

INSURANCE
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF INSURANCE

Administration

Proposed Readoption with Amendments: N.J.A.C. 11:1

Authorized By: Donald Bryan, Acting Commissioner, Department of Banking and Insurance

Authority: N.J.S.A. 17:1-8.1, 17:1-15e, 17:17-1 et seq. and 17B:17-1 et seq.

Calendar Reference: See Summary below for explanation of exception to calendar requirements.

Proposal Number: PRN 2005-393

Submit comments by January 6, 2005 to:

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Legislative and Regulatory Affairs
Department of Banking and Insurance
20 West State Street
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The agency proposal follows:

Summary

Pursuant to Executive Order No. 66 (1978), the Commissioner of Banking and Insurance (Commissioner) proposes to readopt N.J.A.C. 11:1, Administration. In accordance with N.J.S.A. 52:14B-5.1c, this chapter is due to expire on July 30, 2006.

This chapter includes rules related to different areas of insurance, including life/health and property/casualty and the organization of the Department of Banking and Insurance (Department). Rules concerning the following subjects are codified in this chapter, listed by subchapter.

1. Organization of the Department;
2. Filings of rates, manual rules, rating plans, policy forms and endorsements;
3. Disability Discrimination Grievance Procedure;
4. Unfair discrimination;
5. Fire and Casualty Insurance;
6. New Jersey Property – Liability Insurance Guaranty Association Assessment

Premium Surcharge;

7. Medical Malpractice Reporting Requirements;
8. – 9. (Reserved);
10. Admission Requirements for Foreign and Alien Property and Casualty Insurers;
11. Conduct Constituting Violations by Brokers and Agents;
12. Corporate and Partnership Licensee Requirements;
13. – 14. (Reserved);
15. Petitions for Rules; Rulemaking Notice
16. Requirements for Filing Downward Deviation in Currently Approved Rates;
17. – 19. (Reserved);
20. Cancellation and Nonrenewal of Commercial and Homeowners' Insurance

Policies;

21. Loss Reserve Opinions;
- 21A. Actuarial Opinion and Memorandum for Life/Health Insurers;
22. Prohibition of Certain Cancellation and Nonrenewal Activity;
23. (Reserved);

24. Use of Credit Cards, Charge Cards, Debit Cards or Direct Account Deduction (Alternative Payment Method) to Pay Insurance Premiums;
25. Official Department Mailing Lists: Address Information;
26. – 27. (Reserved);
28. Formation of a Domestic Property and Casualty Insurance Corporation (Stock or Mutual) or Reciprocal Insurance Exchange;
29. – 30. (Reserved);
31. Surplus Lines Insurer Eligibility;
32. Fees and Special Purpose Apportionment;
33. Surplus Lines Insurance: Procurement Procedure;
34. Surplus Lines: Exportable List;
35. Insurance Holding Company Systems;
36. Examination of Insurers;
37. Licensing of Public Adjusters;
38. Oversight of Firemen’s Relief Associations;
39. Disclosure of Material Transactions;
40. (Reserved);
41. Surety Bonds for Contracts Involving the State, Local Contracting Units, Boards of Education, State Colleges and County Colleges;
42. (Reserved);
43. Unusual Hardship for Covered Claims Under the New Jersey Property-Liability Insurance Guaranty Association and New Jersey Surplus Lines Insurance Guaranty Fund;
44. Standards for Safeguarding Customer Information;

45. Notice to Policyholder of Consumer Insurance Rate Increases;
46. Stock Workers' Compensation Security Fund; and
47. Electronic Transactions.

The rules in this chapter were promulgated to implement the statutory requirements in Title 17 and 17B of the New Jersey Statutes. The Department has undertaken a review of these rules at several levels to determine their current effectiveness and viability. These rules continue to provide the insurance industry and consumers with vital information and useful standards concerning many aspects of insurance. The Department believes that the original purpose for each rule, as stated in the rule itself, continues to exist.

The rules in this chapter primarily serve two general purposes in the implementation of statutory law. First, they protect the consumer by addressing issues such as unfair discrimination, cancellation and non-renewal of commercial and homeowners' insurance policies, the prohibition of certain cancellation and non-renewal activity, the use of credit cards, charge cards, debit cards or direct account to pay insurance premiums, the licensing of public adjusters, notice of consumer insurance rate increases and the safeguarding of customer information.

Secondly, they provide guidance to the insurance industry respecting such business-related matters as: rate and form filing approvals; admission requirements for foreign and alien property and casualty insurers; filing revised rates; general requirements of loss reserve opinions; and the formation of domestic insurers.

