UCJF Board members, John C. Crisci (United Services Auto Association-Chairman), Thomas Curry (New Jersey Manufacturers), Thomas Glowacki (Hanover Insurance Company), Michael A. Luciani (Palisades Safety and Insurance Association), Director of Insurance Donald Bryan, Assistant Commissioner and UCJF Acting Executive Director William Rader, Deputy Attorney General Prince F. Kessie, UCJF Deputy Executive Director Carol Miksad and UCJF Board Recording Secretary Jean Kelly, for their years of service to the Unsatisfied Claim and Judgment Fund and the Department of Banking and Insurance.

COMMISSIONER

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We are now finishing a white paper summarizing the discussions from the conference. PRIOR has agreed to do further research to help us determine more about the people who are uninsured. We also have been working closely with the Rutgers Institute on Healthcare Policy, which continues to do valuable research about the healthcare insurance market in New Jersey.

But our work will not stop in the halls of academia. We will be going into the homes of families and talking to them directly about their health insurance issues.

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Above, from left, Nick Debnarik (DOBI), Jill Breslin (DOBI), Andy Pada Jr., Joseph Sheridan and Ludi Hughes (DOBI).

FIVE APPOINTED TO EXAM COMMITTEE

Five experts from the mortgage industry were recently appointed by the New Jersey Department of Banking and Insurance to the Licensed Lender Examination Committee. Andy Pada, Jr., Dennis Ortiguera, Joseph Sheridan, Joseph G. Zinman and Michele C. Luff were selected as subject-matter experts to assist in the creation of a new licensed lenders examination.

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Below, from left, Michele Luff, Connie Ferrigno (DOBI) and Dennis Ortiguera.



Above, from left, Bill Blunt (DOBI), Sue Toth (DOBI), Leona Joyner (DOBI) and Joseph Zinman.

COMMISSIONER

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Much as we did in the months leading up to the auto reform package, we will be going to all corners of the state to hold small-group discussions at people's kitchen tables to get a wide range of input and suggestions from residents and employers.

At the same time that we are talking with families about their personal stories and challenges, we also will be forming working groups of professionals in the field to tackle specific issues.

Again, nothing will be off the table. All suggestions will be considered and debated.

We will determine what steps this administration can take to make whatever difference we can in the lives of people who live in fear of illness.

I appreciate all of the help the employees here give me on a variety of issues. And I want to thank you now in advance for all of the countless hours of hard work that many of you will put in to try to help our residents get the protection they need and deserve.



EXAM

CONTINUED FROM PAGE 12

Pada, an attorney, is vice president and CEO of 1st 2nd Mortgage. He is a graduate of George Washington and Oxford universities. Ortiguera, an attorney with the law firm Abad, Constancio & Mallonga, has a master of laws degree in banking, corporate and finance law from Fordham Law School. Sheridan is president of Intercounty Mortgage Network and past president of NJ Mortgage Bankers Association. Zinman is chairman of Aurora Financial Group, Inc. Luff is executive vice president of Integrity Funding, LLC, and faculty member of the Mortgage Bankers Association of America's School of Mortgage Banking. She is an MBAA Certified Mortgage Banker.

The Committee is composed of officers from the Department, led by Assistant Director Ludi Hughes, and experts who are practitioners from the mortgage banking industry. The Committee was formed for the purpose of creating an examination process that is both current and job related. Mortgage bankers, correspondent mortgage bankers, mortgage brokers and secondary mortgage lenders are required to pass the licensed lender exam before they are granted a license to conduct business.

The primary purpose of the new licensing examination is to protect the public by ensuring that licensed entities have the knowledge necessary to perform their jobs. The new test will include laws such as the New Jersey Home Ownership Security Act of 2002. The exam format will likewise change and will be completely computerized. Other changes planned will be increasing the frequency of the testing schedule and holding examinations at more convenient locations. The new examination is expected to take effect by October.

STRIKING A BALANCE

With new predatory lending law, Director of Banking H. Robert Tillman seeks to protect homeowners, profits for lenders

Director of Banking H. Robert Tillman is trying to take an opportunity to do the right thing and turn it into an opportunity for New Jersey's lending community.

As the Division of Banking steps up efforts to punish those who engage in predatory lending practices, Tillman wants to ensure that victims of high-cost loans have alternatives.

