



State of New Jersey
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BULLETIN NO. 02-27

**TO: ALL INSURANCE COMPANIES, INSURANCE PRODUCERS,
LIMITED INSURANCE REPRESENTATIVES AND INSURANCE
EDUCATION PROVIDERS**

FROM: HOLLY C. BAKKE, COMMISSIONER

RE: PRODUCER LICENSING

On November 4, 2002 the Department of Banking and Insurance adopted new and amended regulations implementing the Producer Licensing Act of 2001. This Bulletin provides guidelines for many significant changes to the producer licensing rules and their effective dates. Additional information concerning these regulations may be found on the Department's website at www.njdobi.org.

Fingerprint Cards: All new applications for producer licenses submitted to the Department on or after November 4, 2002 shall include fingerprint cards for State and Federal criminal history checks. These cards can be obtained by contacting the Department's Licensing and Insurance Education Unit at 609 292-4337.

Changes in Licensing Authorities

N.J.A.C. 11:17-2.2 designates new authorities for licensed producers. These new authorities are property authority, casualty authority, variable life and variable annuity authority, personal lines authority and limited lines authority. Some significant changes regarding these and previously existing authorities and effective dates follow:

Property, Casualty and Personal Lines Authority: Producers with Property/Casualty Authority on November 4, 2002 will retain those authorities and upon renewal, unless they specifically ask for other lines, they will continue to have licenses with property and casualty authority. In addition, those with Property/Casualty authority on November 4, 2002 do not need to add Personal Lines Authority since such authority is a part of property and casualty.

Variable Life and Variable Annuity Authority: N.J.A.C. 11:17-2.2(c) allows producers licensed with life authority prior to November 4, 2002 and who hold a securities license, to continue to sell variable products until December 31, 2003. During this transition period, these producers may add variable authority to their license by providing, on a form prescribed by the Commissioner, their NASD license or registration number without the usual \$20.00 fee. After December 31, 2003, no life producer can sell variable life or annuity products unless he or she adds the variable life and annuity authority and pays the \$20.00 fee.

Health Authority for Producers Currently Licensed for Property/Casualty: Producers licensed for property/casualty prior to November 4, 2002 completed prelicensing education and testing for health authority as well. Any producer currently licensed for property/casualty will continue to have authority to write health insurance through December 31, 2003. During this transition period, these producers may add health authority to their license by applying to do so, on a form prescribed by the Commissioner, without the usual \$20.00 fee. After December 31, 2003, no producer with property and/or casualty authority can sell health insurance unless he or she first adds the health authority, documents that he or she has completed prelicensing education and testing for health authority either by being licensed for property/casualty authority prior to November 4, 2002, or by satisfying the education and testing requirements for health authority, and pays the \$20.00 fee.

Surplus Lines Authority: The requirements for a New Jersey office and the posting of a bond have been eliminated for surplus lines authority. Non residents in good standing with surplus lines authority in their home state may apply for surplus lines authority as of November 4, 2002. Resident producers with surplus lines authority may leave the bond in place until its expiration date or have it cancelled any time after November 4, 2002.

Limited Lines Authority: Consistent with the creation of limited lines authority which will require a producer license, limited insurance representatives are being eliminated. N.J.A.C. 11:17-2.2(d) allows insurance companies to submit limited insurance representative registrations until June 30, 2003. All registered limited insurance representatives have until December 31, 2003 to qualify and apply for, and become licensed as limited lines producers. Limited insurance representatives selling bail bonds must complete their education, pass the qualifying exam for their bail bonds limited lines authority, and apply for and become licensed by December 31, 2003. As of December 31, 2003, all limited insurance representative registrations will be terminated. Thereafter, if a limited insurance representative has not obtained a producer license, he or she can not transact the business of insurance in this State.

Changes in Insurance Education: Changes in insurance education affect both producers and insurance education providers. Key changes and their effective dates follow:

Attorneys Licensed for Title Insurance Only: Attorneys who as of November 4, 2002 are licensed only for title insurance will be required to fulfill continuing education requirements within their first, full four-year licensing period following that effective date of the new regulation (e.g. an attorney licensed for title

insurance only whose license renews on 01/31/2003 must fulfill these requirements in order to renew again on 01/31/07.)

Changes in Minimum Prelicensing Credits Required: All new requirements for classroom hours for prelicensing education will be effective for courses commencing on or after December 31, 2002.

Changes in Continuing Education Credits for Licensed Producers: Producers licensed as of November 4, 2002 will be required to comply with the revised continuing education requirements to obtain 24 credits in authorities for which the producer is licensed and six credits in approved courses related to insurance fraud, professional ethics or any other subject matter required by the Commissioner for the protection of consumers, commencing with their first full licensing cycle following November 4, 2002 (e.g. a producer whose license renews 01/31/2003 must fulfill these requirements in order to renew again on 01/31/07.)

Change to One Credit Hour per One Hour of Course Time: New courses, submitted for approval by insurance education providers after November 4, 2002, shall be processed and, if approved, be computed as one credit hour per hour of course time as defined in the regulation. All classes approved prior to November 4, 2002 shall retain the number of credits previously approved until such course is submitted by the insurance education provider for reevaluation. In addition, all insurance education providers shall submit all courses for which credit was not computed by class hour for reevaluation by December 31, 2003. Starting January 1, 2004, all courses offered for the satisfaction of New Jersey continuing education requirements shall be awarded the credit hours listed in the new rules.

New Forms Available for Insurance Education Providers: New forms will be available for Insurance Education Providers for applications and renewals. Any new applications shall contain all the information required in the new rules as of November 4, 2002. Schools already approved as of November 4, 2002 shall provide any additional information required by the new rules at renewal. Forms will be available on the website www.njdobi.org or by contacting Licensing and Insurance Education at 609 633-0818.

11-04-02

Date

/s/ Holly C. Bakke

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Commissioner