In addition, this chapter includes many purely administrative provisions such as: Department organization; disability discrimination; grievance procedures; rulemaking procedures; mailing lists; and service fees.

Based on its review, the Department is proposing several amendments, primarily for technical reasons. The Department is proposing to amend the Department organizational chart set forth in N.J.A.C. 11:1-1.1 to revise the reference to the Office of Property/Liability to read Office of Property/Casualty to reflect the proper name of this unit within the Department. The Department is also proposing to amend N.J.A.C. 11:1-1.2 to reflect the current practice of the Department in sharing information with other regulators, and also to ensure consistency with the requirements for state insurance departments to obtain or maintain accreditation by the National Association of Insurance Commissioners. Specifically, the proposed amendments broaden the scope of the provisions on sharing information with, and the Commissioner agreeing to hold information confidential received from, to include regulatory officials of any Federal agency or foreign country. The proposed amendments do not alter the existing requirements that, as a condition to sharing otherwise confidential information, the official or agency must be authorized and agree to hold such information confidential to the same extent as provided under the laws of this State. The proposed amendments also refer to the Open Public Records Act, which generally relates to confidentiality of government records. The Department is also proposing to amend N.J.A.C. 11:1-7.2 and 11.3 to reference the Department of Banking and Insurance and make other technical changes as a matter of form. In addition, the Department is proposing to amend N.J.A.C. 11:1-11.2 and 11.3 to reflect proper citations to the current insurance producer licensing act, N.J.S.A. 17:22A-1 et seq. In addition, N.J.A.C. 11:1-11.2 is proposed to be amended to reflect current terminology regarding certain prohibited activities set forth in N.J.S.A. 17:22A-40. Specifically, references to “unworthiness and bad faith” under N.J.S.A. 17:22-6.16(h) and 17B:22-27(12) are proposed to be replaced with a reference to “fraudulent, coercive or dishonest practices, or incompetence, untrustworthiness or financial

irresponsibility under N.J.S.A. 17:22A-40(8) to reflect the current prohibited practice and statutory citation. The Department is also proposing to amend N.J.A.C. 11:1-24.1, 24.3, 24.6 and 24.7 to delete references to “limited insurance representatives” because there is no longer any provision for such an authorized licensee under the current producer licensing act, N.J.S.A. 17:22A-40. The Department is proposing to delete the definition of “limited insurance representative” in N.J.A.C. 11:1-24.2 for this same reason, and to revise the definition of “insurance producer” to reflect the current statutory definition and citation.

The Department is also proposing to amend N.J.A.C. 11:1-25.3, 31.3, 35.3, 39.3, 41.4 and 43.4 to refer uniformly to the Office of Solvency Regulation to reflect the proper name of this Departmental unit.

The Department is also proposing to amend N.J.A.C. 11:1-20.2(a) to confirm that notices of cancellation and non-renewal must be in writing. This change merely ensures consistency with the existing requirement that such notices be mailed pursuant to N.J.A.C. 11:1-20.2(i). In addition, the Department is proposing to amend N.J.A.C. 11:1-20.7 to revise the cross-references therein to N.J.A.C. 11:1-22(b) to reflect the proper citations.

In addition, the Department proposes to amend N.J.A.C. 11:1-16.2(a) to clarify that the time within which the Commissioner shall notify an insurer of the unacceptability of a filing for a decrease in rates is within 15 days of a receipt of a filing.

The Department also is proposing to amend N.J.A.C. 11:1-33.1(b) to delete a reference to the applicability of the rules to surplus lines producers who file policy forms pursuant to N.J.S.A. 17:22-6.43(c) on behalf of surplus lines insurers. This statute was repealed by P.L. 2003, c. 179. In addition, N.J.S.A. 17:22-6.42(f) was amended at the same time to provide that forms used by eligible surplus lines insurers shall not be subject to the insurance laws and rules of this State,

except to the extent N.J.S.A. 17:22-6.40 et seq. regulates those forms. For this same reason, the Department is proposing to delete the definition of “‘policy,’ ‘policy forms,’ ‘insurance policy’ or ‘contract’” from N.J.A.C. 11:1-33.2. In addition, the Department is proposing to amend the definitions of “producer” and “surplus lines agent” in N.J.A.C. 11:1-33.2 to reference the current New Jersey Insurance Producer Licensing Act of 2001, N.J.S.A. 17:22A-26 et seq., and to add a reference to the Act in N.J.A.C. 11:1-33.1(b) as a matter of form.

