

**REPORT**

**of the**

**MARKET CONDUCT EXAMINATION**

**of the**

**JIMCOR E & S, LLC**

**(A SURPLUS LINES AGENCY )**

**located in**

**MARLTON, NEW JERSEY**

**as of**

**MARCH 16, 2001**

**BY EXAMINERS**

**of the**

**STATE OF NEW JERSEY**

**DEPARTMENT OF BANKING AND INSURANCE**

**DIVISION OF ENFORCEMENT AND CONSUMER PROTECTION**

**MARKET CONDUCT EXAMINATION SECTION**

**Report Adopted:**

**January 3, 2003**

JIMCOR E & S, LLC

MARKET CONDUCT EXAMINATION REPORT

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## I. INTRODUCTION

This is a report of the Market Conduct activities of Jimcor E & S, LLC (hereinafter referred to as Jimcor or the agency). In this report, examiners of the New Jersey Department of Banking and Insurance (NJDBI) present their findings, conclusions and recommendations as a result of their market conduct examination. The Market Conduct Examiners were Marleen Sheridan, Examiner-in-Charge, Rosalyn Benitez and Richard Segin.

### A. SCOPE OF EXAMINATION

The scope of the examination covered surplus lines insurance sold in New Jersey. The examiners conducted the examination of Jimcor to evaluate the agency's compliance with N.J.S.A. 17:22-6.40 through 17:22-6.65, N.J.A.C. 11:1-31 through 11:1-34 (New Jersey surplus lines insurance laws and regulations), N.J.A.C. 11:17A-1.3 through 11:17C-2.6 (insurance producer standards of conduct) and N.J.A.C. 11:17-6.3 (Managing General Agents). The review period for the examination was January 1, 2000 to March 16, 2001. The examiners completed their fieldwork at the agency's Marlton, New Jersey office between March 6, 2001 and March 16, 2001. On various dates thereafter, the examiners completed additional review work and the writing of the report.

In completing this examination, the examiners followed the guidelines set forth in the National Association of Insurance Commissioners' (NAIC) Market Conduct Examiners Handbook. For example, the examiners randomly selected files from a computer listing provided by the agency in accordance with the handbook. In addition, the examiners used the NAIC Handbook, Chapter XII – Conducting the Surplus Lines Broker Examination and Chapter VI – Conducting the Property and Casualty Examination as a guide to write this report.

### B. ERROR RATIOS

Error ratios are the percentage of files reviewed which an agency handles in error. A file will also be counted as an error when it is mishandled or the insured is treated unfairly, even if no statute or regulation is applicable. If a file contains multiple errors, the examiners will count the file only once in calculating error ratios. However, any file which contains more than one error will be cited more than once in the report. In the event that the agency corrects an error as a result of a consumer complaint or due to the examiners' findings, the error will be included in the error ratio. If the agency corrects an error independent of a complaint or NJDBI intervention, the error is not included in the error ratios.

Whenever the examiners find that the agency commits a type of error with sufficient frequency, they will cite the errors as an improper general business practice. If an error constitutes an improper general business practice, the examiners have stated this in the report that follows.

The examiners sometimes find improper general business practices of an agency that may be technical in nature or which did not have an impact on a consumer. Even though such a practice would not be in compliance with law, the examiners do not count each of these files as an error in determining error ratios. Whenever such business practices do have an impact on the consumer, each of the files in error will be counted in the error ratio. The examiners indicate in the report that follows whenever they did count any particular files in the error ratio.

The examiners submitted written inquiries to agency representatives on the errors cited in this report. This provided Jimcor the opportunity to respond to the examiners' findings and to provide exception to the statutory and/or regulatory errors or mishandling errors reported herein. In response to these inquiries, Jimcor agreed with some of the errors cited in this report. On those errors with which the agency disagreed, the examiners evaluated the individual merits of each response and gave due consideration to all of its comments. In some instances, the examiners did not cite the files due to the Agency's explanatory responses. In others, the errors remained as cited in the examiners' inquiries.

For the purpose of the database computer analyses conducted during this review, the examiners define an exception as a file or record in a database that does not meet specified criteria as set forth in computer queries. The file or record has not been reviewed in depth by an examiner.

For the most part, this is a report by exception.

### C. AGENCY PROFILE

Jimcor Agency, Inc. of Closter, NJ was founded in 1986. Jimcor Agency purchased the assets of R&R Special Risk in 1996 to form Jimcor E & S, LLC of Marlton, NJ. Jimcor is a wholesale agent and as such does not deal directly with the public. As a wholesaler, it only has contact with retail agents and provides them with access to surplus lines insurance markets. The surplus lines carriers that Jimcor represents are: Indian Harbor Insurance Company, Interstate Fire and Casualty Company, Monticello Insurance Company, Scottsdale Insurance Company, Western World Insurance Company, American Equity Insurance Company, Lloyd's of London, Nautilus Insurance Company, Penn-America Insurance Company and Essex Insurance Company.

## II. REVIEW OF PLACEMENT OF COVERAGES

### A. INTRODUCTION

The examiners randomly reviewed files from Jimcor's spreadsheet of 8,117 new and renewed surplus lines policies. The examiners reviewed the agency's files for compliance with all applicable statutes and regulations that govern market conduct activities, including N.J.S.A. 17:22-6.40 through 17:22-6.65 (the surplus lines law) and N.J.A.C. 11:1-31.3 (a) (rules requiring coverages to be placed with eligible surplus lines insurers). In the chart that appears below, the examiners summarize the type of files reviewed by the examiners. The agency placed all of the following coverages in the surplus lines market.

<u>TYPE OF COVERAGE</u>	<u>FILES REVIEWED</u>
Homeowners	43
Commercial General Liability	32
Commercial Property/Liability	8
Commercial Property	5
Dwelling	5
Commercial Automobile	3
Personal Umbrella/Personal Catastrophe	3
All Other	7
Total	106

### B. ERROR RATIOS

The examiners calculated the error ratio for the sample they reviewed by applying the procedure outlined on page one in the introduction of this report. All 106 files were randomly selected from the computer run of new and renewal policies. In addition, the examiners reviewed the entire population of policies for correct placement with eligible surplus lines insurers.

