



**State of New Jersey
Department of Banking and Insurance**

**Third-Party Administrator (TPA)
Application For Licensure Instructions**

The information required by this Application is based upon the Third-Party Administrator Act pursuant to **N.J.S.A. 17B:27B-1 et se q.** and **N.J.A.C. 11:23-1 et seq.** Additional information may also be required by the Commissioner of Banking and Insurance as deemed necessary in the course of reviewing the information submitted.

All TPA applications must be submitted electronically via the National Insurance Producer Registry (“NIPR”) website at <https://nipr.com/>; please be advised that the NIPR (not the state of New Jersey) charges a processing fee of \$5.60 for each TPA application.

If you are unable to complete the online application. Please contact the person listed on the Department’s TPA page located at https://www.state.nj.us/dobi/division_insurance/managed-care/tpapage.htm. If you have any questions regarding the TPA application, please also contact the person listed on the Department’s TPA page.

Please note that the applicant is the Company applying for licensure, not the individual that works for the Company submitting the application. When choosing Individual or Business Entity, chose Business Entity. Note that Individual applications are very rare.

When the application has you choose a product type, choose Other Licensing.

For “Residency Type,” click the button corresponding to the State of Residency of the TPA for whom you are applying (if NJ, click “Resident;” if another state, click “Non-Resident;” if no State of Residency, click “Non-Resident (No Home State).”

Under the “Owners, Partners, Officers and Directors” section, add all officers of the TPA under Individual Owners, including any percentage of ownership of the TPA each officer may hold.

If the TPA has a parent company, enter the parent company information under “Company Owners.”

*** In addition to the NIPR application process above, provide each of the below Checklist items.**

**** Note that each required Checklist item should be provided as a separate document, titled “Application Checklist Item [#],” and uploaded to the NIPR’s Attachment Warehouse. Missing documents will delay the application process.** Please note that other states will have access to the documents provided and may be able to help with any licensing requirements in the other states. The general public will not have access to the documents. If there are any documents that you do not want other state Departments of Insurance to see, please send them separately to the person listed on the Department’s TPA page above.

Checklist of Documents Required with the Application for TPA Licensure

1. A copy of the applicant's basic organizational documents, which shall include articles of incorporation or formation, articles of association, partnership agreement.
2. A copy of the executed bylaws, rules and regulations, or other documents relating to the operation of the applicant's internal affairs.
3. A fully completed and notarized NAIC Biographical Affidavit ("affidavit") for each officer, director or person owning 10% or more of the Company. The affidavit must be completed via UCAA Form 11 found at http://www.naic.org/industry_ucaa.htm.
4. A copy of the applicant's most recent financial statements audited by an independent certified public accountant.
5. A copy of the applicant's business plan, including:
 - a) A statement generally describing the applicant, its facilities, personnel, and the services to be offered by the third-party administrator;
 - b) Information on activities undertaken or to be undertaken in New Jersey;
 - c) A statement of the applicant's capability for providing a sufficient number of experienced and qualified personnel.
 - d) A description of the applicant's fraud prevention plan;
 - e) A description of the applicant's prompt pay plan;
 - f) A description of the applicant's turnaround time on claim payments;
 - g) A description of the applicant's record retention policy;
 - h) Evidence of establishment of a separate account for each benefits payer for payment of claims with a description of controls the applicant has put in place for it;
 - i) Copy of the entire fidelity bond [minimum amount of \$100,000 on each director, officer, partner or employee] – see the regulation for specific requirements;
 - j) A description of the applicant's proposed method of marketing its services in New Jersey;
 - k) A statement setting forth the means by which the applicant will be compensated;
 - l) A description of the complaint and appeals procedures instituted by the applicant;
 - m) A description of the quality assurance procedures established by the applicant;
 - n) Three (3)-year projections of anticipated operating results;
 - o) A description of the assumptions used in the projections that shall include an explanation of each line item;
 - p) A statement of the sources of working capital and any other sources of funding;
 - q) A description of the provision of contingencies that enable the applicant to perform the work for which it has contracted;
 - r) A list of the benefit payers under contract with the applicant **and** a copy of the standard contract or contracts used by the applicant in the course of business. To ensure compliance with N.J.A.C. 11:23-3.1, the provisions of the agreement shall include:
 - Provision of enrollment and eligibility information;
 - Arrangement for a preliminary or escrowed deposit of funds by the benefits payer, if any;
 - The method used for the transmittal of funds from the benefits payer to the administrator;
 - Notification by the benefits payer of modifications in the benefits payer's benefits plan;

- Provisions setting forth the respective liability of the administrator and benefits payer for payment of ineligible claims;
- Liability for claim payments that are overdue;
- Provisions regarding the procurement of reinsurance or stop-loss insurance;
- Maintenance of appropriate back-up systems against the loss of records;
- Establishment and maintenance of appropriate financial controls;
- Provisions regarding the benefits payer's rights with respect to the conducting of claims audits by an outside auditor;
- The maintenance of appropriate insurance coverage, which shall include general liability insurance, valuable papers insurance and errors and omissions coverage and such other coverage as is appropriate to the form of organization and nature of the business of the third-party administrator;
- Appropriate access by the benefits payer to the administrator's records;
- Procedures for making available the claims experience and other claims-related information to the benefits payer at its request, including, but not limited to, monthly reports; and
- Preparation or provision of data required for prompt-pay reports and payment of any penalties payable under the contract.

The Contract shall be marked to show each provision above.

- s) A list of subcontractors with whom the applicant does business and copies of the contract or contracts used by the applicant in the course of business with subcontractors.
- t) A list of reinsurers with whom the applicant does business and copies of the contract or contracts used by the applicant in the course of business with reinsurers.
- u) A power of attorney, duly executed by the applicant, if not domiciled in this State, appointing the Commissioner and his or her successors in office as the true and lawful attorney of the applicant in and for this State upon whom all lawful process in any legal action or proceeding against the organization on a cause of action arising in this State may be served (form enclosed; see Page 4).

*** If you're unable to submit the application online, additional items will be required. ***

Appointment of Attorney for the State of New Jersey

KNOW ALL MEN / WOMEN BY THESE PRESENTS: That the _____ (the “COMPANY”) of the _____ of _____ in the _____ of _____, desiring to do business in the State of New Jersey in conformity with the laws thereof, hereby, constitutes and appoints the Commissioner of Banking and Insurance of New Jersey, and his or her successor in office, to be its true and lawful Attorney, upon whom all original process in any action or legal proceeding against said COMPANY may be served. And the said COMPANY hereby stipulates and agrees that any original process against it, which is served upon said Attorney, shall be of the same legal force and validity as if served upon said COMPANY, and that the authority of said Attorney shall continue in force irrevocable so long as any liability of said COMPANY remains outstanding in New Jersey.

IN WITNESS WHEREOF, the said COMPANY has caused these presents to be subscribed by its President, and attested by its Secretary, and its corporate seal to be hereunto affixed, this _____ day of _____ 20_____.

(Corporate Seal--if applicable)

President (or authorized representative)

(Print or Type Name)

Attest:

Secretary (or authorized representative)

(Print or Type Name)