



**State of New Jersey**  
**DEPARTMENT OF BANKING AND INSURANCE**  
**OFFICE OF THE COMMISSIONER**

PO BOX 325  
TRENTON, NJ 08625-0325

TEL (609) 292-7272

**PHIL MURPHY**  
*Governor*

**TAHESHA WAY, ESQ.**  
*Lt. Governor*

**JUSTIN ZIMMERMAN**  
*Commissioner*

## **Formation of a Domestic Property/Casualty Insurance Corporation (Stock or Mutual)**

We appreciate your interest in the formation of a New Jersey domiciled Property and Casualty insurer. The purpose of this letter is to advise you on the steps to be followed leading to the granting of a Certificate of Authority to transact business in this State. To assist you, we have also included a sample format for a Certificate of Incorporation, information relative to capital and surplus required for the lines of business to be written. You may obtain a copy of N.J.A.C. 11:1-28 et seq., the regulation covering formation of a domestic Property and Casualty insurer, by accessing the New Jersey Department of Banking and Insurance's website and by clicking on the "[Rules, Orders, Bulletins](#)", section. If you have any questions on any of the information provided, please do not hesitate to contact the Office of Solvency Regulations.

The *first step* is the submission of a feasibility study to the Commissioner of Banking and Insurance, which shall include, but not be limited to the following:

1. A detailed plan of operation of the applicant, which shall include the following:
  - i. Include and explain its plan of operation;
  - ii. Explain its source of funding;
  - iii. Describe its marketing strategy;
  - iv. Describe its underwriting procedures and guidelines;
  - v. Explain the administrative and legal arrangements to be made for the adjustment of claims and the recovery of salvage and subrogation;
  - vi. Describe its territory of operation;
  - vii. Describe the qualifications of the senior officers of the applicant responsible in the areas of claims, underwriting and investments;
  - viii. Describe the proposed maximum amount of coverage by line of business;
  - ix. Describe the proposed retention by line of business;
  - x. Describe the proposed reinsurance arrangements;
  - xi. Describe the proposed methods for the handling of consumer complaints;
  - xii. Include the applicant's proposed organization chart; and
  - xiii. Describe the proposed dividend policy (policyholder and shareholder);
  
2. A summary of the applicant's initial rating system, to the extent its proposed operations are regulated, which shall include:
  - i. Rate by lines of business;
  - ii. Proposed statistical agents (if any);
  - iii. Independent filings; and
  - iv. The rating bureau (if any)

3. A five-year projection of the following certified by a qualified actuary and accompanied by a narrative explaining the sources of anticipated premium and all assumptions made in developing the entire projection:

- i. Assets, liabilities and surplus and other funds in the format of the Assets page and the Liabilities and Surplus and Other Funds page in the Annual Statement representing the start-up year of the applicant and the five successive year-ends;
- ii. Underwriting and investment income in the format of the Underwriting and Investment Exhibit, Statement of Income in the Annual Statement for each of the five years;
- iii. The following information by line of business for each of the five years (the line of business classifications shall be those set forth in the Underwriting and Investment Exhibit, Part Two in the Annual Statement):
  - Premiums earned;
  - Losses incurred;
  - Loss expenses incurred; and
  - Ratios of the sum of the losses and loss expenses to premium earned; and
- iv. The projected values required in the Underwriting and Investment Exhibit, Part Four - Expenses in the Annual Statement.

Each applicant shall submit a **\$1,000** filing fee with the filing of the information required to cover costs related to the Department's review of the feasibility study. Make the check make payable to the **State Treasurer of New Jersey**.

All filings must be sent to:

**New Jersey Department of Banking and Insurance**  
**Office of Solvency Regulations**  
**Attn: Admissions/Self-Insurance Unit**  
**P O. Box 325**  
**Trenton, NJ 08625-0325**

Within 60 days from the receipt of **all** information and the filing fee from the applicant, the Commissioner shall, in writing, either accept or reject the applicant's feasibility study. If the feasibility study is accepted, the applicant then must submit the corporation's original certificate of incorporation, which the Department will submit for review and certification by the State Attorney General of New Jersey.