He's reaching out to bankers and mortgage-buyers with a bold idea: He wants to create a network of lenders that can issue lower-cost loans to replace the abusive ones that threaten to put consumers out of their homes.

"Refinancing at a fair rate – one that still accounts for increased risk – can protect the homeowner and still bring a profit for the lender," Tillman said.

The concept is part of a strategy Tillman devised to work alongside the landmark legislation signed by Governor James E. McGreevey May 1, 2003.

The new predatory lending law, which takes effect November 28, 2003, prohibits the financing of credit insurance, penalty interest rates, excessive fees, balloon payments and unfair arbitration standards.

While the law also ensures that victims of predatory lending are able to bring claims to defend themselves, Tillman believes it's important to make sure the victims have alternatives before the threat of losing their home. A chance to refinance at a fair rate can stop that from happening.

"Often, these consumers sign up for high-cost loans because they don't think they deserve better," he said. "That's just not so."



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LENDERS

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A MULTI-PART STRATEGY

Tillman's efforts to combat predatory lending began with an internal working group within the Department of Banking and Insurance. Staff who handle front-line consumer complaints and those who interact with the public and community leaders have joined senior staff to create a strategy that includes **outreach, education** and tougher **enforcement**.

Tillman and other staff in the Division of Banking, as well as staff from the Office of Public Affairs, meet regularly with community and senior citizen groups. Presentations feature segments on how to avoid predatory lending practices.

A special page on predatory lending appears on the Department's Web site at www.njdobi.org/predatory. Among the many valuable links are a mortgage calculator and a chart, "What Interest Rate Should I Pay?" that will be updated weekly. The chart gives consumers an idea of what kind of interest rate they should expect based on their FICO score.

Interaction with consumers is a two-way street. "Listening is very important," Tillman said. "That's how the Banking Division learns about emerging unfair practices that need attention."

Tillman has also instituted a new policy on fines when illegal practices are uncovered. "We will always pursue the maximum penalty of \$10,000 per violation under the new law," he said.

CLARIFYING THE NEW LAW

In advance of the new law's effective date, Tillman has spent many hours talking to the major credit rating agencies to ensure that New Jersey loans remain attractive to investors.

In late July, the Department issued a bulletin designed to address rating agency concerns. The chief issue is what liability investors face if a package accidentally includes a high-cost loan. The bulletin states that while the new law allows homeowners to sue if their mortgage violates the new standards, that right is subject to limits.

"From the start, New Jersey's effort to combat predatory lending has been about striking the right balance between consumer and lending interests," Tillman said. "Our efforts haven't stopped since Governor McGreevey signed the law."

HOUSEHOLD FINANCE SETTLEMENT OFFERS NJ CONSUMERS SOME RELIEF

New Jersey consumers who obtained real estate secured loans, including homeowner loans, from Household Finance Corp. in 1999 through the first nine months of 2002 have until October 14, 2003, to decide whether they want to participate in a restitution program that will net New Jersey borrowers \$17.7 million.

The restitution program is the result of a \$484 million multi-state settlement with Household Finance over the company's alleged unfair and deceptive practices in the "subprime" lending market. It provides relief to New Jersey consumers who were harmed by loans issued by Household International, Household Finance and Beneficial Corporation and their direct subsidiaries.

Household also has agreed to change its future business practices by limiting prepayment penalties on current and future loans to only the first two years of a loan; ensuring that new loans actually provide a benefit to consumers prior to executing the loans; limiting up-front points and origination fees and improving disclosures to consumers.

The New Jersey settlement was part of a national settlement negotiated by representatives of the state Attorney General and state Banking Departments, in consultation with H. Robert Tillman, director of the New Jersey Division of Banking, the Attorney General's Office and the Division of Consumer Affairs, part of the Department of Law and Public Safety.

SEE *HOUSEHOLD*, PAGE 20



EXAMINER RECEIVES MASTER'S FROM STONIER

Marilyn Lovett, a Financial Examiner 1 with the New Jersey Department of Banking and Insurance, recently graduated from the American Bankers Association Stonier Graduate School of Banking in Washington, D.C.