The Department also is proposing to amend N.J.A.C. 11:1-43.1, 43.2 and 43.3 to reflect amendments to N.J.S.A. 17:30A-5, effective December 22, 2004, regarding the due date for filing claims with the New Jersey Property-Liability Insurance Guaranty Association (Association) in the event a final date is not set by the court for the filing of claims against the liquidator or receiver of an insolvent insurer.

N.J.A.C. 11:1-43.3 is also proposed to be amended to reflect the current address of the Association.

Finally, the Department proposes to amend N.J.A.C. 11:1-45.2 and the subchapter Appendix to reflect the current standard coverage plans for Medicare Supplemental coverage for which notice of a consumer insurance rate increase is required. The Department is also proposing to amend the Appendix to require Medicare Supplemental insurers to list the average increase for all plans in the notice. This reflects the requirement that is currently set forth in the first paragraph of the notice in the Appendix.

The Department believes that through readoption, these rules will continue to provide the regulatory framework by which the Department may effectively ensure that insurers and other regulated entities continue to comply with the insurance laws and other applicable laws of this State, and provide for consistent evaluation and treatment by the Department of these entities.

Moreover, through readoption, these rules will continue to provide insurers and other regulated entities with guidance and specific standards for compliance with New Jersey laws, thereby avoiding confusion regarding such requirements. This will benefit insurers, other regulated entities, policyholders, the market and the public generally.

A 60-day comment period is provided for this notice of proposal, and therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, the proposal is not subject to the provisions of N.J.A.C. 1:30-3.1 and 3.2 governing rulemaking calendars.

Social Impact

As noted above, these rules address areas of concern to consumers and protect them from potential unfair trade practices concerning insurance and its solicitation. The rules concerning agent and broker avoidance of debt help ensure that consumers are protected from any bad faith practices on the part of insurance agents. The rules concerning disability discrimination establish a designated coordinator whose duties include assuring that the Department complies with and carries out its responsibilities under the Americans with Disabilities Act. The rules concerning cancellation and non-renewal of commercial insurance policies protect insureds from invalid non-renewals and cancellations, while providing insurers with the flexibility to cancel and non-renew policies due to conditions that warrant such actions. The rules governing public adjusters establish procedures for the examination, licensing and conduct of persons acting as public adjusters in this State. Finally, the rules governing notice of consumer insurance rate increases help ensure that the policyholders are informed of pending action by an insurer that may impact their rates.

The industry also relies on the presence and effectiveness of these rules in its operation. Insurers are provided with guidance in regulated actions. The filing of rates, manual rules, rating plans, policy forms and endorsements; procedures by which member insurers may recoup assessments paid to the New Jersey Property Liability Insurance Association pursuant to N.J.S.A. 17:30A-8a(3), admission procedures, requirements and standards governing the application of a foreign or alien insurer to do property/casualty business in this State; and the procedures for the formation of a domestic property/casualty insurer or a reciprocal exchange.

The rules in this chapter enable the Department to fulfill its regulatory duties under law. Failure to readopt these rules would impair the Department's regulatory powers and would disrupt established relations between insurers and the general public and between these two groups and the Department.

The protections that these rules afford the consumer and the operational guidance that they afford the insurance industry mandate their continued existence both to implement statutory provisions and to foster and promote a sound and effective regulatory policy.

The proposed amendments are primarily technical in nature or clarify existing requirements. Thus the proposed amendments should have a beneficial social impact.

Economic Impact

The failure to readopt this subchapter would require the insurance industry to perform many significant statutory functions without guidance from the Department. This would impose significant costs on the industry since current compliance requirements would not be readily available to the industry. The industry has invested a great amount of time and resources to implement practices that enable insurers and other regulated entities to operate in compliance

with the Department's current procedures. This results in benefits for both the insurer and the general public.

Insurers and other regulated entities will be required to incur any costs associated with continued compliance with the requirements set forth in this subchapter. These rules impose costs on insurers who must file for rate and form approval pursuant to Department guidelines. Foreign and alien insurers will also continue to incur costs in seeking admission to do business in this State. In addition, costs will be incurred in the application for a certificate of authority as a domestic insurer in this State. None of these costs are new; they merely restate the existing requirements. The proposed amendments are technical in nature and impose no new requirements.

These rules also have a beneficial impact on consumers. The rules concerning bad faith actions on the part of brokers and agents help ensure that a consumer is not treated unfairly. In addition, rules concerning nonrenewal and cancellation provide requirements for notice to insureds of such actions and require acceptable reasons for cancellation and non-renewal, thereby providing a reasonable degree of assurance for an insured that coverage will be maintained. The rules governing rate and rule filings enable the Department to ensure that insurers comply with statutory prohibitions against using rates that are excessive, inadequate or unfairly discriminatory.