For your information, affixed below is a document outlining the preparation of a Certificate of Incorporation for a Domestic Stock Property/Casualty Insurance Corporation. Once the Certificate of Incorporation has been certified, it will be returned for recording with your County Clerk Office.

In addition to the Certificate of Incorporation, the following must be submitted to the Department of Banking and Insurance:

1. By-laws;
2. [Biographical Affidavit NAIC Form 11](#) – one for each incorporator, officer, and director of the proposed company;
3. New Jersey State Police, State Bureau of Identification Request For Criminal History Record Information, Form SBI 212A (Rev. 7-94) – one for each officer, director, incorporator or stockholder with controlling interest of the proposed insurer along with a check totaling the \$18 per form, payable to the **Division of State Police - SBI**. The Department will provide the yellow Form SBI 212A (Rev. 7-94), since photocopies are not accepted.

The original recorded Certificate of Incorporation must be returned to the Department of Banking and Insurance for filing. Capital must be raised and a minimum \$100,000 (market value) deposit made with the Commissioner of Banking and Insurance.

Membership in the Compensation Rating and Inspection Bureau (“CRIB”) 60 Park Place, Newark, New Jersey, 07102, is a prerequisite for the authority to write workers' compensation insurance. You may contact CRIB directly by mail or telephone at (973) 622-6014.

Upon the completion of the above-mentioned requirements and incorporation of the company, the Department will notify you about the Organization Exam. The Department will administer the Organization Exam at your business premise. Once the examination is completed and the report filed, the company should be in a position to receive its Certificate of Authority. During the course of the Organization Exam, management agreements, service agreements and cost-sharing arrangements will be reviewed. However, all such arrangements necessitate a Form D filing pursuant to N.J.S.A. 17:27A et seq. and are not deemed approved simply because they were reviewed during the course of the organization examination.

Please note that under N.J.S.A. 17:17-10 you have only one year from the date the Certificate of Incorporation is certified by the Attorney General to receive a Certificate of Authority. If a company fails to obtain a Certificate of Authority within one year, it shall be dissolved and its Certificate of Incorporation null and void.

Again, if you have any questions, please feel free to contact:

Ms. Nakia Reid  
Manager, Admissions/Self Insurance Unit  
Office of Solvency Regulations  
[nakia.reid@dobi.nj.gov](mailto:nakia.reid@dobi.nj.gov)  
609-940-7613

Very truly yours,

A handwritten signature in black ink that reads "Justin Zimmerman". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Justin Zimmerman  
Commissioner  
New Jersey Department of Banking and Insurance



**State of New Jersey**  
**DEPARTMENT OF BANKING AND INSURANCE**  
**OFFICE OF THE COMMISSIONER**  
PO Box 325  
TRENTON, NJ 08625-0325

**PHIL MURPHY**  
*Governor*

**TAHESHA WAY, ESQ.**  
*Lt. Governor*

**JUSTIN ZIMMERMAN**  
*Commissioner*

TEL (609) 292-7272

**Format for the Preparation of a**  
**Domestic Property/Casualty Insurance Company's**  
**Certificate of Incorporation**

1. On the face of the certificate, the title should be called the following:

"CERTIFICATE OF INCORPORATION OF \_\_\_\_\_"

2. The introductory paragraph upon the face of said certificate should open as follows:

"We, the undersigned, intending to form a corporation under Chapters 17 to 33 of Title 17 of the Revised Statutes of New Jersey as amended and supplemented, do hereby certify and state:"

OR

"This is to certify that we, the undersigned, intending to form a corporation under Title 17, Chapters 17 to 33 of the Revised Statutes of New Jersey as amended and supplemented, do hereby certify and state:"

NOTE: If the proposed company intends to write "health insurance" as defined in N.J.S.A. 17B:17-4 of the life and health insurance code, the introductory paragraph upon the face of said certificate should open as follows:

"This is to certify that we, the undersigned, intending to form a corporation under Title 17, Chapters 17 to 33 and Title 17B, Chapter 17-4 of the Revised Statutes of New Jersey as amended and supplemented, do hereby certify and state:"