#### PLACEMENT ERROR RATIOS

	<u>Files Reviewed</u>	<u>Files in Error</u>	<u>Error Ratio</u>
Random Review	106	106	100%
Error Ratio w/o Practice	106	26	25%

## DATABASE REVIEW EXCEPTIONS RATIO

Population Review:	<u>Records Reviewed</u>	<u>Exceptions</u>	<u>Exception Ratio</u>
Risk Placement	8117	2	<1%

### C. REVIEW OF PLACEMENT OF COVERAGES

1. Failure to Include Required Surplus Lines Information on Policy, Certificate, Cover Note, or Other Confirmation of the Insurance – 317 Errors on 106 files – Improper General Business Practice

Pursuant to N.J.S.A. 17:22-6.52, “Each surplus lines agent through whom a surplus lines coverage is procured shall write or print on the outside of the policy and on any certificate, cover note, or other confirmation of the insurance, his name, address and license number, the name of the New Jersey broker through whom the business originated and the name, address and code designation, if any, of the foreign or alien broker through whom the coverage was placed.” This requirement is also stated in Standard number one in the placement of coverages of the surplus lines brokerage section of the NAIC Market Conduct Examiners Handbook. This standard specifies that “All required disclosures should be made in accordance with statutes, rules, and regulations.” This would include disclosure of the agent’s license number and the name of the agency. In reviewing the 106 files, the examiners noted that Jimcor failed to include the following information on the policy, certificate, cover note, or other confirmation of the insurance. Some policies had more than one required informational item missing.

<u>Error Category</u>	<u>Error Frequency</u>
• Agency's License Number	106 Errors
• Agency’s Name and Address	78 Errors
• Name of New Jersey broker through whom business originated	106 Errors
• Name, address and code designation, if any, of the foreign or alien broker through whom the coverage was placed	27 Errors

In response to the examiner's inquiry, the Agency confirmed the examiners’ findings and stated that, "Prior to the audit, Jimcor was unaware that the license number of the surplus lines agency must appear on the certificate of insurance. We are working with our software provider and will have this corrected immediately. Our intention is to show the surplus lines transaction number which includes our license number."

In addition, the Agency stated, "I can speak in broad terms to our policy issuance system, and institute corrections in the very near future. Of the ... files reviewed, we do have computer system based issues that need to be corrected by the markets that we currently represent. Jimcor subscribes to the Formmaker (Docucorp) policy issuance system. We are then furnished with a library from each company that includes their standard declarations page we are instructed to use. This declarations page will have limited fields of entry for the policy typist. Therefore, we must require the company to amend their declarations page to meet our needs, which can be a cumbersome task." Jimcor is currently requesting changes in the above-referenced computer systems to correct these errors. Due to the high frequency of errors, the examiners cited this as an improper general business practice.

SEE APPENDIX A1 FOR FILES IN ERROR

2. Inappropriate Inspection Fees Charged for Services not Performed or Overcharge of Fees on Inspections Actually Performed - 24 Errors

In accordance with N.J.S.A. 17:22A-14.1, no surplus lines agent shall charge any fee to an originating broker in connection with the negotiation or procurement of any contract of surplus lines insurance that shall exceed \$50.00 plus the actual cost incurred for services such as inspections. Additionally, N.J.A.C. 11:17B-3.2(a)4 states that no charge may be made for services not actually performed.

On seven policies reviewed, the examiners found that the Agency charged fees for inspections not performed. On 17 other policies, the examiners found that the Agency overcharged the policyholders for the inspections that were actually performed. The overcharges ranged from \$9.50 to \$30.50. All of the fees charged were in addition to the \$50.00 fee which is permitted under N.J.S.A. 17:22A-14.1. The examiners did not discover any files in which Jimcor undercharged the actual cost of the inspection.

In response to an inquiry, the Agency provided the examiners with a set schedule of inspection fees as follows (prices are per location):

- Drive by report - used for personal lines policies and vacancies - \$15.00 plus \$1.50 for a photo
- Fire and/or OL&T report - used for majority of commercial accounts - \$35.00 plus \$1.50 per photo
- Restaurants - typically include the Fire/OL&T report as well as a restaurant supplement-\$45.00 plus \$1.50 per photo

In response to an additional inquiry, the Agency stated that, "The schedule of inspections fees I had provided to you ... were the average or scheduled cost provided by our service. The fee schedule represented the 'typical' report that is required by the underwriter and hence provided by the inspector. On many occasions, the cost of the inspection will exceed the fee charged by the underwriter

due to driving time, inability to contact the insured, improper address, etc...To compensate these cost overruns Jimcor has typically charged a fee of \$75-\$80 per location to be inspected.” The Agency further stated that, “[T]here are some accounts that do have a larger fee than the ’typical’ inspection cost. However, I do not feel that these fees are excessive in any way, or are they gouging the insured for unnecessary charges. Jimcor's standard practice is to charge appropriate fees based on the surplus lines regulations, and not abuse the policy fee process." The respondent to this inquiry further stated that, "I apologize for not being able to provide proper documentation on each account showing the cost of our inspections. The service that we currently use handles our Marlton office as well as our Plymouth Meeting, PA office and bills Jimcor monthly on a statement that includes all charges. To go back to 2000 and pull individual invoices for specific accounts would be nearly impossible."

N.J.S.A. 17:22A-14.1 only allows Jimcor to charge the actual cost incurred for inspections. The agency, however, charged fees that either were in excess of the actual cost of the inspection or without obtaining an inspection, contrary to this statute.

SEE APPENDIX A2 FOR FILES IN ERROR

3. Failure to File, and Failure to File Notice of Amendment to, Binding Authorities -9 Errors

a) Failure to File Binding Authorities

N.J.S.A. 17:22-6.42(e) requires a surplus lines agent to file with the Commissioner the written agreements, including any amendments to the agreements, between the agent and the insurer setting forth the terms, conditions and limitations of his binding authorities. The Agency provided the examiners with a copy of their binding agreements with:

- American Equity Insurance Company
- Strickland Insurance Group on behalf of Indian Harbor Insurance Company
- Interstate Insurance Group
- Monticello Insurance Company
- Penn-America Insurance Company
- Corrie, Bauckham, Batts Limited for Lloyd’s of London

Contrary to N.J.S.A. 17:22-6.42(e), the examiners found that Jimcor did not file the required agreements with the Commissioner on the six companies referenced above.

In response to an inquiry that requested documentation that the agency filed its binding agreements with the Commissioner, Jimcor responded that “on contracts received after 1995, we did not understand that we needed to continue to file them with the department after the regulatory change that was made in 1995.