The readoption of the current rules will enable the Department to continue to effectively monitor and regulate insurance matters consistent with its current fiscal resources and capabilities. The Department's continued use of procedures that have proven effective over time provides administrative economies, which favorably affects insurers and other regulated entities who, based upon statutory law, are assessed to fund its insurance operations.

Throughout the years, the Department has carefully monitored, and continues to monitor, the impact of the rules in this chapter through communication with the insurance industry and the public. The Department is unaware of any provision of these rules that imposes undue or unnecessarily onerous financial burdens on consumers or the insurance industry. The readoption of this chapter with amendments will not impose any additional economic impact on insurers, other regulated entities or consumers in that the readoption will continue long-standing requirements.

Federal Standards Statement

A Federal standards analysis is not required because the rules proposed for readoption with amendments relate to the business of insurance and are not subject to any Federal requirements or standards.

Jobs Impact

The Department does not believe that these rules proposed for readoption with amendments will cause any jobs to be generated or lost.

The Department invites interested parties to submit any data or studies concerning the jobs impact of the proposed readoption together with their written comments on other aspects of the proposal.

Agriculture Industry Impact

The Department does not expect any impact on the agriculture industry on these rules proposed for readoption with amendments.

Regulatory Flexibility Analysis

Few, if any, insurers regulated by the rules in this chapter are "small businesses" as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. Several rules (for example, those which address conduct constituting violations by brokers and agents, and those providing for the regulation of public adjusters) relate to the conduct of insurance producers and public adjusters, most of whom are "small businesses." Many subchapters specifically address insurers that are not located in this State and thus are not "small businesses," such as those addressing admission requirements and those relating to surplus lines insurers.

Numerous recordkeeping, reporting and compliance requirements will continue to be imposed by this chapter, which include the requirements concerning rate and form filings, loss reserve opinions and medical malpractice reporting requirements. The Department has determined that all such compliance, recordkeeping and reporting requirements continue to be reasonable and necessary for the purpose for which they were originally proposed. These rules continue to apply to all insurers, insurance producers or public adjusters, as the case may be, without regard to size, since they implement statutory provisions and/or regulatory policies, including the protection of consumers of insurance products, that allow for no such exceptions. The Department is unaware of any provisions of these rules that are excessively onerous to "small businesses" or unnecessary. The Department notes, however, that the readoption of these rules with amendments will impose no new recordkeeping, reporting or other compliance requirements, but merely continue those requirements that have been in existence.

Future annual costs of compliance with these rules are not expected to differ from concurrent annual costs, as explained in the Economic Impact above. The use of professional services currently required by these rules will continue to be necessary.

Smart Growth Impact

The rules proposed for readoption with amendments will not have an impact on the achievement of smart growth or the implementation of the State Development and Redevelopment Plan.

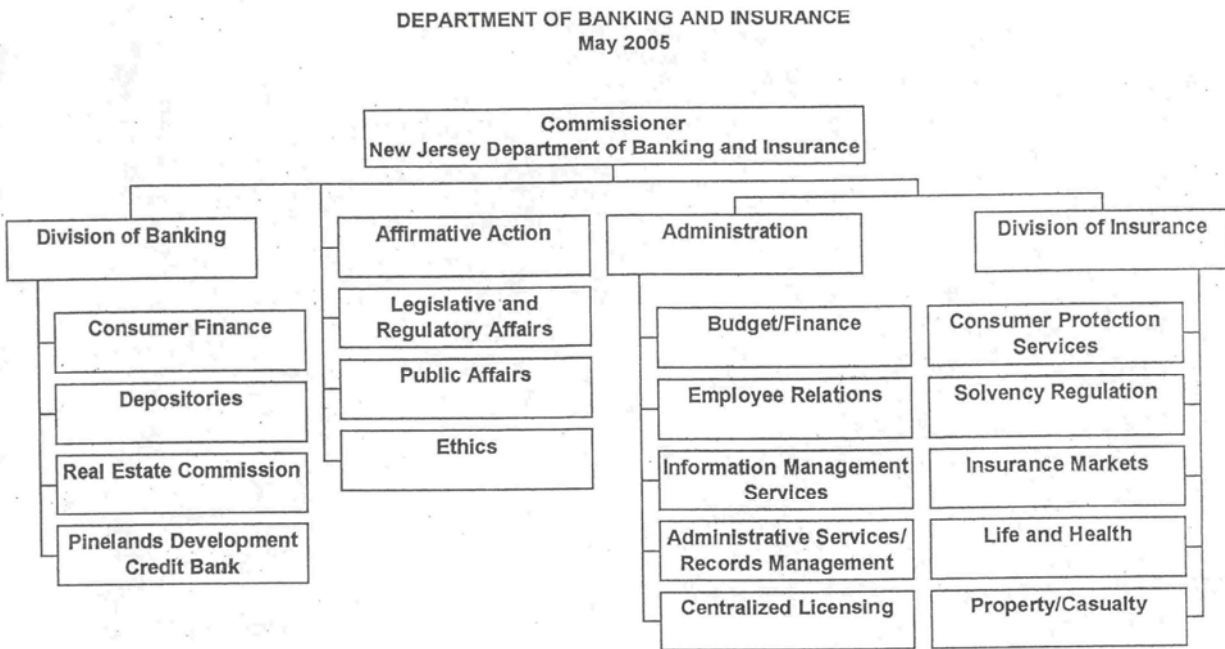
Full text of the rules proposed for readoption may be found in the New Jersey Administrative Code at N.J.A.C. 11:1.

