

INSURANCE
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF INSURANCE

Admission Requirements For Foreign and Alien Property And Casualty Insurers; Admission Requirements For Foreign and Alien Life and Health Insurers

Proposed Amendments: N.J.A.C. 11:1-10.3 through 10.8 and 11:2-1.4 through 1.7

Proposed Repeals: N.J.A.C. 11:1-10.9 and 11:2-1.8

Authorized By: Holly C. Bakke, Commissioner, Department of Banking and Insurance

Authority: N.J.S.A. 17:1-8.1, 17:1-15e, 17:32-1 et seq. and 17B:23-1 et seq.

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

Proposal Number PRN 2003-4

Submit comments by March 7, 2003 to:

Douglas Wheeler, Assistant Commissioner
Legislative and Regulatory Affairs
Department of Banking and Insurance
20 West State Street
P.O. Box 325
Trenton, NJ 08625-0325
Fax: (609) 292-0896
Email: legsregs@dobi.state.nj.us

The agency proposal follows:

Summary

N.J.A.C. 11:1-10 and 11:2-1 set forth the requirements for foreign and alien insurers to become admitted to transact property/casualty or life/health business, respectively. The primary purpose of these proposed amendments is to provide for the filing of an application for admission under the Uniform Certificate of Authority Application (UCAA) procedures adopted by the National Association of Insurance Commissioners (NAIC). The purpose of the UCAA is

to streamline and provide greater uniformity in the insurer licensing process among the states. All states, including New Jersey, are so-called “uniform states,” which have agreed to utilize the UCAA as part of their application review process. The UCAA permits insurers to file multiple applications for authority in numerous states simultaneously, while recognizing that certain particular requirements remain from state to state. The proposed amendments permit applicants for a certificate of authority to utilize either the existing procedures that have been utilized for several years, or to utilize the UCAA form and procedures as set forth in the proposed amendments.

The proposed amendments also modify the existing application procedures to eliminate information the Department has determined is no longer necessary or which may be obtained from other sources. This reduces the amount of information that an applicant must submit with its application for a certificate of authority, while the Department will continue to have access to all information necessary to make a determination whether the applicant should be admitted to transact insurance in this State.

The Department is also proposing other amendments to the rules as follows:

N.J.A.C. 11:1-10.4(a)5ii(3) and 11:2-1.4(a)5ii(3) are proposed to be amended to delete as part of the seasoning requirements that the applicant receive an evaluation acceptable to the Department from Dun and Bradstreet or one of the top three ratings from other specified rating agencies. The Department has determined that this is no longer necessary given other regulatory tools available to it to evaluate the condition of an applicant for admission.

N.J.A.C. 11:1-10.4(a)5iii(2) and 11:2-1.4(a)5iii(4)(C) are proposed to be amended to provide, for applicants seeking a waiver from seasoning requirements on the basis of their ultimate parent, that the ultimate parent have one of the top three, rather than top two, ratings

from one of the specified rating agencies. This reflects the changes in rating categories that may occur by rating agencies.

N.J.A.C. 11:1-10.6 is proposed to be amended to require an applicant to submit six copies of the company's financial condition, including all required supplemental exhibits. This clarifies that all applicable supplemental exhibits that accompany the financial statements should also be included, consistent with the Department's current practice, and requires that six copies of the statements be filed, consistent with the requirements for application for foreign and alien life and health insurers under N.J.A.C. 11:2-1.6. The Department is also proposing to amend N.J.A.C. 11:2-1.6 to reduce the number of copies of the annual financial statement to be filed from seven to six, consistent with the proposed amendments to N.J.A.C. 11:1-10.6.

N.J.A.C. 11:1-10.6(a)14vi is proposed to be added to require that an applicant include the current financial reports of its ultimate parent, if not otherwise provided to the Department. This recognizes that where the ultimate parent of an applicant is an insurer authorized or admitted in this State, the Department would have copies of applicable financial statements, and thus separate filing is unnecessary.

N.J.A.C. 11:1-10.6(b) and (c) are proposed to be deleted as they are no longer necessary for the Department to perform its evaluation of an applicant for admission.