We believed they were for informational purposes and voluntary.” However, the binding agreements must be filed with the Commissioner before the surplus lines agent exercises his binding authority. Therefore, Jimcor did not comply with N.J.S.A. 17:22-6.42(e).

b) Failure to File Amendments to Binding Authority

The examiners found that the agency did file its binding authorities with the Commissioner on the following three companies. However, contrary to N.J.S.A. 17:22-6.42(e), Jimcor failed to file amendments to these binding agreements with the Commissioner on the following three company agreements: These three errors have not been added to the error ratio charts:

- Bell & Clements Limited Agreement #ST00/7172
- Lloyd's Agreement #00GH880
- Scottsdale Insurance Company

4. Improper Collection of Surplus Lines Tax and Fee on Risks placed in the Admitted Market - 2 Exceptions

N.J.S.A. 17:22-6.59 requires that premiums charged for surplus lines coverages are subject to a premium receipt tax of 3%. In addition, N.J.S.A. 17:22A-14.1 allows a surplus lines agent to charge a fee not to exceed \$50.00 in connection with the negotiation or procurement of any contract of surplus lines insurance. The collection of the premium receipt tax and the charging of a negotiation or procurement fee, however, do not apply when risks are placed in the admitted marketplace by a surplus lines agent, even though the type of insurance is an exportable coverage pursuant to N.J.A.C. 11:1-34 (exportable list).

Jimcor placed professional liability coverage under policy number LP40640642 (SL# 00889-00-75675) in Legion Insurance Company, an admitted insurer. But, the Agency entered Legion Indemnity Company, an unauthorized insurer deemed an eligible surplus lines insurer, into the policyholder's record. It was therefore improperly treated as a surplus lines transaction. Hence, the Agency erroneously collected the tax and the fee.

From the review of the Agency's database, the examiners noted the placement of coverage of a commercial general liability risk, under policy number CSR001739001 (SLA# 00889-00-50342) with American Safety Casualty Insurance Company, an admitted insurer. Again, the agency erroneously collected the premium receipt tax, the procurement fee and an additional fee of \$100.00. Jimcor subsequently remitted the 3% tax to the Commissioner in its third quarter tax report. Upon recognizing the risk was placed in an admitted market rather than a surplus lines market, Jimcor withdrew the 3% tax in the same quarter tax report. The examiners saw notations in the file that the Agency was issuing a refund for the erroneously collected premium receipt tax and procurement fee, but none was

ever processed. It wasn't until the examiner's inquiry on March 15, 2001 that Jimcor processed the refunds.

5. Retail Agents' Failure to Make Diligent Effort to Place Coverage - Results of Survey - Policies Improperly Written in the Surplus Lines Market

In accordance with N.J.S.A. 17:22-6.43(a), an agent can place a risk in the surplus lines market only if the insurance required is not procurable, after a diligent effort has been made from among the insurers authorized to transact that kind of insurance in this State. This statute is similar to Standard number six of the placements of coverage section of the NAIC Market Conduct Examiners handbook, which specifies that a "diligent effort should be made to place the risk with an admitted carrier in compliance with statutes, rules, and regulations." Based on the Department's certification form, it will consider that the retail agent has made a diligent effort whenever s/he has contacted authorized companies before placing a policy in the surplus lines market. The examiners issued 30 questionnaires (for 10 policies written) to the insurance companies, which the retail agent (who deals directly with the insured) listed in the certificates. The purpose of the questionnaires was to determine if the agents actually contacted the insurance companies and if the companies wrote that type of risk on the date of contact. In the following chart, the examiners indicate how many times agents contacted authorized insurance companies to place coverage with them before procuring insurance with a surplus lines company:

<u>No. Sent</u>	<u>No. Responded</u>	<u>No. Contacted by Agent</u>	<u>No. Not Contacted by Agent</u>	<u>Do Not Maintain Records</u>
30	30	11	13	6

The insurance companies responded to the 30 questionnaires that the examiners issued. One company wrote the type of coverage the agent was pursuing, but the risk failed to meet their underwriting guidelines. On three contacts, the companies did not maintain records, but would have declined the risks for failure to meet their underwriting guidelines. The survey revealed that six agents did not make the 13 contacts mentioned in the chart above. Because of the apparent failure of six retail agents to contact the companies they listed on these forms, the examiners have referred the matter to the Enforcement Unit of the NJDOBI for investigation.

6. False and Misleading Advertising

N.J.S.A. 17:29B-4(2) prohibits false, untrue and misleading advertising practices, unfair methods of competition and unfair or deceptive acts in the business of insurance. Standard number five of the placement of coverage section of the NAIC Market Conduct Examiners handbook states that examiners should determine whether "... all advertising and sales materials are in compliance with applicable statutes, rules and regulations." The examiners accessed Jimcor's web-

site and found that the Agency purports itself to be a "Managing General Agent." In addition, an e-mail from the Agency's representative dated March 21, 2001 listed seven companies Jimcor claimed to represent in the capacity of an MGA.

A "Managing General Agent" (MGA) by definition under N.J.A.C. 11:17-6.2 means "... any person, firm, association or corporation who binds ceding reinsurance contracts on behalf of an insurer or manages all or part of the insurance business of an insurer ... and underwrites an amount of gross direct written premium equal to or more than five percent of the policyholder surplus as reported in the last annual statement of the insurer in any one quarter or year..." Additional requirements imposed on Managing General Agents are specified pursuant to N.J.A.C. 11:17-6.3(c) (requirement to maintain surety bonds), N.J.A.C. 11:17-6.3(d) (requirement to maintain errors and omissions coverage) and N.J.S.A. 17:22C-6 (execution of written contracts between the MGA and insurers, setting forth responsibilities of the agent on behalf of the insurer when acting in the capacity of an MGA).

The examiners requested documentation of all three requirements highlighted above. In response to an inquiry, the Agency stated, "Jimcor E & S by definition is not a 'Managing general agent' per N.J.A.C. 11:17-6.2 definitions. Jimcor is an E & S Broker with binding authority and therefore does not need surety bonds on behalf of the companies. By definition Jimcor does not bind ceding reinsurance contracts on behalf of insurers nor underwrite an amount of gross written premium equal to or more than 5% of the policyholder surplus as reported in the last annual statement in any one quarter or year..." The examiners then questioned why the Agency's e-mail and web page indicated that Jimcor was an MGA, to which it replied, "We are described on the web-site as a Managing General Agent since this is the commonly used term in our industry for our operation. We represent the previously listed carriers as their MGA in terms of quoting, binding, issuing and endorsing policies per their written agreement. The discrepancy to the definition of managing general agent used in your statute and our use of the term seems to revolve around the premium requirement and the need to write a certain premium percentage in order to qualify for the designation. I believe that the percentage is 5% of the company's writings and we do not approach that figure with any of the companies that we represent."

