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DEPARTMENT OF BANKING AND INSURANCE
OFFICE OF SOLVENCY REGULATION
Insurance Holding Company Systems
Proposed Amendment: N.J.A.C. 11:1-35.2

Authorized By: Justin Zimmerman, Commissioner, Department of Banking and Insurance.

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, and 17:27A-1 et seq.

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

Proposal Number: PRN 2025-126.

Submit written comments by November 14, 2025, to:

Denise M. Illes, Chief
 Office of Regulatory Affairs
 Department of Banking and Insurance
 20 West State Street
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The agency proposal follows:

Summary

The Department of Banking and Insurance (Department) proposes an amendment to N.J.A.C. 11:1-35.2, which memorializes the Department's long-standing plain reading of "person," as defined by the Insurance Holding Company Systems Act, N.J.S.A. 17:27A-1 et seq. ("Holding Company Act" or "Act"), to include a reciprocal insurance exchange. Pursuant to the Holding Company Act, a "person" means "an individual, a corporation, a limited liability company, a partnership, an association, a joint stock company, a trust, an unincorporated organization, any similar entity, or any combination of the foregoing acting in concert." Further, pursuant to the Act, an "insurer" means "[a]ny person or persons authorized by the laws of this State to transact the business of insurance." Thus, a reciprocal insurance exchange is an unincorporated organization that transacts the business of insurance, and all domestic reciprocal exchanges are required to maintain a certificate of authority to transact the business of insurance issued by the Department.

On December 20, 2022, the Department issued Bulletin No. 22-11 (Bulletin), the purpose of which was to remind reciprocal insurance exchanges authorized to transact business in New Jersey of the laws, rules, and regulations that they must comply with, including the Holding Company Act. An appeal was made from the Department's issuance of the Bulletin to the Superior Court of New Jersey, Appellate Division (Appellate Division), arguing, *inter alia*, that the Holding Company Act does not apply to the reciprocal insurance exchange, and that the Bulletin constituted improper rulemaking. See *In Re 2022 Bulletin No. 22-11*, Docket No. A-1626-22 (App. Div. May 5, 2025) (slip op. at 15). The Appellate Division did "not subscribe to" the Appellant's "precise theory" that the New Jersey Legislature deliberately excluded reciprocal exchanges from the definition of the Holding Company Act at N.J.S.A. 17:27A-1. *In Re 2022 Bulletin No. 22-11*, slip op. at 13-14. Without reaching the substance of the Department's agency action, but focusing instead on whether the Bulletin is a *de facto* rule, the Appellate Division reversed and remanded to the Department to comply with the rulemaking procedures of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq. *Ibid.* This notice of proposal follows.

The Reciprocal Exchange Act, N.J.S.A. 17:50-1 et seq., was originally enacted in 1945. Pursuant to N.J.S.A. 17:50-1, "Individuals, partnerships, trustees and all corporations of this State, herein designated 'subscribers,' are hereby authorized to exchange reciprocal or interinsurance contracts with each other and with individuals, partnerships, trustees and corporations of other States, districts, provinces and countries, for any or all of the kinds of business for which a company may be formed or authorized to transact pursuant to the provisions of chapter seventeen of Title 17 of the Revised Statutes, except life insurance." As such, a reciprocal insurance exchange is an unincorporated organization in which

members, known as subscribers, exchange contracts and pay premiums, through an attorney-in-fact for the insurance of each other.

The Holding Company Act was enacted 25 years after the Reciprocal Exchange Act, in 1970, and the Department subsequently adopted implementing rules at N.J.A.C. 11:1-35. N.J.S.A. 17:27A-13 states that "[a]ll laws and parts of laws of this State inconsistent with this chapter are hereby superseded with respect to matters covered by this chapter." The rules, which essentially codified existing practice and reflected the model regulation adopted by the National Association of Insurance Commissioners (NAIC) were originally adopted in 1993. Since that time, the Department has applied the Holding Company Act to the acquisition or change of control of a reciprocal exchange on at least four separate occasions: Order No. A14-112 (Skylands I); Order No. A19-110 (Palisades); Order No. A20-10 (Skylands II); and Order No. A22-13 (CURE/RMC). In addition, a number of domestic reciprocal exchanges regularly file forms with the Department in compliance with the Act. Compliance with the Act is also considered during examinations of reciprocal exchanges made pursuant to N.J.S.A. 17:50-8 and 17:23-22.