N.J.A.C. 11:1-10.6(c) and 11:2-1.6(b) are proposed to be amended to provide that an applicant shall file the final application for admission within 60 days of notice from the Department that the applicant is eligible for admission.

N.J.A.C. 11:1-10.7(c) and 11:2-1.7(c) are proposed to be amended to revise the time frames for the review of applications for admission to provide that applications accepted after November 15 of each year shall have a review deferred until the annual statement for the current

year is available and received for review. This rule and N.J.A.C. 11:2-1.7 are also proposed to be amended to provide that the review of filings for the prior year shall begin after the receipt by the Department of the latest annual statement and after the latest financial information on the applicant is available from the NAIC database. This replaces the date that exists in the prior rules to recognize that information may be available in a more timely manner through the electronic database of the NAIC as opposed to receiving such information in hard copy.

N.J.A.C. 11:1-10.7(d) and 11:2-1.7(d) are also proposed to be amended to provide that failure to respond to written inquiries by the Department within 45 days shall result in an application being deemed withdrawn, rather than constituting grounds for rejection.

N.J.A.C. 11:2-1.5(a)7 is proposed to be added to require applications for admission to include the most recent reports from rating agencies, including, but not limited to, AM Best, Moody's, Standard and Poor's, Duff and Phelps, and Dun and Bradstreet.

N.J.A.C. 11:2-1.6(a)9 (previously codified as (a)10) is proposed to be amended to delete the fee for filing extensions of authority, because fees are no longer applicable to admitted companies which are subject to the special purpose apportionment pursuant to N.J.S.A. 17:1C-19 et seq.

Finally, the Department proposes to delete N.J.A.C. 11:1-10.9 and 11:2-1.8 with respect to compliance dates as these provisions relate to the time when the rules were originally adopted, and are no longer applicable.

The proposed amendments therefore provide for a streamlining of the application process by permitting insurers to utilize the UCAA in filing an application, eliminate certain information the Department has determined is no longer necessary to be filed with an application or is

otherwise available from other sources, and codify existing practice with respect to information that should be included in the filing.

Social Impact

The proposed amendments generally reflect the national standard to permit the filing of applications for admission utilizing the UCAA adopted by the NAIC. The information contained in the UCAA is available through the NAIC website and generally reflects information presently required to be filed by insurers under the existing rules. Insurers are not required to utilize the UCAA, but may continue to utilize the procedures and requirements set forth in the existing rules. Accordingly, the proposed amendments provide insurers seeking admission flexibility as to the manner by which applications are to be submitted. Insurers will also benefit from those aspects of the proposed amendments which delete information currently required to be filed which has been deemed no longer necessary to the Department's evaluation of an applicant seeking admission, and to modify other required information in order to streamline the filing process. The Department will continue to receive requisite information in order to enable it to make a determination as to whether an insurer should be permitted to transact insurance in this State consistent with the requirements in N.J.S.A. 17:32-1 et seq. and 17B:23-1 et seq.

Economic Impact

Insurers seeking to be admitted to transact property/casualty or life/health insurance in this State will continue to bear any cost associated with filing applications as required by the existing rules or costs associated with filing an application under the UCAA. The Department, however, believes that little, if any, additional costs should be imposed by the proposed

amendments and repeals. First, the Department is proposing to eliminate the filing of certain information currently required because the Department has determined it is no longer necessary or is available through other sources. In addition, insurers may choose to utilize the UCAA application procedures or the procedures set forth in the existing rules, whichever the insurer determines provides the most efficient and effective means of application. Finally, the additional copies of financial statements required for property/casualty insurers and the copy of the financial report from rating agencies impose little or no additional cost on insurers, as this information should be readily available and merely requires the copying of information presently compiled or otherwise developed and in the applicant's possession.

Ultimately, the Department believes that utilization of the UCAA procedures should reduce costs to both applicants and the Department by providing a national uniform set of procedures and filing requirements for admission to transact business among the states.

Federal Standards Statement

A Federal standards analysis is not required because the proposed amendments and repeals are not subject to any Federal requirements or standards.