Held on the campus of Georgetown University, Stonier is the only national graduate school for banking executives and regulators, focusing on the development of leadership, managerial and analytical skills. Each year, students participate in a curriculum of more than 40 courses and enjoy networking with close to 350 fellow students. The program is accomplished over three years, culminating with the Capstone Strategic Project, where students develop their own comprehensive business projects. Lovett received her master's degree in banking in June.

Lovett joined the Department 17 years ago as an accountant/auditor trainee. She has been certified as Examiner-in-Charge by the Conference of State Bank Supervisors since 2000 and has completed various examiners' schools held by the Office of Thrift Supervision of New York, the Federal Deposit Insurance Corporation, New York Region, and the Federal Reserve Bank of New York. She received the DOBI Employee Recognition Award for her work in 2001.

Lovett holds a bachelor's degree in accounting from Kean College of New Jersey and an associate's degree in mathematics from Isothermal Community College in Spindale, N.C.

DEPARTMENT RELEASES BANKING FEES GUIDE

The Department of Banking and Insurance has conducted its fifth survey of banks and credit unions in New Jersey to determine what fees were being charged to consumers. On June 30, the Department released its 2003 edition of the Consumer Guide to Bank and Credit Union Fees, a valuable resource for consumers who are shopping around for a new banking institution.

The Consumer Guide offers a breakdown of some of the common fees banks and credit unions charge their customers. It also includes the results of the Department's survey, as well as comparisons to previous survey findings. The guide includes tips and information about some of the financial accounts available to New Jersey residents, as well as how to register a complaint with the state and federal regulators of financial institutions.

The Consumer Guide to Bank and Credit Union Fees is available on the Department's Web site, www.njdobi.org, and in print format. For a copy, please call 1-800-446-SHOP (7467).

BANKING ENFORCEMENT

Orders issued from April 1, 2003, through June 30, 2003

LICENSEE	ORDER TYPE	REASON	ISSUED	EFFECTIVE	STATUS
Resource One Mortgage	Notice of Final Order	M	5/21/03	5/23/03	License Suspended
Omni Mortgage	Notice of Final Order	M	5/21/03	5/23/03	License Suspended
Premier Funding Corporation	Notice of Final Order	M	5/21/03	5/23/03	License Suspended
S & F Check Casher	Notice of Final Order	K	5/21/03	5/23/03	License Suspended
Sterling Mortgage Ltd.	Notice of Final Order	J	5/21/03	5/23/03	License Suspended
PacificAmerica Money Centers, Inc.	Notice of Final Order	J	5/21/03	5/23/03	License Suspended
Victory Mortgage & Consultant Corp.	Notice of Final Order	S	5/21/03	5/23/03	Violation corrected*
Mercury Premium Acceptance LTD	Notice of Final Order	J-M-S	5/21/03	5/23/03	License Suspended
Dynasty Capital Corp.	Notice of Final Order	M	5/21/03	5/23/03	License Suspended
First Rate Home Loans, LLC	Notice of Final Order	S	5/21/03	5/23/03	License Suspended
National Premium Financing Services, LLC	Consent Order		6/30/03	6/30/03	License Suspended

REASON CODES

J-Failure to file 1999 annual report
S-Failure to file 2001 annual report

K-Failure to pay examination bill
 *Order Rescinded

M-Failure to file 2000 annual report



INSURANCE ENFORCEMENT

FINAL ORDERS

Edward J. Gaffney, Sr., Brick — Order # E03-62, June 9, 2003: Public Adjuster used misleading and deceptive advertising; operated a business under a trade name, “Insurance Claim Services” not filed with the Department; and engaged in activities beyond the scope of his public adjuster license by advising persons on questions of law and filing claims beyond the scope of the policies held by his clients. Sanctions imposed: Suspension of license: two years; Fine: \$7,500; Costs: \$250.

Irwin Gordon, Las Vegas, NV — Final Order # E03-40, April 16, 2003: In Order to Show Cause E02-223, issued September 3, 2002, producer was charged with charging service fees in the aggregate amount of \$631,204.70 without the knowledge or consent of the insured; supplying the insured with invoices for insurance policies in amounts higher than the actual premium charged by the insurer; failing to satisfy a U.S. District Court judgment in the amount of \$1,893,614.10 plus attorney’s fees; and failing to advise the Department of current residence and business addresses. Gordon failed to provide an adequate written answer or response to the Order to Show Cause. Sanctions imposed: Revocation; Restitution as provided in the U.S. District Court judgment; Fines in the aggregate amount of \$21,250; Costs: \$300.