Since the regulation specifically defines an "MGA" and the statute and regulations set forth the requirements for acting in the capacity of an "MGA", Jimcor's representation of itself as a Managing General Agent is contrary to N.J.S.A. 17:22C-6 and N.J.A.C. 11:17-6 et seq. In addition, this reference is untrue, deceptive or misleading and contrary to N.J.S.A. 17:29B-4(2).

7. Failure to Obtain Certification of Effort - 2 Errors

N.J.S.A. 17:22-6.47 states "Within 30 business days after the effectuation of any surplus lines insurance, the originating broker shall submit to the surplus lines agent, an affidavit or certification by the broker on a form prescribed and furnished by the commissioner, as to efforts made to place the coverage with authorized insurers and the results thereof..." unless the coverages, risks or classes of insurance are declared eligible for export pursuant to N.J.A.C. 11:1-34 (Surplus Lines: exportable list). The affidavit or certification shall be maintained in the files of the broker and the surplus lines agent and shall be available for inspection by the commissioner for a period of at least five years. N.J.S.A. 17:22-6.57 requires that agents keep a full and true record of each surplus lines contract procured by the agent, including information required by the commissioner. This requirement is also stated in Standard number six of the placement section of the NAIC Market Conduct Examiners Handbook, which specifies that diligent effort should be made to place the risk with an admitted carrier in compliance with statutes, rules and regulations.

During their review, the examiners found two files that did not contain the required certificate of effort. In response to the examiners' inquiry, on transaction number 00889-01-00597, the surplus lines agent stated, "[It] appears that we made several attempts to secure affidavit but it was not sent by producer." On transaction number 00889-00-26961, Jimcor replied, "I cannot determine why the affidavit was not requested by the underwriter. I believe that since the policy was short term, the underwriter thought the risk was exportable. I will advise the underwriter accordingly."

Both files fail to comply with the aforementioned statutes, due to Jimcor's failure to maintain the required certification of effort in its files.

8. Results of Tests for Compliance with other Surplus Lines and NAIC Standards

a. N.J.S.A. 17:22-6.42(b), N.J.S.A. 17:22-6.45, and N.J.A.C. 11:1-31.3(a) require that surplus lines agents place coverage with unauthorized insurers that are deemed eligible surplus lines insurers by the Commissioner. The examiners verified that Jimcor placed 8,115 of the 8,117 policies with eligible surplus lines insurers. Two of the 8,117 policies were placed in the voluntary marketplace, but erroneously treated as surplus lines transactions. These two errors are discussed separately in Section II.C .4 of this report.

b. The examiners checked the previous carrier on each file reviewed to determine if certain risks were improperly taken from the admitted market and placed into the surplus lines market. Out of 106 files reviewed, admitted companies previously insured 13 of the risks. The admitted carriers terminated these risks due to vacant dwellings, coastal properties, prior loss history and

failure to meet underwriting guidelines. There was no indication that these risks would have been eligible in the admitted market.

c. Standard number two of the placement of coverage section of the NAIC M.C.E. handbook states "When issued by the surplus lines broker, all forms and endorsements forming a part of the contract should be listed on the declarations page." The examiners determined that Jimcor's files contained declaration pages that displayed the insuring agreements, conditions, exclusions, clauses, endorsements and other material facts that would be regularly included in a surplus lines policy.

### III. REVIEW OF AGENCY OPERATIONS/MANAGEMENT

#### A. INTRODUCTION

The examiners reviewed Jimcor's operations and procedures for compliance with N.J.A.C. 11:1-34 (Surplus lines: exportable list), N.J.A.C. 11:19-3.5 (assignment of transaction numbers), N.J.S.A. 17:22-6.47 (Certification of effort), N.J.S.A. 17:22-6.59 (premium receipts tax), N.J.S.A. 17:29C-4.1 (unearned premium) and N.J.A.C. 11:17, 17A, 17B, 17C (producer licensing and standards of conduct).

#### B. ERROR RATIOS

The examiners calculated the error ratio for the sample they reviewed by applying the procedure outlined on page one in the introduction of this report. Error ratios are itemized for each of the review samples as indicated in the chart that follows.

OPERATIONS ERROR RATIOS			
<u>Review Type</u>	<u>Files Reviewed</u>	<u>Files in Error</u>	<u>Error Ratios</u>
Random Review	106	0	0
Refund Review	50	0	0
Tax Review	50	0	0

#### C. EXAMINERS' FINDINGS

##### 1. Premium Receipt Tax

N.J.S.A. 17:22-6.59 requires that the surplus lines agent collect from insureds a premium receipts tax of 3%. The agent shall forward to the Commissioner with a quarterly report a check for the premium receipts tax due for that period. Subsequent endorsements must be included on the tax return for the appropriate quarter. This is related to Standard number seven in the operations/management section of the NAIC Handbook which specifies that "[All] applicable taxes (should be) reported and ... credited to the state." This statute is also related to Standard six, which states that "all required reports (should be) filed with the Department of Insurance or the appropriate authority." The examiners reviewed 50 files and found that Jimcor paid the premium receipts tax for each policy and endorsement and filed its quarterly reports timely.

##### 2. Facilitation of Examination

Operations Standard ten of the NAIC Handbook governing surplus lines insurance states that "the broker (should) cooperate on a timely basis with examiners performing the examinations." Jimcor promptly provided the examiners with all requested information and files.

### 3. Refund of Unearned Premiums

N.J.S.A. 17:29C-4.1 states, “Whenever an insurance policy or contract is canceled, the insurer on notice thereof shall return to the insured within a reasonable time not to exceed 60 days of the date of cancellation or notice whichever occurs last, ... the amount of gross unearned premiums paid.” This statute is similar to Standard nine of the broker operations/management section of the NAIC handbook which states that, “unearned premiums (should be) correctly calculated and returned to appropriate party in a timely manner and in accordance with applicable statutes, rules and regulations.” The examiners randomly selected 50 cancelled files for review and found that Jimcor issued premium refunds within the required timeframe.

### 4. Complaints

a. Standard number eight in the operations/management section of the NAIC Handbook states that “consumer and insurance department complaints (should be) responded to in accordance with statutes, rules, and regulations.” Jimcor received one complaint during the review period. The policyholder filed her complaint through the Department of Banking and Insurance. The agency responded promptly to the DOBI within four days of receipt of the complaint.

b. N.J.S.A. 17:29B-4(10) requires the maintenance of a complete record of all complaints. This record shall indicate the total number of complaints, classification by line of insurance, nature of each complaint, disposition of complaint and the time it took to process the complaint. The examiners reviewed Jimcor’s complaint register and found no errors.