Jobs Impact

The Department does not believe that any jobs will be generated or lost as a result of the proposed amendments and repeals. The proposed amendments merely permit insurers to utilize an alternate format for filing applications for admission which have been adopted by the NAIC, and which is permitted by all "uniform" jurisdictions. The staff presently utilized to file an application for admission would be the same staff utilized under the UCAA procedures.

The Department invites commenters to submit any data or studies concerning the jobs impact of the proposed amendments and repeals together with their written comments on other aspects of the proposal.

Agriculture Industry Impact

The proposed amendments and repeals will have no agriculture industry impact.

Regulatory Flexibility Statement

A regulatory flexibility analysis is not required because the proposed amendments and repeals impose no reporting, recordkeeping or other compliance requirements on “small businesses,” as that term is defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The proposed amendments and repeals apply only to foreign and alien insurers seeking to become admitted to transact property/casualty or life/health insurance in this State, and thus do not apply to businesses resident in this State.

Smart Growth Impact

The proposed amendments and repeals 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 proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

SUBCHAPTER 10. ADMISSION REQUIREMENTS FOR FOREIGN AND ALIEN
PROPERTY AND CASUALTY INSURERS

11:1-10.3 Definitions

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

...

"Authorized insurer" means a domestic, foreign or alien insurer, duly authorized by a Certificate of Authority issued by the Commissioner [of the Department of Insurance of the State of New Jersey] to transact the business of insurance in the State of New Jersey.

"Certificate of authority" means a certificate issued by the Commissioner [of the Department of Insurance of the State of New Jersey] evidencing the authority of an insurer to transact the business of insurance in the State of New Jersey.

"Commissioner of Insurance" or "Commissioner" means the Commissioner of the Department of **Banking and** Insurance of the State of New Jersey, or his or her designee as may be permitted by law.

"Committee on Admissions" [of the Department of Insurance of the State of New Jersey] means the advisory committee appointed by the Commissioner to aid in the review of applications for admission to transact the business of insurance in the State of New Jersey and to render to the [Commissioner's] **Commissioner** recommendations as to the disposition of such applications.

...

"Department" means the Department of **Banking and** Insurance of the State of New Jersey.

...

11:1-10.4 General eligibility requirements

(a) In order for a foreign or alien company engaged in the business of property and casualty insurance to be admitted to transact the business of insurance in the State of New Jersey, the requirements in this section shall be satisfied in addition to any other requirements in this subchapter or any other provision of law.

1. – 4. (No change.)

5. The insurer shall satisfy the following seasoning requirements:

i. (No change.)

ii. An applicant insurer qualified under (a)5i above shall demonstrate

that:

(1) During any three of the last five years, including therein either of the two most current years of business operations, it generated a net income from operations, after Federal taxes, as reported in the Underwriting and Investment Exhibit in the Annual Statement; **and**

(2) Surplus has not decreased due to operations over the five year period in question; and

[(3) It has received one of the top three ratings, or, in the case of Dun and Bradstreet, an evaluation acceptable to the Department, from at least two of the following: Standard and Poor's; Dun and Bradstreet; Moody's; and A.M. Best. If the applicant

has received a rating of less than one of the top three ratings, the Department shall be so notified even if one of the top three ratings is received as required herein.]

iii. The Commissioner may, upon the request of an applicant, on a case by case basis, waive, in the case of (a)5iii(1), (2), (3), (5) and (6) below, or reduce, in the case of (a)5iii(4) below, the five year seasoning requirement required by (a)5i and ii above. In determining whether a reduction or waiver is appropriate in a particular case, the Commissioner shall consider whether the requirements of this section have been satisfied, and, in addition, whether any one of the applicable requirements provided in (a)5iii(1) through (6) below have been satisfied. These requirements include:

(1) (No change.)

(2) Whether the applicant is a wholly-owned subsidiary of an insurer which has been authorized to transact the business of insurance in the State of New Jersey for at least one year, and secured admission into New Jersey by having been in operation for at least five years pursuant to (a)5i and ii above. The Commissioner shall be satisfied as to the financial condition and methods of operation of the authorized insurer, which shall effectively guaranty, by a resolution passed by its board of directors, the minimum capital and surplus requirements required by statute of the applicant during the first five years of its operation in this State. The insurer parent shall also be required to have one of the top [two] **three** ratings, or, in the case of Dun and Bradstreet, an evaluation acceptable to the Department, from at least two of the following: Standard and Poor's; Dun and Bradstreet; Moody's and A.M. Best; or

(3) - (6) (No change.)