Robert L. Hand, Jr., Perth Amboy — Order # E03-68, June 25, 2003: Limited Insurance Representative was the president of “Lucky Seven,” which sold bail bonds through inmates at the Middlesex County Adult Correctional Facility. Sanctions imposed: Revocation of license; Costs: \$475.

CONSENT ORDERS

American Bankers Life Assurance Company of Florida, Miami, FL, Advanta Insurance Agency, Inc., Horsham, PA — Consent Order # E03-35, April 16, 2003: Insurer and producer caused, permitted or allowed unlicensed employees of Telepoint Communications, Inc., to solicit the sale of insurance without first obtaining producer licenses. Sanctions imposed: Fines: \$15,000 (American Bankers Life Assurance Company of Florida); \$10,000 (Advanta Insurance Agency, Inc.); Cease and desist from engaging in conduct constituting violation.

Atif N. Askander, Jersey City, Metro Travel and Insurance Agency, Jersey City — Consent Order # E03-33, April 2, 2003: Producers transacted business on behalf of a revoked producer; aided and abetted an unlicensed person in the solicitation, negotiation or effectuation of insurance contracts; submitted applications to PAIP and CAIP resulting in numerous deficiencies being assessed by the Plans; failed to maintain a receipt book and failed to issue receipts for all monies accepted by personal delivery; failed to maintain a register of all monies received, deposited, disbursed or withdrawn in connection with their insurance transactions; Askander failed to timely advise the Department of his current business address. Sanctions imposed: Fine: \$6,000; Cease and desist from engaging in conduct constituting violations.

Paulo Barbosa, Newark — Consent Order # E03-43, May 6, 2003; Limited Insurance Representative operated business under a trade name, “Fast Break Bail Bonds,” not registered with the Department. Sanction imposed: Fine: \$1,000.

Janet L. Barrows, Cedar Grove — Consent Order # E03-41, April 17, 2003: Producer failed to advise Department of current residence. Sanction imposed: Fine: \$250.

Melissa E. Benson, Netcong — Consent Order # E03-66, June 25, 2003: Producer issued a check to the State in payment of her license renewal fee at a time when the account on which the check was drawn contained insufficient funds. Sanction imposed: Fine: \$500.

Blaze Bail Bonds, Inc., Perth Amboy — Consent Order # E03-60, May 30, 2003: Limited Insurance Representative charged a consumer \$2,000 for a \$25,000 bail bond - an amount that was less than the amount provided in the surety’s rating plan. Sanction imposed: Fine: \$1,000.

Alan E. Breslow, Paramus — Consent Order # E03-46, May 6, 2003: Producer submitted an application and payment to the Connecticut Insurance Department for the renewal of the non-resident insurance license held by his father-in-law, Ralph Parnes, to which Breslow had forged the signature of Ralph Parnes, knowing that Ralph Parnes was deceased. Sanction imposed: Revocation of license.

Edward R. Carroll, Voorhees — Consent Order # E03-42, April 28, 2003: Producer failed to advise Department of current business address. Sanction imposed: Fine: \$250.

Helena Clark, Mount Holly, Capital Title Company, Inc., Mount Holly — Consent Order # E03-55, May 30, 2003: In connection with certain mortgage refinance closings related to mortgage loans generated by Meredith Financial, Inc., the producers failed to make disbursements within the time period provided by and according to the requirements set forth in New Jersey law. Sanctions imposed: Two-year suspension of license and \$10,000 fine as to Clark; Revocation of license and \$12,500 fine as to Capital Title Company, Inc.

ENFORCEMENT



Theodore M. Costa, Mount Holly — Consent Order # E03-56, May 30, 2003: Producer was president and majority stockholder of Capital Title Company, Inc., at the time the organizational producer conducted certain mortgage refinancing closings related to mortgage loans generated by Meredith Financial, Inc., and the organizational producer failed to make disbursements within the time period provided by and according to the requirements set forth in New Jersey law. Sanction imposed: Fine: \$5,000.