### 5. Antifraud Plan and Disaster Recovery Plan

The examiners requested that Jimcor provide a copy of the agency’s antifraud plan and disaster recovery plan. This is relative to Standard numbers one and two of the Broker/Operations Management section of the NAIC Handbook, which refer to fraudulent activities and disaster recovery plans. Jimcor provided the examiners with a copy of an antifraud memorandum that it issued to all managers. The memorandum requested that if an employee suspects any insured, broker, company or coworker of engaging in illegal or fraudulent behavior to notify senior management immediately.

In addition, Jimcor provided the examiners with its written disaster recovery plan. The plan is a comprehensive business continuity strategy, which outlines the necessary safeguards to follow in the event of a disaster or catastrophic system failure.

6. Required Liability Bond

N.J.S.A. 17:22A-14 requires that each licensee holding surplus lines authority file with the Commissioner of Banking and Insurance a bond in the amount of not less than \$25,000.00, aggregate liability. Standard number five of the Broker/ Operations Management section of the NAIC Handbook states that examiners shall verify that all statutorily required bonds are in force. Jimcor provided the examiners with a copy of its required bond; the examiners determined that the bond is currently in force and meets the requirements of the statute.

7. Unspecified Fees on Premium Invoices

Jimcor's invoice lists amounts for the premium, tax and fees which includes the maximum \$50.00 surplus lines fee and inspection fees. However, these fees are not itemized to reflect the specific charges being billed. The invoice should list separately the service fee and the inspection fee in order to be properly identified.

D. LICENSING

1. Improper Payment of Commissions to Unlicensed Insurance Producers - 2 Agency Errors/256 Commission Errors

According to N.J.S.A. 17:22A-3 and N.J.A.C. 11:17B-2.1(a), "No insurance producer or limited insurance representative, shall pay any commission to any unlicensed individual or organization for services rendered in this State as an insurance producer or limited insurance representative except for services rendered while licensed." This is similar to Standard number four of the operations/ management section of the NAIC handbook which maintains that the broker must be appropriately licensed.

During the market conduct exam, the examiners checked the Department of Banking and Insurance records to verify that the 45 originating brokers producing the 106 reviewed policies were properly licensed. The examiners found that Jimcor paid commissions to two unlicensed agencies. One of the two agencies was previously licensed but Department records indicated that its' license expired at the time of the surplus lines transactions. Jimcor erroneously paid commissions to Producer ID# 113709 on 97 policies. The second agency, Producer ID# 10070, was not licensed at all and Jimcor erroneously paid commissions on 159 policies. In response to an inquiry, Jimcor stated "... (Agency Name) was recently purchased by... (Agency Name) Group, Inc. The license may now be under their entity." But the examiners found after checking the licensing for all branch offices of the group, that there was none for this particular agency. It appears that the group that purchased this agency did not file with the Department a branch office registration



in accordance with N.J.A.C. 11:17-2.8 and the branch office did not maintain its' own license. This information has been forwarded to the Enforcement Division of NJDOBI for Review.

Upon request of the examiners, Jimcor provided copies of 1099 forms to identify the actual entity receiving the commissions. These documents verified that the commissions were paid to unlicensed agencies.

2. Use of an Unfiled and Unapproved Trade Name

By definition under N.J.A.C. 11:17-1.2(b), a "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. In addition, N.J.A.C. 11:17-2.7 states that, "No resident licensed producer shall conduct insurance business under a name other than its legal name unless the name had been filed with and approved by the Department of Banking and Insurance. While reviewing the Agency's Binding Agreements, the examiners found and confirmed through the Department's licensing records, that the Agency was currently using the unfiled and unapproved trade name of "Jimcor Agencies." In response to the examiner's inquiry, the Agency agreed and stated "[U]ntil the trade name is approved by the [D]epartment, we will discontinue using it." The use of this unfiled and unapproved trade name is contrary to the aforementioned regulations.

3. Other Findings

According to N.J.S.A. 17:22A-3 and N.J.A.C. 11:17A-1.3 no person shall act as an insurance producer without first obtaining a license from the commissioner granting authority for the kind of insurance transacted. This requirement is similar to Standard number four of the operations/management section of the NAIC Market Conduct Examination handbook which maintains that the broker must be appropriately licensed. The Agency provided the examiners with a copy of its license. The examiners confirmed by referencing Department of Banking and Insurance records, that Jimcor E & S, LLC is licensed and has surplus lines authority. The records also indicate that both of the Agency's officers have surplus lines authority under their individual licenses.

## IV. CLAIMS REVIEW

### A. INTRODUCTION

This review covers New Jersey claims closed by Jimcor E & S, LLC during the period of January 1, 2000 through March 16, 2001. In reviewing each claim, the examiners checked for compliance with all applicable statutes and regulations that govern the handling of claims, most of which are relative to NAIC standards on claim handling. The examiners conducted specific reviews placing particular emphasis on N.J.S.A. 17:29B-4 and N.J.A.C. 11:2-17 (Unfair Claims Settlement Practices) and N.J.A.C. 11:3-10 (Automobile Physical Damage Claims). These requirements relate to the NAIC Standards of Chapter VI - Conducting the Property and Casualty Examination.

Jimcor E & S, LLC utilized two methods of claim handling. Under the first method, the broker submitted the claim report to the insurer for its direct handling. Under the second method, the broker used its claims settlement authority granted under Agency Binding Authority Agreements. Jimcor has been granted claims settlement authority with one unauthorized insurer, Indian Harbor Insurance Company, Illinois and one alien insurer, Lloyds of London; Both are eligible surplus line insurers in New Jersey. The examiners reviewed 32 randomly selected claim files from Jimcor's population of 523 closed claims.

### B. ERROR RATIOS

The examiners calculated the error ratios by applying the procedures outlined in the introduction of this report. The chart below itemizes the population of each category of review, the total number of claims reviewed in each category, and the error ratios broken down by line of coverage.