6. (No change.)

(b) (No change.)

11:1-10.5 Letter of intent

(a) Prior to the acceptance of a final application for a Certificate of Authority in the State of New Jersey, all foreign and alien insurers engaged in the business of property and casualty insurance who desire to transact the business of insurance in the State of New Jersey shall submit, as a preliminary application, a letter of intent, which shall include the information required in (a)1 through [8]7 below.

1. – 3. (No change.)

[4. Where applicable, the name of any insurer(s) currently licensed in the State of New Jersey with whom the applicant is affiliated;]

Recodify existing 5. - 7. As 4. - 6. (No change in text.)

[8. The results of the most recent NAIC Insurance Regulatory Information System (IRIS) tests and related communications concerning the applicant, which shall satisfy the requirements of N.J.A.C. 11:1-10.4(a)4i-ii.]

7. The most recent report(s) from rating agencies, including, but not limited to, A.M. Best, Moody's, Standard and Poor's, Duff and Phelps, and Dun and Bradstreet.

11:1-10.6 Final application

(a) After submission of the letter of intent as required by N.J.A.C. 11:1-10.5, the applicant shall be instructed by the Department to file the following items:

1. – 2. (No change.)

3. [A] **Six copies of the** statement of the company's financial condition as of December 31 of the preceding calendar year, in the NAIC format, **including all required supplemental exhibits**, signed and sworn to by the president of the company, its corporate secretary and its treasurer;

4. – 11. (No change.)

[12. A copy of any agreements by which the right to conduct or influence any of the affairs of the applicant is transferred to others;

13. Any employment or deferred compensation agreements in which any officer, director or shareholder who controls five percent or more of the outstanding shares of the applicant, directly or indirectly, participates;]

[14.] **12.** (No change in text.)

[15. Modified NAIC biographical] **13. Biographical** affidavits, to be completed by all directors and senior officers on a form prescribed and provided by the Department;

[16.] **14.** A corporate plan of operation consisting of:

i. A schedule listing the following:

(1) All jurisdictions in which the applicant has applied for authorization to transact the business of insurance during the preceding 10 years and the dates and results of such applications; **and**

(2) All jurisdictions from which the applicant has withdrawn during the preceding 10 years, and the reasons for withdrawal; [and]

(3) [All administrative, civil or criminal actions, orders, proceedings and determinations thereof to which the applicant, or its affiliates, or any of its

directors or principal officers have been subject, due to an alleged violation of any law governing insurance operations in any jurisdiction during the preceding 10 years. Where the alleged violation is a felony or its equivalent in a jurisdiction which does not use this designation of a crime, such actions, orders, proceedings and determinations shall include violations not related to insurance operations.] If a license has been refused, suspended or revoked by any jurisdiction, the applicant shall furnish an explanation and a copy of any orders, proceedings, and determinations related thereto.

ii. – iv. (No change.)

v. A summary of the applicant's reinsurance assumed program, with retentions, maximum risks, types of business, types of contracts to be issued, and other factors which may, in the opinion of the Department, be relevant to this part of the applicant's operations; **and**

[vi. The number and ratio of complaints as defined by the state or country of domicile to the premium volume in the state or country of domicile, for those lines of business in which the state, districts, territories, commonwealth, possessions or country of domicile makes such determinations; and

vii. Copies of all management, exclusive agency, administrative services, or any other operating contracts with affiliates or non-affiliates, where applicable, signed by the parties and certified to by the company secretary and chief operating officer.]

vi. Current financial reports of the ultimate parent if not otherwise provided to the Department;

Recodify existing 17. and 18. as **15. and 16.** (No change in text.)

[(b) The Department shall evaluate the difference between the admitted value and the actual market value of all bonds held by the company.

(c) Applicants who wish to write or have the authority to write health insurance in the State of New Jersey shall complete and submit a consumer suitability study on a form prescribed and provided by the Department. This study shall be reviewed and approved by the Department.]