James J. Dooley, Jr., Allentown, PA, Myers Benner Corporation, Allentown, PA — Consent Order # E03-36, April 16, 2003: Producers entered into Consent Order with the Pennsylvania Insurance Department for violations of the insurance rules but failed to report the disciplinary action to the Commissioner in a timely manner. Sanction imposed: Fine: \$250.

Santiago Escudero, Rochelle Park — Consent Order # E03-64, June 25, 2003: Producer failed to timely advise the Department of his current business address. Sanction imposed: Fine: \$250.

Nora A. Finello, Cherry Hill, Legal Title, Inc., Cherry Hill — Consent Order # E03-44, May 6, 2003: Organizational Producer, Legal Title, Inc., transacted the business of insurance after its license expired. Sanction imposed: Fine: \$2,000.

Health Net of New Jersey, Inc., Neptune — Consent Order # E03-59, May 30, 2003: HMO, through one of its claim vendors, improperly required pre-certification for certain out-of-network outpatient services under its Small Group HMO Point of Service contracts, totaling approximately \$145,667 in billed charges; and failed to timely pay out-of-network outpatient claims totaling approximately \$90,620 in billed charges. Sanctions imposed: Fine: \$35,000; Restitution: Remediation of all affected claims through issuance of appropriate payments, including interest where applicable.

Lauren Raymond Housel, Fort Walton Beach, FL, TermProvider, Inc., Fort Walton Beach, FL — Consent Order # E03-45, May 6, 2003: Producers caused, permitted or otherwise allowed unlicensed employees to solicit, negotiate or effect the sale of term life insurance in New Jersey. Sanction imposed: Fine: \$7,500.

Lloyds Syndicate 435, Newark — Consent Order # E03-37, April 16, 2003: Surplus lines insurer accepted two surplus lines placements that were submitted by a person not licensed as a New Jersey surplus lines producer. Sanction imposed: Fine: \$500.

Douglas F. Lubenow, Moorestown — Consent Order # E03-31, April 2, 2003: Producer disseminated an advertisement for long-term care insurance that failed to identify the insurer. Sanction imposed: Fine: \$500.

David S. Matsushita, Florham Park — Consent Order # E03-53, May 30, 2003: Producer transacted the business of insurance after his license expired and failed to advise the Department of current residence. Sanction imposed: Fine: \$1,250.

Michael C. Miller, Hackettstown, County Agency, Inc., Hackettstown — Consent Order # E03-57, May 30, 2003: Miller and County Agency pled guilty to criminal accusations charging one count of second-degree conspiracy and one count of second-degree theft by deception for criminal conduct occurring while they were actively licensed as producers. Sanctions imposed: Revocation of licenses and fine of \$25,000; Restitution of \$843,963.77.

Elaine Pearson, Somerset — Consent Order # E03-31, April 2, 2003: Producer submitted a license application on which she failed to disclose that she had been convicted of disorderly persons' offenses. Disposition: Voluntary surrender of license and revocation in lieu of monetary penalty.

Frank T. Podolski, Cherry Hill — Consent Order # E03-67, June 24, 2003: Subsequent to a closing and the execution of the HUD-1 by the borrowers, the producer changed dollar amounts on the completed HUD-1 related to the payoff of a mortgage, which changed figures accurately reflecting the amount due the lending institution and contained the producer's initials next to the changes, but were made without the written consent of the borrowers. Sanction imposed: Fine: \$1,500.

Thomas F. Randis, East Hanover — Consent Order # E03-50, May 13, 2003: Producer failed to advise the Department of current business address. Sanction imposed: Fine: \$250.

John D. Rankin, Princeton, Stewart Princeton Abstract Company, Princeton — Consent Order # E03-65, June 25, 2003: Organizational producer, Stewart Princeton Abstract Company, transacted the business of insurance after its license expired and failed to timely advise the Department of its current business address. Sanction imposed: Fine: \$1,750.

Nelson M. Rojas, Weehawken — Consent Order # E03-34, April 16, 2003: Producer issued a check to the State in payment of his license renewal fee at a time when the account on which the check was drawn contained insufficient funds. Sanction imposed: Fine: \$500.