3. FIRST: The name of the corporation shall be:  
(Name of the Proposed Corporation)
4. SECOND: The principal office of the corporation in the State of New Jersey, which shall also be its registered office, is to be located at (name and number of the street, road, etc.), (City or Township of \_\_\_\_\_, or Borough of \_\_\_\_\_), County of \_\_\_\_\_, State of New Jersey, and the registered agent upon whom process may be served shall be the corporation.
5. THIRD: The kinds of insurance to be transacted by the corporation shall be the kinds of insurance specified by the following paragraphs under N.J.S.A. 17:17-1 and 17B:17-4:
- (a) Against direct or indirect, loss or damage to property, including loss of use or occupancy by fire, etc.

ALL PARAGRAPHS DESIRED MUST BE SPELLED OUT IN FULL. Paragraphs "c", "d" and "h" may not be included. Coverages available under paragraph "o" are on an attached list. If the corporation desires to write any coverages under paragraph "o", these must also be spelled out in full. If health insurance is desired, 17B:17-4 must be quoted.

6. FOURTH: The corporation is to be a stock company.
7. FIFTH: The amount of capital stock of the corporation shall be \$ divided into \_\_\_\_\_ shares of common stock having a par value of \$ \_\_\_\_\_ per share. See 17:17-8. The whole amount of the capital stock set forth in the certificate of incorporation must be actually paid in.
8. SIXTH: The duration of the corporation shall be perpetual.

At Option of the Company:

9. SEVENTH: The corporation may issue both participating and non-participating policies with respect to any kind of insurance which the corporation is authorized to transact. Dividends shall be in accordance with rates and rules applicable to such kind or kinds of insurance as may be determined by the Board of Directors, subject to statutory requirements. The Board of Directors shall have the power to adopt by-laws pertaining to such declaration and payment which, in their judgment, seems necessary or desirable.
10. EIGHTH: The principal officers of this corporation shall be a Chairman of the Board of Directors, one or more Vice Chairmen of the Board of Directors, a President, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers as the Board of Directors may determine to elect in accordance with the provisions of the by-laws of this corporation by resolution adopted by a majority of the entire Board. All officers shall hold office for a term of one year unless sooner removed by the entire Board of Directors.
11. NINTH: The Board of Directors, in addition to all other rights and powers bestowed upon it by law, shall have the power, without the assent or vote of the shareholders, to make, alter, and repeal by-laws as set forth in the by-laws. (By-laws made by the Board may be altered, repealed, and new by-laws made by the shareholders.)
12. TENTH: The company reserves the right to amend, alter, change, or repeal any provision contained in this certificate, in the manner now or hereafter prescribed by law. All rights and powers conferred herein on shareholders, directors, and officers are subject to this reserved power.
13. ELEVENTH: The names and addresses of the incorporators are as follows:

(ten or more) \_\_\_\_\_  
Name Typed  
\_\_\_\_\_ Home Address

14. TWELFTH: The names and addresses of the first Board of Directors and Officers of the corporation and their term of office are as follows:

_____	Name Typed
_____	Home Address
_____	Term of Office

IN WITNESS WHEREOF, we the undersigned have hereunto set our hands

effective this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_. (Ten or more

names typed and official signatures)

\_\_\_\_\_ (L.S.)

(Names)

STATE OF \_\_\_\_\_ )

SS

COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before  
me a Notary Public within and for said County, personally appeared

(ten or more names), \_\_\_\_\_, \_\_\_\_\_,  
' \_\_\_\_\_, \_\_\_\_\_

known to be persons named as incorporators and who executed this  
Certificate of Incorporation and, who being duly sworn, depose and say  
that they executed the same as their free act and deed and for the  
uses and purposes therein expressed.