Full text of the proposed amendments follow (additions indicated boldface **thus**; deletions indicated in brackets [thus]):

11:1-1.1 Organization

(a) - (b) (No change.)

(Office of Administrative Law Note: An amendment to the Department’s organizational chart cannot be published using Register standard addition and deletion format. The organizational chart reproduced below includes the amendment and is intended to replace the chart in the current rule.)



11:1-1.2 Sharing of information with other [insurance departments] **officials and agencies**

(a) The Commissioner may share any information regarding the financial condition of insurers, including information that is not subject to public inspection or copying pursuant to the [“Right to Know” law] **Open Public Records Act**, N.J.S.A. 47:1A-1 et seq., with the National Association of Insurance Commissioners or any [insurance] regulatory **official** of [another] **any** state or U.S. territory, **Federal agency or foreign country**, provided that such **official or** agency is authorized and irrevocably agrees to hold such information confidential to the same extent as is provided under the laws of this State.

(b) The Commissioner may enter into an agreement with the National Association of Insurance Commissioners or any insurance regulator of any state or U.S. territory, **Federal agency or foreign country**, by which the Commissioner shall hold any information received from such **official or** agency as confidential and not subject to public inspection or copying pursuant to the [“Right to Know” law] **Open Public Records Act**, N.J.S.A. 47:1A-1 et seq., to the same extent such information is required to be held confidential pursuant to that agency’s laws or other requirements.

11:1-7.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

...

“Commissioner” means the Commissioner of the New Jersey Department of **Banking and Insurance**.

...

11:1-11.2 [Unworthiness and bad faith under N.J.S.A. 17:22-6.16(h) and 17B:22-27(12)]
Fraudulent, coercive or dishonest practices, or incompetence, untrustworthiness or financial irresponsibility under N.J.S.A. 17:22A-40(8)

(a) Any licensed [agent or broker] **insurance producer** who is a shareholder or who is serving as an officer of record of a corporate licensee which declares insolvency, dissolves, ceases to do business or does not renew its insurance licenses primarily to avoid payment of fines or debts to insolvent insurers, other insurance licensees, insureds, guaranty associations or governmental entities is engaging in conduct demonstrating [unworthiness and bad faith] **fraudulent, coercive or dishonest practices, or incompetence, untrustworthiness or financial irresponsibility under N.J.S.A. 17:22A-40(8)**.

(b) - (c) (No change.)

11:1-11.3 Disciplinary action; restitution

(a) Violation of any of the rules of the Department of **Banking and** Insurance, or of any insurance statute, shall be sufficient cause for any disciplinary action permitted by statute.

(b) In accordance with the provisions of N.J.S.A. [17:22-6 through 6.16a and 17B:22-1 through 28] **17:22A-27 et seq.**, the [commissioner] **Commissioner** in appropriate circumstances will exercise his **or her** authority to impose restitution of moneys owed to others as a condition to the issuance of a license or to the reinstatement of a license after revocation or suspension, including revocation or suspension in states other than New Jersey.