Arthur Schechner, Millburn, Schechner Lifson Corporation, Millburn — Consent Order # E03-54, May 30, 2003: Producers failed to remit \$2,138.50 in return premium to insured within five business days; Schechner Lifson Corporation failed to timely satisfy a court judgment in the amount of \$2,138.50. Sanction imposed: Fine: \$1,500.

Thomas F. Thompson, Moorestown — Consent Order # E03-32, April 2, 2003: Producer disseminated flyers at a public event soliciting the purchase of life insurance that failed to identify the form number of the product or the insurer offering the product, and were misleading in that a benefit was promised that was not available from the insurer. Sanction imposed: Fine: \$500.

Sarah-Anne Trayner, Rye Brook, NY — Consent Order # E03-58, May 30, 2003: Producer transacted the business of insurance after her license expired and failed to advise the Department of current residence. Sanction imposed: Fine: \$750.



REAL ESTATE ENFORCEMENT

Galina Ginsberg, salesperson, Union County — After a full hearing on June 10, 2003, pursuant to N.J.S.A. 45:15-17(n), the Real Estate Commission suspended Ms. Ginsberg’s license for three months, finding that Ms. Ginsberg procured a license by fraud, misrepresentation or deceit when failing to disclose a prior conviction at the time of applying for a license. Thereafter, any license issued to her will be held on probation for an additional two-year period, during which time her employing broker must submit quarterly reports to the Commission staff. The Commission also imposed a fine of \$1,500.

Sherlene Green Guthrie, salesperson, Union County — After a full hearing on June 24, 2003, pursuant to N.J.S.A. 45:15-12.1, the Commission determined that the Respondent was not eligible to hold a salesperson’s license because she was convicted of a theft offense within the past five years.

Patricia Guyton, salesperson, Middlesex County — On June 3, 2003, the Commission approved a settlement in which Ms. Guyton admitted that she had violated N.J.S.A. 45:15-17(n) in that she procured a license by fraud, misrepresentation or deceit when she lied on her application and did not disclose that she had a criminal history. Her license was suspended for six months and after a license is reinstated, it will be held on probation for two and a half years. She also agreed to pay a \$1,000 fine.

RULE ADOPTIONS

The Office of Legislative and Regulatory Affairs adopted the following rules during the period between January 1, 2003, and June 30, 2003. Copies of these rule adoptions can be viewed on the Department’s Web page at <http://www.njdobi.org/adopt.htm>.

Personal Injury Protection Benefits; Medical Protocols; Diagnostic Tests
Adopted Amendments: N.J.A.C. 11:3-4.10 and 11:3-4
Appendix Exhibit 11
Effective 1/6/03

Registrar and Transfer Agents
Readoption: N.J.A.C. 3:12
Effective 1/6/03

Prompt Payment of and Accrual of Interest on Life Insurance Proceeds
Adopted Amendments: N.J.A.C. 11:2-17.7 and 11:4-41.3
Effective 1/6/03

Commercial Lines Insurance
Readoption with Amendments: N.J.A.C. 11:13
Effective 1/6/03

Minimum Reserve Standards for Individual and Group Health Insurance Contracts
Adopted Repeal and New Rules: N.J.A.C. 11:4-6
Effective 1/21/03

Internal Reorganization of Bank Holding Companies
Adopted Amendments: N.J.A.C. 3:13-1.1 and 1.2
Effective 2/3/03

Debt Adjustment and Credit Counseling
Readoption with Amendments: N.J.A.C. 3:25
Effective 2/3/03

Surplus Lines Insurance: Policy Form Approval Procedures, Standards and Placements of Coverage with Surplus Lines Insurers and Ineligible Unauthorized Insurers
Adopted New Rules: N.J.A.C. 11:1-33
Effective 2/3/03

Standards for Contracts on a Variable Basis
Standards for Individual Market Value Adjusted Annuities
Unfair Discrimination
Persistency Bonus
Adopted Repeals: N.J.A.C. 11:4-44.5 and 48.4
Adopted Amendments: N.J.A.C. 11:4-44.2 and 48.2
Effective 2/3/03

Automobile Insurance Reporting Requirements and Filing Deadlines
Adopted New Rules: N.J.A.C. 11:3-3A
Adopted Amendments: N.J.A.C. 11:3-3.5, 16.15 and 22.3
Effective 3/3/03