#### RANDOM ERROR RATIOS

<u>LINE OF COVERAGE</u>	<u>FILES REVIEWED</u>	<u>FILES IN ERROR</u>	<u>ERROR RATIOS</u>
Commercial Property Policies	15	1	7%
Homeowners Policies	10	4	40%
Commercial Phys. Damage	3	1	33%
Product Liability	3	1	33%
Personal Auto	<u>1</u>	<u>1</u>	100%
TOTAL	32	8	25%

## C. EXAMINERS FINDINGS

### 1. Claim Settlement Delays and Failure to Send Delay Notices- 5 Errors

N.J.A.C. 11:3-10.5(a) requires a company to settle a physical damage claim within 30 calendar days. N.J.A.C. 11:2-17.7(c)1 requires that all first party claims other than personal injury protection (PIP) and auto physical damage are to be paid within 30 calendar days and N.J.A.C. 11:2-17.7(c)2 states that the maximum payment period for all third party property damage claims shall be 45 calendar days. N.J.A.C. 11: 3-10.5(b) and N.J.A.C. 11: 2-17.7(f) state that if the company is unable to settle the claim within the time period specified a written notice must be sent to the claimant stating the reasons why additional time is needed; the written notice of delay must be sent every 30 or 45 days thereafter until all elements of the claim are paid or rejected. Standard number two of the Claims section of the N.A.I.C. Market Conduct Examiners Handbook states that claims investigations should be effectuated and completed in a timely fashion. In addition, Standard three states that claims (should be) resolved in a timely manner. Of the 32 claims reviewed, Jimcor did not pay or deny the following five claims timely nor did the agency issue delay notices as required by the regulation. In response to examiners' inquiries, Jimcor agreed with these findings.

<u>Claim Number</u>	<u>Date Received</u>	<u>Date Paid/Denied</u>	<u>Days Beyond 30 or 45</u>	<u>Error Code</u>
103578	8/16/00	11/27/00	73	A, D
132268	7/6/00	9/13/00	24	C, E
122104	6/28/00	12/14/00	139	B, E
90362	6/30/00	8/9/00	10	B, E
3300	5/26/00	7/6/00	11	B, E

#### Error Codes:

- A. N.J.A.C. 11:3-10.5(a)- physical damage claims must be settled within 30 days
- B. N.J.A.C. 11:2-17.7(c)1- first party homeowner claims are to be paid within 30 days
- C. N.J.A.C. 11:2-17.7(c)2- third party property damage claims shall be paid within 45 days
- D. N.J.A.C. 11: 3-10.5(b)-failure to send delay notice
- E. N.J.A.C. 11: 2-17.7(f)- failure to send delay notice

### 2. Requiring Claim Release that Extends Beyond Subject Matter – 1 error

N.J.A.C. 11:2-17.5(d) states that "No insurer shall request a claimant to sign a release that extends beyond the subject matter that gave rise to the claim payment." In addition to this requirement, Standard six of the claims section of the NAIC Market Conduct Examiners Handbook states that, "[C]laims (should be)

properly handled in accordance with policy provisions and applicable statutes, rules and regulations.” On claim 132268, the third party claimants were required to execute an all-inclusive bodily injury and property damage release (Release of All Claims form) when settling only the property damage aspect of the claim. The release form states in part, “That the undersigned...does hereby... release, acquit and forever discharge... of and from any and all claims, actions, causes of action, demands, rights...” In response to an inquiry, Jimcor disagreed and stated that “a signed release is required on all third party claims and it only applies to the current claim and also, it doesn't apply or extend beyond the subject matter of the claim.” However, the release form should have been composed to meet the specific settlement of the claim instead of the general language that requires the claimant to agree to the release of all claims.

3. Miscellaneous Errors – 3 Errors

a. N.J.A.C. 11:2-17.12(b) states that "Detailed documentation and/or evidence shall be contained in each claim file in order to permit the Commissioner or his designated examiners or investigators to reconstruct the company's activities relative to the claims settlement." Standard five of the claims section of the NAIC Market Conduct Examiners Handbook states that claim files should be adequately documented. In claim file 4956, the file was lacking the required documentation to allow the examiners to determine if the claim was paid within the required timeframe.

b. N.J.A.C. 11:2-17.6(a) states that "All claims must be reported to the designated insurer by a broker no later than three working days following receipt of notification of claim by the broker." On claim 4904, Jimcor received notice of claim from the retail agent on November 15, 2000. On March 19, 2001, Jimcor reported the loss to the insurer. Contrary to the regulation, this resulted in 80 working days beyond the allowed time frame. Jimcor agreed with the examiners' findings.

c. N.J.A.C. 11:2-17.8(b) states that "Any denial or offers of compromise to the claimant shall be confirmed in writing and shall be kept in the appropriate claim file." In addition, Standard 11 of the claims section of the NAIC Market Conduct Examiners Handbook states that “denied and closed-without-payment claims (should be) handled in accordance with policy provisions and state law.” On claim 3660, the examiners found correspondence dated July 25, 2000 which advised the insured that the claim was still open because the required documentation was not submitted. The file did not contain an actual denial letter. In response to an inquiry, Jimcor stated that a formal denial letter was not sent to the insured “since the letter dated July 25, 2000 in the claim file states that if the insured does not respond to them within 30 days they will close the file accordingly.” However, the letter is merely a reminder notice and does not qualify as a denial letter within the meaning of the regulation.

## V. RECOMMENDATIONS

Jimcor E & S, LLC should inform all responsible personnel and third party entities who handle the files and records cited as errors in this report of the examiners' recommendations and remedial measures that follow in the sections indicated. The examiners also recommend that the Agency establish procedures to monitor compliance with these measures.

Throughout this report, the examiners cite and/or discuss all errors found. If the report cited a single error, the examiners often include a reminder recommendation because a single error may be indicative of additional errors of the same type.

The examiners acknowledge that during the examination, the Agency has agreed with and has already complied with, either in whole or part, some of the recommendations made herein. For the purpose of obtaining proof of compliance and for providing the Agency's personnel with a document they can use for future reference, the examiners have listed all recommendations below.

### A. GENERAL INSTRUCTIONS

All items requested for the Commissioner should be sent to the attention of Clifton J. Day, Manager, Market Conduct Examinations, Mary G. Roebling Building, 20 West State Street, PO Box 329, Trenton, NJ 08625-0329, within 30 days of the date of the adopted report.

On files reopened as recommended, the letter that provides a policy fee adjustment should be sent to the agent with an accompanying cover letter to the insured containing the following first paragraph (varying language is included in the parentheses):

#### **Inspection Fee Adjustment**

"During a recent review of our policies by market conduct examiners of the New Jersey Department of Banking and Insurance, they found we have inappropriately (charged or overcharged) an (inspection fee and/or other fee) on your policy. Enclosed is our payment in the amount of (insert amount) to correct our error."

### B. PLACEMENT OF COVERAGES

1. Jimcor must amend the form used in issuing Certificates of Insurance to include fields necessary to accommodate the input of the surplus lines license number. This will assure compliance with N.J.S.A. 17:22-6.52. This revised form must be sent to the Commissioner as documentation of Jimcor's compliance with this recommendation.