11:1-16.2 Filing requirements

(a) Any insurer, subject to the provisions of N.J.S.A. 17:29A-1 et seq., to effect a decrease in rates currently approved by the Commissioner, shall comply with the following filing requirements:

1. The insurer by a rate filing shall notify the Commissioner of Banking and Insurance at least 30 days prior to the date it wants to put into effect a decrease in rates currently approved for it by the Commissioner. In such rate filing, the insurer shall state the basis for the decrease in rates and its agreement that the decrease in rates shall remain in effect for at least six months from the effective date. Within [a 15-day period following the] **15 days of receipt of a filing of such a proposed decrease in rates, the Commissioner will notify the insurer of any finding as to** the unacceptability of the filing for a decrease in rates. The Commissioner will only find unacceptable a decrease rate filing if, in his or her opinion, the decrease in rates may have a tendency or capacity to imperil the financial condition of the filing insurer.

2. - 3. (No change.)

11:1-20.2 Nonrenewal and cancellation notice requirements

(a) No policy shall be nonrenewed upon its expiration date unless a valid **written** notice of nonrenewal has been mailed or delivered to the insured in accordance with the provisions of this subchapter. For the purpose of this subchapter, policies not having a fixed expiration date shall be deemed to expire annually on the anniversary of their inception.

(b) - (m) (No change.)

11:1-20.7 Cancellation or nonrenewal based on loss of or substantial changes in applicable reinsurance

(a) Every cancellation or nonrenewal based on loss of or substantial changes in applicable reinsurance shall be supported by the following documentation:

1. All information set forth at N.J.A.C. 11:1-22.2(b)1 [through 8];
2. - 4. (No change.)

(b) Whenever an insurer proposes to cancel or nonrenew, on an individual basis, a policy which is subject to the provisions of this subchapter due to loss of or substantial changes in applicable reinsurance, the insurer shall furnish the Department with written notice of the termination. The notice shall include the information set forth at N.J.A.C. 11:1-22.2(b)[2, 3, 4 and 7] and (a)2, 3 and 4 above.

(c) (No change.)

SUBCHAPTER 24. USE OF CREDIT CARDS, CHARGE CARDS, DEBIT CARDS OR
DIRECT ACCOUNT DEDUCTION (ALTERNATE PAYMENT
METHOD) TO PAY INSURANCE PREMIUMS

11:1-24.1 Purpose and scope

(a) The purpose of this subchapter is to regulate the use of credit cards, charge cards, debit cards or direct account deduction by insurers, insurance producers and limited insurance representatives and to provide standards concerning the use of such means to pay for insurance premiums when an insurer[, **or** insurance producer [or limited insurance representative] has entered into a contract with a bank, credit card company, or financial institution to accept credit

cards, charge cards, debit cards or direct account deduction to facilitate the payment of insurance premiums. This subchapter implements the provisions of N.J.S.A. 17:29B-1 et seq. and 17B:30-1 et seq. to prevent unfair and deceptive practices in the use of these means to pay insurance premiums.

(b) This subchapter shall apply to any insurer[,] **or** insurance producer [or limited insurance representative] that enters into a contract with a bank, credit card company, or other financial institution to accept credit cards, charge cards, debit cards, or direct account deduction as a method of payment of an insurance premium. This subchapter shall apply to all kinds of insurance.

(c) (No change.)

11:1-24.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

...

"Insurance producer" [means any person engaged in the business of an insurance agent, insurance broker or insurance consultant as these terms are defined in N.J.S.A. 17:22A-2] **is as defined in N.J.S.A. 17:22A-28.**

...

["Limited insurance representative" is as defined at N.J.S.A. 17:22A-2m.]

11:1-24.3 Use of credit cards, charge cards, debit cards, and direct account deduction (alternative payment method) for payment of premiums

(a) The use of an alternative payment method by an insurer[,] **or** insurance producer [or limited insurance representative] shall be optional and shall be permitted as long as the insurance laws of this State and other applicable provisions of law are not violated.

(b) Any insurer[,] **or** insurance producer [or limited insurance representative] that agrees to allow the use of any one alternative payment method, or a combination of them, in the payment of insurance premiums for a particular product or products of insurance shall make that service available to all existing and prospective insureds who are invited to purchase the product being offered, and shall not limit the use of such payment option only to certain entities or persons among those being offered the same product.

(c) Insurers[,] **or** insurance producers [and limited insurance representatives] that offer the use of an alternative payment method as an option for payment of premium for a product or products shall make this option available for the payment of all subsequent installments of the premium; provided, however, that an insurer[,] **or** insurance producer [or limited insurance representative] may discontinue the use of payment by that alternative method generally as a means of the payment of premiums, or for a particular credit card, charge card or debit card, if the insurer[,] **or** insurance producer [or limited insurance representative] notifies the insured of the discontinuation at least 60 days prior thereto, or in individual cases in accordance with the insurer's rating system established pursuant to applicable law.