\_\_\_\_\_

Notary Public

(Notary Seal)



**THE NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE HAS IDENTIFIED THE FOLLOWING SPECIFIC COVERAGES AS BEING AVAILABLE UNDER N.J.S.A. 17:17-1, PARAGRAPH "o", (MISCELLANEOUS COVERAGES) :**

**"o-1"**

AGAINST all loss to buildings and structures, including consequential loss, and against loss or damage to property of others, caused by an insured;

**"o-2"**

AGAINST the perils of radioactive contamination and all other perils causing physical loss to nuclear energy installations and facilities including consequential loss;

All other miscellaneous coverage, including but not limited to the following are considered

**"o-3":**

"Loss or damage to property by epidemic";

"Against loss or damage to property by power failure or mechanical breakdown";

"Insurance against loss or damage to property or any insurable interest therein caused by insects or by radiation resulting from atomic fission";

"Engine breakdown";

"Loss or damage to property of the assured caused by falling of tanks or equipment for protecting property against fire, by explosion other than steam boilers, pipes, engines, motor, and machinery connected therewith (except fire)";

"Limited to the right to participate in associations or pools, such as NEPIA and NELIA, which associations or pools are authorized to write 'ALL RISKS' insurance involving Nuclear Fuel exposure";

"Economic Security";

"All other liability not covered under paragraph 'e', including voluntarily assumed liability."



**State of New Jersey**  
**DEPARTMENT OF BANKING AND INSURANCE**  
**OFFICE OF THE COMMISSIONER**

**PHIL MURPHY**  
*Governor*

PO Box 325  
 TRENTON, NJ 08625-0325

**JUSTIN ZIMMERMAN**  
*Commissioner*

**TAHESHA WAY, ESQ.**  
*Lt. Governor*

TEL (609) 292-7272

**REQUIRED CAPITAL FOR A DOMESTIC PROPERTY/CASUALTY  
 INSURANCE CORPORATION**

Lines of Authority under N.J.S.A. 17-17-1

<u>Paragraphs :</u>	<u>Capital</u>	<u>Surplus</u>
"e"	\$1,000,000	\$1,000,000
"g"	500,000	750,000
"a"	200,000	100,000
"b"	200,000	100,000
"f"	200,000	100,000
"i"	200,000	100,000
"j"	200,000	100,000
"k"	200,000	100,000
"l"	200,000	100,000
"m"	200,000	100,000
"n"	200,000	100,000
"o-1"	200,000	100,000
"o-2"	200,000	100,000
"o-3"	200,000	100,000
	=====	=====
<b>Maximum without Health:</b>	<b>\$3,500,000</b>	<b>\$2,750,000</b>
<b>Health (<u>N.J.S.A. 17B:17-4</u>):</b>	<b>\$ 700,000</b>	<b>\$2,800,000</b>
<b>Maximum Total:</b>	<b>\$4,200,000</b>	<b>\$5,550,000</b>
	=====	=====
<b>Title Insurance:</b>	<b>\$ 500,000</b>	<b>\$250,000</b>

**\*\*\*Note\*\*\***

The minimum capital and surplus permitted is  
 \$500,000 in capital and \$250,000 in surplus



**State of New Jersey**  
 DEPARTMENT OF BANKING AND INSURANCE  
 OFFICE OF THE COMMISSIONER

PHIL MURPHY  
 Governor

PO Box 325  
 TRENTON, NJ 08625-0325

JUSTIN ZIMMERMAN  
 Commissioner

TAHESHA WAY, ESQ.  
 Lt. Governor

TEL (609) 292-7272

**REQUIRED SURPLUS FOR A MUTUAL PROPERTY/CASUALTY INSURANCE CORPORATION**

**Lines of Authority under N.J.S.A. 17-17-1**

<u>Paragraphs:</u>	<u>Surplus:</u>
"e"	\$2,000,000
"g"	1,250,000
"a"	150,000
"b"	150,000
"f"	150,000
"i"	150,000
"j"	150,000
"k"	150,000
"l"	150,000
"m"	150,000
"n"	150,000
"o-1"	150,000
"o-2"	150,000
"o-3"	150,000
	=====
<u>Maximum without Health:</u>	<b>\$4,750,000</b>
<u>Health (N.J.S.A. 17B:17-4):</u>	<b>\$3,000,000</b>
<u>Maximum Total:</u>	<b>\$7,750,000</b>