

INSURANCE

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

Producer Licensing

Sale of Limited Lines Insurance Business by Licensed Limited Lines Insurance Producers

Adopted Amendments: N.J.A.C. 11:17-1.2 and 2 and 11:17A-1.2

Adopted New Rule: N.J.A.C. 11:17-2.4

Proposed: July 21, 2014, at 46 N.J.R. 1671(a).

Adopted: June 23, 2015, by Kenneth E. Kobylowski, Commissioner, Department of Banking and Insurance.

Filed: June 24, 2015, as R.2015 d.116, **without change**.

Authority: N.J.S.A. 17:1-8.1, 14, and 15.e; and 17:22A-49 to 57.

Effective Date: July 20, 2015.

Expiration Dates: April 8, 2016, N.J.A.C. 11:17;

December 17, 2017, N.J.A.C. 11:17A.

Summary of Public Comments and Agency Responses:

The Department of Banking and Insurance (Department) received timely written comments from: Nationwide Insurance and its affiliate Veterinarian Pet Insurance and the US Travel Insurance Association (UStiA).

COMMENT: Two commenters believe that the proposed rule would allow pet health insurance to be sold as a limited line, and that the purpose of this change is to make regulation consistent with the National Association of Insurance Commissioner's (NAIC's) Uniform Licensing Standards. While the commenters appreciate the notion of national consistency, currently only

two (emphasis added) states consider pet health insurance to be a limited line. Of the two states that consider it a limited line, neither of them adopted their rule as a result of the NAIC's Uniform Licensing Standards. The commenters further assert that it does not appear that states are moving in this direction and to date the national standard is to have fully licensed producers sell pet insurance, not for it to be considered a limited line.

Moreover, the commenters believe that moving pet insurance into a limited line would not enhance consumer protection, but will likely harm it, and may lessen the professionalism of those marketing to consumers. The commenters further assert that pet insurance premiums are greater than most of the proposed and current limited lines due to the ongoing coverage that it provides and that although pet insurance is sold under a property and casualty line of authority, it is essentially health insurance for pets. The commenters conclude that pet health insurance does not meet the standard of a limited line.

RESPONSE: The NAIC's Uniform Licensing Standards delineate pet insurance as a non-core limited line and the Department believes it is appropriate to add it to New Jersey's limited line products due to its nature and how it is sold. The Department believes that the main criteria for selecting products to be sold by licensees maintaining a limited line authority are the knowledge necessary to write and service the insurance coverage. Producers marketing pet insurance do not need the broad knowledge necessary to sell, solicit, or negotiate other property and casualty insurance products. Individuals currently selling, soliciting, or negotiating pet insurance may continue to market this product. In addition, the Department does not expect the level of professionalism of those producers marketing pet insurance to be reduced by this change. The belief that consumers may be harmed by this change is not supported by factual evidence.

COMMENT: A commenter expresses support for the proposed rules and believes that the travel portions of the proposed rules in conformance with the NAIC Uniform Licensing Standards

benefits stakeholders including consumers, regulators and the travel industry. The commenter urges immediate adoption of the proposed rules.

RESPONSE: The Department is grateful for the commenter's expressions of support.

Federal Standards Statement

Executive Order No. 27 (1994) and N.J.S.A. 52:14B-1 et seq. require State agencies that adopt, readopt, or amend any rule or regulation to provide a comparison with Federal law, and to provide further discussion and analysis if the rule or regulation exceeds any Federal standards or requirements. A Federal standards analysis is not required in this instance because there are no Federal standards or requirements applicable to the adopted amendments and new rule.

Full text of the adoption follows:

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