[(d)] **(b)** Applicants who desire authority to write workers' compensation and employers' liability insurance shall, prior to admission, become members of the Compensation, Rating and Inspection Bureau, located at 60 Park Place, Newark, New Jersey 07102. The Bureau shall be consulted for membership at the point in time when all requirements for admission have been satisfied and the application for admission is actually submitted. The Bureau shall be advised by the Department that the applicant is in the process of filing for admission in the State of New Jersey.

(c) Applicants shall file the final application within 60 days of notice from the Department that the applicant is eligible for admission.

(d) In lieu of the procedures set forth in N.J.A.C 11:1-10.5 and this section, an applicant may file an application for admission utilizing the applicable form of the Uniform Certificate of Authority Application (UCAA) form and procedures adopted by the NAIC. The UCAA is available on the NAIC website at www.naic.org.

1. An applicant utilizing the UCAA form shall file the information required in the UCAA with the addition of the documentation set forth in N.J.A.C. 11:1-10.5(a)7, 10.6(a)3 and 10.6(a)14vi; and shall pay the fee set forth at N.J.A.C. 11:1-32.6(a)1.

2. An applicant utilizing the UCAA procedures shall continue to be required to satisfy the eligibility requirements set forth in N.J.A.C. 11:1-10.4.

11:1-10.7 Review procedures; appeals

(a) – (b) (No change.)

(c) Applications accepted after [the 1st day of December] **November 15** of each year shall have their review deferred until the Annual Statement for the current year is available and received for review. The review of the filings of the prior year shall begin [as of the 1st day of April of each year, after the receipt of Annual Statements, which shall be submitted not later than the 1st day of March of each year] **after the receipt by the Department of the latest annual statement and the latest financial information of the applicant is available in electronic format from the NAIC database.**

(d) Before a decision on an application is made, the Department may request from an applicant, in writing, any additional information it may require. Failure by an applicant to respond to written inquiries by the Department within 45 days [may be considered grounds for rejection of the application] **shall result in an application being deemed withdrawn.**

(e) – (f) (No change.)

11:1-10.8 Requirements upon admission

(a) (No change.)

(b) Applicants who wish to have their Certificate of Authority limited to "reinsurance" only, may disregard the regulatory requirements concerning membership in the

Compensation, Rating and Inspection Bureau [and the completion of a consumer suitability study for health insurance] identified in N.J.A.C. 11:1-10.6[(c) and] (d).

(c) – (g) (No change.)

[11:1-10.9 Compliance

This subchapter shall apply to all applicants submitting a letter of intent on or after June 19, 1989. Applicants whose letters of intent have been received by the Department prior to June 19, 1989 may elect to proceed under this subchapter if they so notify the Department no later than July 19, 1989. Applicants whose letters of intent have been received by the Department prior to June 19, 1989 who do not timely notify the Department that they wish to proceed under this subchapter shall have their applications reviewed under the procedures pre-existing this subchapter.]

11:1-[10.10] **10.9** (No change in text.)

SUBCHAPTER 1. ADMISSION REQUIREMENTS FOR FOREIGN AND ALIEN LIFE
AND HEALTH INSURERS

11:2-1.4 General eligibility requirements

(a) In order for a foreign or alien insurer to be admitted as a life and health insurer in this State, the requirements in this section shall be satisfied in addition to any other requirements in this subchapter or any other provision of law.

1. – 4. (No change.)

5. The applicant shall satisfy the following seasoning requirements:

i. (No change.)

ii. An applicant qualified under (a)5i above shall demonstrate that:

(1) During any three of the last five years, including therein the two most recent years of business operations, it generated a net gain from operations, after Federal taxes, as reported in the annual statement; **and**

(2) Surplus has not decreased over the five-year period in question except for dividends to policyholders, reserve strengthening and increases in the asset valuation reserve; [and

(3) It has received either an evaluation acceptable to the Department from Dun and Bradstreet or one of the top three ratings from one of the following: Standard and Poor's, Duff and Phelps, Moody's, A.M. Best or other nationally recognized rating agency.]

iii. The Commissioner may, upon request of an applicant, on a case by case basis, waive in the case of (a)5iii(1), (2) and (3) below, or reduce in the case of (a)5iii[(1)] **(4)**

below, the five-year seasoning requirements of (a)5i and ii above. In determining whether a reduction or waiver is appropriate in a particular case, the Commissioner shall consider whether the requirements of this section have been satisfied, and, in addition, whether the requirements described in (a)5iii(1) through (4) below, if applicable, have been satisfied. These requirements relate, respectively, to the following circumstances:

(1) – (3) (No change.)