The Holding Company Act sets forth the standards and requirements for the acquisition or change of control of a domestic insurer and the operations of insurance holding company systems, which means two or more affiliated persons, one or more of which is an insurer. N.J.S.A. 17:27A-1.d. N.J.S.A. 17:27A-1.e broadly defines the term "insurer" as "any person or persons, corporation, partnership or company authorized by the laws of this State to transact the business of insurance or to operate a health maintenance organization in this State ..." N.J.S.A. 17:27A-1.f defines a "person" as "an individual, a corporation, a limited liability company, partnership, an association, a joint stock company, a trust, an unincorporated organization, any similar entity or any combination of the foregoing acting in concert."

The proposed amendment codifies the Department's application of the Holding Company Act to reciprocal insurance exchanges by clarifying the definition of "person" at N.J.A.C. 11:1-35.2 to reinforce that both the Holding Company Act and the implementing rules apply to reciprocal insurance exchanges. While a reciprocal insurance exchange falls squarely within the definition of person and insurer in the Holding Company Act, the proposed amendment provides further clarity through the rulemaking process.

Most reciprocal insurance exchanges domiciled in the State have already recognized that they are subject to the Holding Company Act through regular filings and examinations.

Regulating reciprocal insurance exchanges in a consistent manner pursuant to the Holding Company Act and associated regulations, as the Department is doing, is necessary and appropriate for the protection of insurance consumers in this State and the solvency of insurers.

As the Department has provided a 60-day comment period on this notice of proposal, this notice is excepted from the rulemaking calendar requirement, pursuant to N.J.A.C. 1:30-3.3(a).

Social Impact

The Department anticipates that the proposed amendment will have a positive social impact because formalizing the consistent regulation of reciprocal insurance exchanges, pursuant to the Holding Company Act, will enhance the Department's ability to protect consumers and ensure insurer solvency. As noted above, if control of a reciprocal insurance exchange changes, and/or if an insurer is part of an insurance company system, consumers can be assured that the change in control and ongoing compliance was done under the supervision, and with the approval, of the Department to ensure their interests are protected and the company's solvency is considered.

Economic Impact

The Department believes that the proposed amendment will have a positive or neutral economic impact. As noted in the Summary, reciprocal insurance exchanges domiciled in the State are already subject to the Holding Company Act. Persons seeking to acquire control of a New Jersey domiciled reciprocal insurance exchange will continue to be required to bear any costs associated with filing the information required pursuant to the regulations implementing the Holding Company Act. The operational information required to be filed by reciprocal insurance exchanges reflects information that filers should have available in the

normal course of business or as otherwise required to be filed pursuant to statute. The Department believes that formalizing the already consistent regulation of reciprocal insurance exchanges, pursuant to the proposed rule amendment, should impose no additional cost on them. Further, the benefits to consumers outweigh the costs of insurers in complying with the Holding Company Act, including when a change of control occurs and the ongoing oversight of insurance company holding systems.

Federal Standards Statement

A Federal standards analysis is not required because the proposed amendment is not subject to any Federal requirements or standards.

Jobs Impact

The Department does not anticipate any jobs will be generated or lost as a result of the proposed amendment. The Department invites commenters to submit any data or studies on the potential jobs impact of the proposed amendment together with their comments on other aspects of the proposal.

Agriculture Industry Impact

The proposed amendment will not have any impact on the agriculture industry of New Jersey.

Regulatory Flexibility Statement

The proposed amendment does not impose any new reporting, recordkeeping, and compliance requirements on "small businesses" as that term is defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. To the extent the proposed amendment will apply to small businesses, they will apply equally to reciprocal insurance exchanges required to make filings pursuant to N.J.S.A. 17:27A-1 et seq., and the proposed amendment. As noted in the Economic Impact, such entities will be required to bear any costs associated with making filings pursuant to the proposed amendment. The proposed amendment does not provide differentiation in compliance requirements specifically based on business size.