2. The agency must issue written instructions to all responsible personnel stating that, pursuant to N.J.S.A. 17: 22-6.52, the following information must be included

on the outside of the policy, certificate, cover note or other confirmation of insurance:

- a. Jimcor's name, address, license number
  - b. Name of New Jersey broker through whom the business originated
  - c. Name, address and code designation, if any, of the foreign or alien broker through whom the coverage was placed
3. Jimcor must resolve computer system issues to include required information in its policies, and request the companies it represents to amend their declarations pages to include the agency name and address, name of originating broker and name and address of foreign broker as required by N.J.S.A. 17:22-6.52. Jimcor must provide documentation that it has reprogrammed its computer systems to include the required information in its policies.
4. Jimcor must issue a refund of inspection fees for the seven files cited in this report that it charged an inspection fee but did not order an inspection of the risk. See General Instructions for accompanying cover letter.
5. Jimcor must issue a refund or credit overcharges on the 17 errors cited in this report where inspection fees charged differed from actual inspection charges incurred. See General Instructions for accompanying cover letter. On a forward-going basis such overcharges should be automatically refunded when the actual inspection fee is determined, or credited on the next billing. Conversely, undercharges resulting from any estimated or anticipated inspection fees actually and subsequently incurred may be debited on the next premium billing or separately billed once the actual costs are realized. Both the anticipated and actual costs must be identified on any billing/debit and refund/credit notice issued to the insured.
6. The agency must issue written instructions to all responsible personnel stating that, pursuant to N.J.S.A. 17:22A-14.1 and N.J.A.C. 11:17B-3.2(a)4, no inspection fees are to be charged unless the risk is actually inspected and the file is documented with the corresponding inspection report to substantiate the fees charged. The agency should establish procedures to monitor compliance with this regulation.
7. Jimcor must comply with N.J.S.A. 17:22-6.42(e) which requires that it file with the Commissioner all pertinent written insurer agreements that set forth the terms, conditions and limitations of the Agency's binding authority. The Agency must send the examiners a copy of the Commissioner's approval letter relative to this filing.
8. Pursuant to N.J.S.A. 17:22-6.42(e), after receiving the amendments to the written binding agreements adding Jimcor E & S, LLC as a Named Party to the contract, Jimcor shall file with the Commissioner no later than 10 days after adoption thereof, the amendments to the binding agreements. The Agency must

send the examiners a copy of the acknowledgments from the Commissioner of the filing of the amendments to its binding agreements with the insurers cited in this report.

9. Jimcor should issue written instructions to the agency personnel responsible for quoting, binding and collecting premiums stating that, no negotiation or procurement fees, premium receipt tax or any other related fees, other than inspection fees, are permissible when placing any risk into an admitted marketplace. The Agency must re-open the two records cited in the report and issue refunds of these inappropriate charges. See General Instructions for accompanying cover letter.

10. In order to comply with N.J.S.A. 17:29B-4(2), Jimcor must remove all references that the agency is, or operates as, or represents unauthorized insurers in the capacity of a "managing general agent" on all published advertisements, announcements or statements, etc., including its web page. A copy of the revised advertisements should be sent to the Commissioner.

11. Jimcor should list separately the inspection fee and the surplus lines broker fee on its invoices. The agency should provide the examiners with a sample invoice that shows this breakdown.

12. Jimcor should remind all underwriting personnel that, pursuant to N.J.S.A. 17:22-6.47 and N.J.S.A. 17:22-6.57 a certification of effort must be obtained from a broker as to efforts made to place coverage with authorized insurers and the results thereof, unless the coverages, risks or classes of insurance are declared eligible for export. The certification must remain in a file for a period of at least five years.

### C. AGENCY OPERATIONS/MANAGEMENT

13. In order to comply with N.J.A.C. 11:17-1.2(b) and 11:17-2.7, Jimcor must cease the use of the unfiled and unapproved trade name of "Jimcor Agencies" until it has been filed with and approved for use by the Department of Banking and Insurance. The Agency must provide the examiners with a copy of the cover letter that accompanies this filing, as well as documentation of the Department's ultimate decision relative to this filing.

14. The Agency should establish a system which verifies on each risk submitted and bound, that the agent is duly licensed to receive commissions as required by N.J.S.A. 17:22A-3 and N.J.A.C. 11:17A-1.3. The Agency should send to the Commissioner a written description and/or outline of the curative measures that will be utilized as a means to avoid payment of commissions to unlicensed producers.

## D. CLAIMS

15. In order to comply with N.J.A.C. 11:3-10.5(a) & 11:2-17.7(c)1 Jimcor should remind all claims personnel that first party, auto physical damage claims and all other first party claims must be settled within 30 calendar days from receipt by the insurer.

16. In order to comply with N.J.A.C. 11:2-17.7(c)2 Jimcor should remind all claims personnel that all third party property damage claims are to be paid within 45 calendar days from receipt of notification of claim.

17. In order to comply with N.J.A.C. 11:3-10.5(b) and 11:2-17.7(f) Jimcor must issue written instructions to all claims personnel that if the claim cannot be settled within the time periods specified, a written notice must be sent to the claimant stating the reasons why additional time is needed.

18. The Agency should remind all claims personnel that N.J.A.C. 11:2-17.5(d), prohibits an insurer to request a claimant to sign a release that extends beyond the subject matter that gave rise to the claim payment.

19. In order to comply with N.J.A.C. 11:2-17.8(b), the Agency should remind all claims personnel that any denial to the claimant shall be confirmed in writing and shall be kept in the appropriate claim file.

20. The Agency should remind all claims personnel that N.J.A.C. 11:2-17.12(b) requires detailed documentation and/or evidence to be contained in each claim file in order to permit the Commissioner or examiners/investigators to reconstruct the company's activities relative to the claims settlement.

21. In order to comply with N.J.A.C. 11:2-17.6(a), Jimcor should remind all appropriate personnel that all claims must be reported to the designated insurer no later than three working days following receipt of notification of claim by the broker.