(d) An insurer[,] **or** insurance producer [or limited insurance representative] shall not be permitted to require payment of insurance premiums by an alternative payment method only, except where such payment is part of the insurance marketing plan for that line or program (for example, offering life or health insurance to cardholders of a particular credit card or charge card with payments charged to that card).

11:1-24.6 Payment of premiums

Premium payments shall be considered collected by and paid to the insurer[,] **or** insurance producer [or limited insurance representative], as applicable, when the charge is authorized or debited, as applicable.

11:1-24.7 Disclosure of optional methods of payment

An insurer[,] **or** insurance producer [or limited insurance representative] allowing alternative payment methods of insurance premiums shall fully disclose to the insured or prospective insured, upon request, the availability of all optional methods of payment offered by that insurer[,] **or** insurance producer [or limited insurance representative], and the differences, including cost, between these methods and the alternative payment methods.

11:1-25.3 Official mailing and electronic mailing lists; change in address information

(a) (No change.)

(b) Upon any change in the mailing address, or home address if applicable, the insurer or other regulated entity shall notify the Department in writing of such change no later than 10 days from the date the new address became effective. All address change notifications shall be sent to:

Supervisor of Insurance Reports

Office of [Financial] Solvency **Regulation**

New Jersey Department of Banking and Insurance

PO Box 325

Trenton, New Jersey 08625-0325

(c) - (e) (No change.)

SUBCHAPTER 31. SURPLUS LINES INSURER ELIGIBILITY

11:1-31.3 General requirements

(a) - (b) (No change.)

(c) All information submitted pursuant to this subchapter shall be sent to:

New Jersey Department of Banking and Insurance

[Financial Exams Division] **Office of Solvency Regulation**

Attention: Surplus Lines Insurer Eligibility

PO Box 325

Trenton, New Jersey 08625-0325

SUBCHAPTER 33. SURPLUS LINES INSURANCE: PROCUREMENT PROCEDURE

11:1-33.1 Purpose and scope

(a) (No change.)

(b) These rules apply to all New Jersey licensed insurance producers **licensed pursuant to N.J.S.A. 17:22A-26 et seq**[, including those with surplus lines authority who file policy forms pursuant to N.J.S.A. 17:22-6.43(c), on behalf of surplus lines insurers].

(c) (No change.)

11:1-33.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise:

...

["Policy," "policy forms," "insurance policy" or "contract" includes all forms, endorsements, exclusions and limitations.]

"Producer" means a person engaged in the business of an insurance agent, insurance broker or insurance consultant pursuant to N.J.S.A. [17:22A-1] **17:22A-26** et seq., who is licensed pursuant to N.J.S.A. [17:22A-1] **17:22A-26** et seq., and who has property casualty authority.

...

"Surplus lines agent" means a person licensed pursuant to N.J.S.A. [17:22A-1] **17:22A-26** et seq. and N.J.A.C. 11:17 with the authority to place insurance coverages on behalf of surplus lines insurers.

...

SUBCHAPTER 35. INSURANCE HOLDING COMPANY SYSTEMS

11:1-35.3 Forms; general requirements

- (a) (No change.)
- (b) Seven complete copies of each Exhibit A statement, and one copy of each Exhibit B, C, D and E, including exhibits and all other papers and documents filed as a part thereof, shall be filed with the Commissioner by personal delivery or mail addressed to:

Holding Company Submissions

[Division of Financial Examinations] **Office of Solvency Regulation**

New Jersey Department of Banking and Insurance

20 West State Street

PO Box 325

Trenton, NJ 08625-0325

1. - 2. (No change.)

(c) (No change.)

11:1-39.3 Disclosure of transactions

(a) - (b) (No change.)

(c) One complete copy of the report, including any exhibits or other attachments filed as part thereof, shall be separately filed with the Department and the NAIC.

1. Filings with the Department shall be mailed to the following address:

New Jersey Department of Banking and Insurance

[Division of Financial Examinations]

Office of Solvency Regulation

20 West State Street

PO Box 325

Trenton, NJ 08625-0325

2. (No change.)

(d) - (e) (No change.)

11:1-41.4 Treasury listed surety companies and alternative requirements to Treasury listing

(a) - (d) (No change.)

(e) Applications and renewal applications to be listed by the Department shall be sent

to:

New Jersey Department of Banking and Insurance

Division of Insurance

Office of [Financial Exams] **Solvency Regulation**

Attention: Surety Company List

20 West State Street

PO Box 325

Trenton, NJ 08625-0325

SUBCHAPTER 43. UNUSUAL HARDSHIP FOR COVERED CLAIMS UNDER THE NEW
JERSEY PROPERTY-CASUALTY INSURANCE GUARANTY
ASSOCIATION AND NEW JERSEY SURPLUS LINES INSURANCE
GUARANTY FUND

11:1-43.1 Purpose and scope

(a) (No change.)