Housing Affordability Impact Analysis

The proposed amendment will not have any impact on housing affordability in this State because they relate to reciprocal insurance exchanges and are unlikely to evoke a change in the average costs associated with housing.

Smart Growth Development Impact Analysis

There is an extreme unlikelihood that the proposed amendment would evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, pursuant to the State Development and Redevelopment Plan in New Jersey because the proposed amendment relates to reciprocal insurance exchanges.

Racial and Ethnic Community Criminal Justice and Public Safety Impact

The Department has evaluated this rulemaking and determined that it will not have an impact on pretrial detention, sentencing, probation, or parole policies concerning adults and juveniles in the State. Accordingly, no further analysis is required.

Full text of the proposal follows (addition indicated in boldface **thus):**

SUBCHAPTER 35. INSURANCE HOLDING COMPANY SYSTEMS

11:1-35.2 Definitions

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

... "Person" means an individual, a corporation, a limited liability company, a partnership, an association, a joint stock company, a trust, an unincorporated organization (**including a reciprocal insurance exchange**), any similar entity, or any combination of the foregoing acting in concert.

...

LABOR AND WORKFORCE DEVELOPMENT

(a)

DIVISION OF WAGE AND HOUR COMPLIANCE

Requirements for Notification of Promotion, New Job, and Transfer Opportunities

Proposed New Rules: N.J.A.C. 12:74

Authorized By: Robert Asaro-Angelo, Commissioner, Department of Labor and Workforce Development.

Authority: N.J.S.A. 34:1-20 and 34:1A-3(e).

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

Proposal Number: PRN 2025-124.

Submit written comments by November 14, 2025, to:

David Fish, Executive Director

Legal and Regulatory Services

New Jersey Department of Labor and Workforce Development
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The agency proposal follows:

Summary

The Department of Labor and Workforce Development (Department) is proposing new rules at N.J.A.C. 12:74, to implement N.J.S.A. 34:6B-23 (Act), which establishes notification requirements for employers regarding promotion, new job, and transfer opportunities. Specifically, subsection a of the Act requires that, prior to making a promotion decision, an employer must make reasonable efforts to announce, post, or otherwise make known the existence of the promotional opportunity to all employees in the department or departments of the employer to which the promotional opportunity is open. Subsection a of the Act also states that "any promotion for a current employee that is awarded based on years of experience or performance shall not be subject to the notification requirements established in this subsection," and that, "nothing in this subsection shall be construed to prohibit an employer from making a promotion on an emergent basis due to an unforeseen event."

Subsection b of the Act requires that for each new job opportunity or transfer opportunity the employer advertises, the employer must, at a minimum, include within the notification, the hourly rate of pay or annual salary, as applicable, or a range of the hourly rate of pay or annual salary, as applicable; and a general description of benefits and other compensation programs for which the applicant would be eligible if selected for the new job or transfer opportunity.

Subsection c of the Act establishes the administrative penalties that the Department may assess against employers for a violation(s) of the Act.

Subsection d of the Act establishes special rules for temporary help service firms and consulting firms, whereby such firms: (1) are not required to include the above-listed information regarding wages, benefits, and other compensation programs within notifications that are being published for the purpose of identifying qualified applicants for potential future job openings, rather than to identify applicants for existing job openings; and (2) are required, at the time of interview or hire for a specific job opening, to provide the applicant for temporary employment with the above-listed information regarding wages, benefits, and other compensation programs.

To implement the Act, the Department is proposing new rules at N.J.A.C. 12:74, which would include the following subchapters.

Proposed new N.J.A.C. 12:74-1 would set forth general provisions, including the purpose and scope of the chapter and sections that address administrative penalties, hearings, and the process for filing a complaint alleging a violation of the Act or this chapter with the Division of Wage and Hour Compliance within the Department of Labor and Workforce Development.