## APPENDIX A – Placement of Coverages Errors

### 1. Failure to Include Required Surplus Lines Information on Policy, Certificate, Cover Note, or Other Confirmation of the Insurance - 317 Errors on 106 Files - Improper General Business Practice

00-00093 – 2,4	00-26304 - 1,2,4	00-50678 – 2,4	00-75710 – 2,4
00-00157 – 2,4	00-26310 - 1,2,4	00-50794 - 1,2,4	00-75761 - 1,2,3,4
00-00305 - 1,2,4	00-26344 - 1,2,3,4	00-50795 - 1,2,4	00-75805 – 2,4
00-00635 – 2,4	00-26369 - 1,2,3,4	00-50796 - 1,2,4	00-75850 - 1,2,4
00-00770 - 1,2,3,4	00-26376 - 1,2,4	00-50883 – 2,4	00-75940 - 1,2,3,4
00-01061 - 1,2,4	00-26381 - 1,2,3,4	00-51023 - 1,2,4	00-75978 – 2,4
00-01076 – 2,4	00-26402 - 1,2,4	00-51048 – 2,4	00-76006 - 1,2,3,4
00-01183 - 1,2,3,4	00-26485 - 1,2,4	00-51170 - 1,2,4	00-76093 - 2,3,4
00-01258 - 1,2,4	00-26522 - 1,2,4	00-51225 - 1,2,3,4	00-76226 - 1,2,4
00-01414 - 1,2,4	00-26545 – 2,4	00-51261 - 1,2,4	00-76400 - 1,2,4
00-01448 - 2,3,4	00-26583 - 1,2,4	00-51525 - 1,2,4	00-76677 – 2,4
00-01594 - 1,2,4	00-26617 - 1,2,4	00-51959 - 1,2,3,4	00-76693 – 2,4
00-01603 - 1,2,4	00-26638 - 1,2,4	00-51970 - 1,2,4	00-76719 - 1,2,3,4
00-25076 - 1,2,4	00-26878 – 2,4	00-51977 - 1,2,3,4	00-76731 - 1,2,4
00-25165 - 1,2,4	00-26886 - 1,2,3,4	00-75009 - 2,3,4	00-76736 - 1,2,3,4
00-25253 - 1,2,3,4	00-26961 - 1,2,3,4	00-75078 – 2,4	00-76773 - 1,2,4
00-25339 - 1,2,3,4	00-27056 - 1,2,4	00-75127 - 1,2,4	00-76788 - 1,2,4
00-25355 – 2,4	00-27101 - 1,2,4	00-75156 - 1,2,3,4	00-76814 - 1,2,4
00-25829 – 2,4	00-50006 - 1,2,4	00-75240 – 2,4	00-76942 - 1,2,4
00-25984 - 1,2,4	00-50060 - 1,2,4	00-75306 - 1,2,4	00-77006 - 1,2,4
00-25993 - 1,2,4	00-50390 – 2,4	00-75406 - 1,2,4	01-00062 - 1,2,4
00-26016 - 1,2,3,4	00-50396 – 2,4	00-75438 – 2,4	01-00245 - 1,2,3,4
00-26059 - 1,2,4	00-50439 - 1,2,4	00-75454 – 2,4	01-00274 - 1,2,4
00-26107 - 2,3,4	00-50451 – 2,4	00-75521 - 1,2,4	01-00597 - 1,2,4
00-26233 – 2,4	00-50461 - 1,2,4	00-75659 - 1,2,4	01-01163 - 1,2,4
00-26278 - 1,2,3,4	00-50596 - 1,2,4	00-75674 - 1,2,3,4	01-01333 - 1,2,4
		00-75675 - 1,2,4	01-01418 - 1,2,3,4

Code Identifiers:

1. Surplus Lines Agent Name & Address
2. New Jersey Originating Broker
3. Foreign/Alien Broker Name, Address & Code Designation
4. License Number

Errors:

78  
106  
27  
106

TOTAL ERROR COUNT:

317

**APPENDIX A (CONTINUED)**

**2. Inappropriate Inspection Fees for Services Not Performed or Overcharge of Fees on Inspections Performed - 24 Errors**

<b><u>SLA Number</u></b>	<b><u>Fee Charged</u></b>	<b><u>Actual Cost</u></b>	<b><u>Overcharge</u></b>	<b><u>Code ID</u></b>
00889-00-01414	\$ 30.00	\$ 18.00	\$ 12.00	IF
00889-00-26344	\$ 30.00	\$ 15.00	\$ 15.00	IF
00889-00-26369	\$ 30.00	\$ 18.00	\$ 12.00	IF
00889-00-26381	\$ 50.00	\$ 00.00	\$ 50.00	NIF
00889-00-26638	\$ 30.00	\$ 18.00	\$ 12.00	IF
00889-00-26961	\$ 40.00	\$ 00.00	\$ 40.00	NO
00889-00-50451	\$ 30.00	\$ 00.00	\$ 30.00	NIF
00889-00-50596	\$ 30.00	\$ 00.00	\$ 30.00	NIF
00889-00-50678	\$ 30.00	\$ 18.00	\$ 12.00	IF
00889-00-50794	\$ 30.00	\$ 18.00	\$ 12.00	IF
00889-00-51023	\$ 30.00	\$ 16.50	\$ 13.50	IF
00889-00-51261	\$ 50.00	\$ 39.50	\$ 10.50	IF
00889-00-51525	\$ 25.00	\$ 10.00	\$ 15.00	MV
00889-00-51977	\$ 10.00	\$ 00.00	\$ 10.00	NO
00889-00-75009	\$ 50.00	\$ 00.00	\$ 50.00	NO
00889-00-75078	\$ 30.00	\$ 16.50	\$ 13.50	IF
00889-00-75240	\$175.00	\$144.50	\$ 30.50	IF
00889-00-75761	\$ 30.00	\$ 16.50	\$ 13.50	IF
00889-00-75850	\$ 25.00	\$ 16.50	\$ 9.50	IF
00889-00-75805	\$ 30.00	\$ 16.50	\$ 13.50	IF
00889-00-76006	\$ 30.00	\$ 16.50	\$ 13.50	IF
00889-00-76693	\$ 50.00	\$ 38.00	\$ 12.00	IF
00889-00-76773	\$ 30.00	\$ 16.50	\$ 13.50	IF
00889-00-76942	\$ 30.00	\$ 00.00	\$ 30.00	NIF

Code Identifiers:

1. IF - Inspection in file
2. NIF - Inspection ordered, but not in file
3. NO - Inspection not ordered
4. MV - Motor Vehicle Report

VERIFICATION PAGE

I, Marleen J. Sheridan, am Examiner-in-Charge of the Market Conduct Examination of the Jimcor E & S, LLC conducted by the examiners of the New Jersey Department of Banking and Insurance. This verification is based on my personal knowledge as acquired in my official capacity.

The findings, conclusions and recommendations contained in the foregoing report represent, to the best of my knowledge, a full and true statement of the Market Conduct Examination of the Jimcor E & S, LLC as of March 16, 2001.

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

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Date

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Marleen J. Sheridan  
Examiner-In-Charge  
New Jersey Department of Banking and Insurance