(4) The applicant, being an insurance company with a non-insurance company parent, has completed three full years of operation without a change in control, and, subsequent to its first two years of operation, has available a filed examination report conducted by its state of domicile, which report is in accordance with Department standards for examinations. The first two full years of operation covered by the examination report shall be sufficient to make the report useful and meaningful to the Department. The applicant shall also be required to have experienced profitable operations in two of the three years, including the most current year of business, and shall demonstrate a sound plan of operation. Additionally, the applicant shall obtain or satisfy all of the following:

(A) – (B) (No change.)

(C) The ultimate parent shall have either an evaluation acceptable to the Department from Dun and Bradstreet or one of the top [two] **three** ratings from at least two of the following for at least three years prior to application: Standard and Poor's, Duff and Phelps, and Moody's; and

(D) (No change.).

iv. (No change.)

6. (No change.)

(b) (No change.)

11:2-1.5 Letter of intent

(a) Prior to the acceptance of a final application for a certificate of authority in this State, all foreign and alien insurers who desire to transact the business of life and health insurance in this State shall submit, as a preliminary application, a letter of intent, which shall include, where applicable, the information required in (a)1 through [9]**7** below.

1. – 3. (No change.)

[4. The name of any insurer(s) currently licensed, or applying for admission, in this State with whom the applicant is affiliated;]

Recodify existing 5. and 6. as **4. and 5.** (No change in text.)

[7.] **6.** A certified copy of the applicant's current certificate of authority from its place of domicile; **and**

[8. The results of the most recent NAIC IRIS tests and related communications concerning the applicant, which shall satisfy the requirements of N.J.A.C. 11:2-1.4(a)4i-ii; and

9. The risk-based capital report as of December 31 for the calendar year next preceding its application date, as filed with the insurance regulatory official of its state of domicile. If the state of domicile does not have a risk-based capital statute or regulation substantially similar to N.J.A.C. 11:2-39, the applicant shall submit a risk-based capital report prepared in accordance with N.J.A.C. 11:2-39.]

7. The most recent report(s) from rating agencies, including, but not limited to, A.M. Best, Moody's, Standard and Poor's, Duff and Phelps, and Dun and Bradstreet.

11:2-1.6 Final application

(a) After the submission of the letter of intent as required by N.J.A.C. 11:2-1.5, the applicant, upon notice from the Department, shall file the following items:

1. – 2. (No change.)

3. [Seven] **Six** copies of the current annual statement, including all supplemental exhibits;

4. One copy of the annual statement for each of the past [four] **two** years, including all supplemental exhibits;

[5. An analysis of par/non-par profits and surplus;]

Recodify existing 6. – 9. as **5. – 8.** (No change in text.)

[10.] **9.** An application for admission, on a form to be prescribed and provided by the Department, including the payment of a non-refundable application fee of \$5,000 [for an admissions application and \$2,500 for an application for an extension of authority];

Recodify existing 11. – 13. as **10. – 12.** (No change in text.)

[14. A copy of any agreements by which the right to conduct or influence any of the affairs of the applicant is transferred to others;

15. Any employment or deferred compensation agreements in which any officer, director or shareholder who controls five percent or more of the outstanding shares of the applicant, directly or indirectly, participates;]

Recodify existing 16. and 17. as **13. and 14.** (No change in text.)