CONTINUED FROM PAGE 18

Insurance of Municipal Bonds Readoption: N.J.A.C. 11:7	Effective 3/17/03
Small Employer Health Benefits Program Informational Rate Filing Requirements Adopted New Rule: N.J.A.C. 11:21-9.6 Adopted Recodification with Amendment: N.J.A.C. 11:21-9.7 as 9.8 Adopted Amendments: N.J.A.C. 11:21-9.2 and 9.3	Effective 3/17/03
Petition for Rules Rulemaking Notice Adopted Amendment: N.J.A.C. 3:3-1.1 Adopted New Rules: N.J.A.C. 3:3-4	Effective 4/7/03
Petition for Rules Rulemaking Notice Adopted Amendments: N.J.A.C. 11:1-1.1, 15.1, 15.2 and 15.3 Adopted New Rules: N.J.A.C. 11:1-15.4 and 15.5 Adopted Repeals: N.J.A.C. 11:1-1.2	Effective 4/7/03
Foreign Insurers - Designation of Individual for Service of Process Adopted New Rule: N.J.A.C. 11:1-25.4	Effective 4/7/03
Medical Fee Schedules Automobile Insurance Personal Injury Protection and Motor Bus Medical Expense Insurance Coverage Adopted New Rule: N.J.A.C. 11:3-29 Appendix, Exhibit 6 Adopted Amendments: N.J.A.C. 11:3-29.2, 29.4 and 11:3-29 Appendix, Exhibit 3	Effective 4/7/03
“40 States” File and Use Standards and Procedures Adopted New Rules: N.J.A.C. 11:4-40A	Effective 4/7/03
Dental Plan Organizations - Annual Financial Reports Adopted Amendment: N.J.A.C. 11:10-1.7	Effective 4/7/03
Benefit Standards for Infertility Coverage Adopted New Rules: N.J.A.C. 11:4-54	Effective 4/21/03
Rate Filings Requirements - Voluntary Market Private Passenger Automobile Insurance Adopted Amendments: N.J.A.C. 11:3-16.2	Effective 5/5/03
Organized Delivery Systems Adopted New Rules: N.J.A.C. 11:22-4.5 and 4.8	Effective 5/5/03
Admission Requirements for Foreign and Alien Property and Casualty Insurers; Admission Requirements for Foreign Life and Health Insurers Adopted Amendments: N.J.A.C. 11:1-10.3 through 10.8 and N.J.A.C. 11:2-1.4	Effective 5/19/03
Minimum Benefit Standards for Policies and Certifications Delivered or Issued on or After January 4, 1993; Standards for Guaranteed Issuance of Coverage to Eligible Persons Adopted Amendments: N.J.A.C. 11:4-23.8 and 23.12	Effective 5/19/03
Accelerated Death Benefits Definition of Qualifying Event Adopted Amendment: N.J.A.C. 11:4-30.3	Effective 6/16/03

New Jersey Department of Banking and Insurance
Banking and Insurance Quarterly
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PO Box 325
Trenton, NJ 08625-0325
JAMES E. MCGREEVEY, GOVERNOR
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Save the Date!

2003 Commissioner's Banking Symposium, October 8, 2003

New Jersey Bank Directors' College on Corporate Governance, October 23, 2003

HOUSEHOLD

CONTINUED FROM PAGE 14

Consumers who are eligible to participate in the program have been issued release forms explaining the settlement from Banking and Insurance Commissioner Holly C. Bakke and Attorney General Peter C. Harvey. Those wishing to participate in the settlement program must sign the forms and return them by the October 14 deadline. All information will be kept confidential.

CONTACT US

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Under the settlement, each state can determine how to disburse its available restitution funds. In New Jersey, a complex formula is being used that takes into account such things as loan points, prepayment penalties and insurance costs; however, each eligible borrower will receive a minimum of \$150.

The exact amount of each borrower's payment will be determined by those complex factors and the number of people who sign their release forms wishing to participate in the restitution program.

Borrowers who believe they have been harmed and have not received a release form should contact the Household-Beneficial Settlement Administrator, in writing, at the following address: PO Box 3775, Portland, OR 97208-3775, or call 1-888-780-2156. The settlement Web site is www.household-beneficial-settlement.com.

Barring any unforeseen delays, restitution checks should arrive in the mail in January 2004.