(b) This subchapter shall apply with respect to all claims filed with the Association or Fund after the final date set by the court for filing of claims against the liquidator or receiver of an insolvent insurer, **or, in the event a final date is not set by the court for the filing of claims**

against the liquidator or receiver of an insolvent insurer, two years from the date of the order of liquidation.

11:1-43.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

...

"Due date" means the final date set by the court for the filing of claims against the liquidator or receiver of an insolvent insurer, **or, in the event a final date is not set by the court for the filing of claims against the liquidator or receiver of an insolvent insurer, two years from the date of the order of liquidation.**

...

11:1-43.3 Unusual hardship

(a) Pursuant to N.J.S.A. 17:30A-5 and 17:22-6.72, as applicable, a covered claim by the Association or Fund shall not include a claim filed with the Association or Fund, as applicable, after the final date set by the court for the filing of claims against the liquidator or receiver of an insolvent insurer, **or, in the event a final date is not set by the court for the filing of claims against the liquidator or receiver of an insolvent insurer, two years from the date of the order of liquidation,** unless the claimant demonstrates unusual hardship, as determined pursuant to this subchapter, and the Commissioner approves of the treatment of the claim as a covered claim.

(b) - (c) (No change.)

(d) Completed requests shall be sent to the Association or Fund at:

New Jersey Property-Liability Insurance Guaranty Association

(or New Jersey Surplus Lines Insurance Guaranty Fund)

Unusual Hardship Request

[PO Box 868

466 Southern Blvd.

Chatham, NJ 07928-0868]

222 Mount Airy Rd.

Basking Ridge, NJ 07920

(e) (No change.)

11:1-43.4 Request for review by the Commissioner

(a) A claimant may request a review by the Commissioner of a determination of the Association or Fund, as applicable, denying a request for a finding of unusual hardship within 20 days of receipt of the Association's or Fund's written decision by submitting to the Commissioner a request for review addressed to:

Office [of Financial] Solvency **Regulation**

New Jersey Department of Banking and Insurance

20 West State Street

PO Box 325

Trenton, NJ 08625-0325

(b) - (c) (No change.)

SUBCHAPTER 45. NOTICE TO POLICYHOLDERS OF CONSUMER INSURANCE RATE INCREASES

11:1-45.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

...

"Consumer insurance rate increase" means a prior approval rate filing that:

1. - 3. (No change.)

4. For Medicare Supplemental coverages, would result in an increase for any of the standard coverage plans A through [J] L or for any non-standard policy or certificate form used by the filer.

...

APPENDIX

Dear Policyholder:

(Salutation may be omitted by rating organizations.)

This is to provide notice as required pursuant to N.J.S.A. 17:29A-53b that (COMPANY NAME) filed on (DATE) with the New Jersey Department of Banking and Insurance a request for a rate increase in the amount ____% for (TYPE OF COVERAGE(S)).

[For PPA only] Under the proposed filing, the average liability-only policy would see a rate change of ____%. The average Full Coverage policy (includes comprehensive and collision

coverage) will see a rate change of ____%. The impact of the filing on your rates may vary substantially, depending on the terms of your policy and your individual circumstances.

[For homeowners' only] Under the proposed filing, the average Owners policy (or equivalent term used by the filer) will see a rate change of ____%. The average Tenants policy (or equivalent term used by the filer) will see a rate change of ____%. The average Condominiums policy (or equivalent term used by the filer) will see a rate change of ____%. The impact of the filing on your rates may vary substantially, depending on the terms of your policy and your individual circumstances.

[For Medicare Supplemental coverages only, list the increase for each of the standard plans A through [J] L, and the increase for each non-standard coverage policy or certificate form used by the filer to which a requested rate increase applies. **In addition, list the average increase for all plans**]. The impact of the filing on your rates may vary substantially, depending on the terms of your policy and your individual circumstances.

[For all other personal lines property/casualty coverages] Under the proposed filing, the average policy will see a rate change of ____%. The impact of the filing on your rates may vary substantially, depending on the terms of your policy and your individual circumstances.

The request for a rate increase is subject to review and approval by the Department of Banking and Insurance pursuant to law, and the request ultimately may not be approved or may not be approved for the full amount requested. If approved in whole or in part, the rate change will not affect existing policies until they come up for renewal.