[18. A calculation of adjusted surplus as described in N.J.A.C. 11:2-1.4(a) 2i and completed in accordance with the instructions and worksheets provided by the Department;

19. Details of any circumstances within the past three years where the applicant has received a rating of less than one of the top three ratings from any rating agency or an indication that less than one of the top three ratings would be given if published;]

[20.] **15.** A corporate plan of operation consisting of:

i. A schedule listing the following:

(1) All jurisdictions in which the applicant has applied for authorization to transact the business of insurance during the preceding 10 years and the dates and results of such applications; **and**

[(2) All jurisdictions from which the applicant has withdrawn during the preceding 10 years, and the reasons for withdrawal; and

(3)] **(2)** [All administrative, civil or criminal actions, orders, proceedings and determinations thereof to which the applicant, or its affiliates, or any of its directors or principal officers has been subject, due to an alleged violation of any law governing insurance operations in any jurisdiction during the preceding 10 years. Where the alleged violation is a felony (or its equivalent in a jurisdiction which does not use this designation of a crime) such actions, orders, proceedings and determinations shall include violations not related to insurance operations.] If a license has been refused, suspended or revoked by any jurisdiction, the applicant shall furnish an explanation and a copy of any orders, proceedings, and determinations related thereto;

ii. A description of the applicant's present business plan(s) for conducting an insurance business, including, but not limited to:

(1) – (4) (No change.)

[(5) Investment strategy, including a description of controls in place to ensure that the strategy is followed;]

Recodify existing (6) and (7) as **(5) and (6)** (No change in text.)

iii. (No change.)

iv. A summary of the applicant's reinsurance program on assumed business, indicating the name of the ceding insurers, retentions, maximum risks, types of business, types of agreements, and any other information which may, in the opinion of the Department, be relevant to this part of the applicant's operations. Additional information may be requested by the Department in order to supplement or clarify information already provided by the applicant; **and**

v. (No change.)

[vi. The number and ratio of complaints as defined by the place of domicile to the number of policies in the place of domicile, for those lines of business in which the state or country of domicile makes such determinations; and

vii. Copies of all management, exclusive agency, administrative services, or any other operating contracts with affiliates or non-affiliates, where applicable, signed by the parties and certified to by the insurer's secretary and chief operating officer;]

21. – 23. (No change.)

(b) Applicants shall file the final application within 60 days of notice from the Department that the applicant is eligible for admission.

(c) In lieu of the procedures set forth in N.J.A.C 11:2-1.5 and 1.6, an applicant may file an application for admission utilizing the applicable form of the Uniform Certificate of Authority Application (UCAA) form and procedures adopted by the NAIC. The UCAA is available on the NAIC website at www.naic.org.

1. An applicant utilizing the UCAA form shall file the information required in the UCAA with the addition of the documentation set forth in N.J.A.C. 11:2-1.5(a)3, 1.5(a)7 and 1.6(a)3 and shall pay the fee set forth at N.J.A.C. 11:2-1.6(a)10.

2. An applicant utilizing the UCAA procedures shall continue to be required to satisfy the eligibility requirements set forth in N.J.A.C. 11:2-1.4.

11:2-1.7 Review procedures; appeals

(a) – (b) (No change.)

(c) Applications accepted after November [1] **15** of each year shall not be reviewed until the next annual statement becomes available and is received for review. The review of such applications shall begin [as of April 1 of each year, after the receipt of annual statements which shall be submitted no later than March 1 of each year] **after receipt by the Department of the latest annual statement and after the latest financial information of the applicant is available in electronic format from the NAIC database.**

(d) Before a decision on an application is made, the Department may request from an applicant, in writing, any additional information it may require. Failure by an applicant to respond to written inquiries by the Department within 45 days [may be considered grounds for rejection of the application] **shall result in an application being deemed withdrawn.**

(e) – (h) (No change.)

[11:2-1.8 Compliance

This subchapter shall apply to all applicants submitting a letter of intent on or after April 1, 1995. Applicants whose applications have been received by the Department prior to April 1, 1995, may elect to proceed under this subchapter if they so notify the Department no later than May 1, 1995. Applicants whose letters of intent have been received by the Department prior to April 1, 1995, who do not timely notify the Department that they wish to proceed under this subchapter, shall have their application reviewed under the procedures preexisting this subchapter.]

11:2-[1.9]**1.8** (No change in text.)

jcadmiss1/inoregs