

Commissioner, pursuant to N.J.S.A. 17:50-1, to exchange reciprocal or interinsurance contracts with each other and with individuals, partnerships, trustees, and corporations of other states, districts, provinces, and countries as part of a reciprocal insurance exchange pursuant to N.J.S.A. 17:50-2.

11:1-28.6 Additional information requirements

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

(c) Any changes to the information submitted pursuant to this section, during or after the formation, are subject to the review and approval of the Commissioner.

CHAPTER 19
FINANCIAL EXAMINATIONS MONITORING SYSTEM

SUBCHAPTER 1. ANNUAL AND QUARTERLY FINANCIAL STATEMENT SUBMISSION REQUIREMENTS

11:19-1.2 Definitions

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

“APPM” means the NAIC Accounting Practices and Procedures Manual.

“SSAP” means the Statement of Statutory Accounting Principles included in the APPM.

11:19-1.3 Annual and Quarterly Financial Statement Submission Requirements

(a)-(b) (No change)

(c) The annual and quarterly statements shall be prepared in accordance with the annual and quarterly statement instructions and the APPM adopted by the NAIC, including all SSAPs, and all applicable provisions of law.

(a)

**DEPARTMENT OF BANKING AND INSURANCE
OFFICE OF SOLVENCY REGULATION
Insurance Holding Company Systems**

Adopted Amendment: N.J.A.C. 11:1-35.2

Proposed: September 15, 2025, at 57 N.J.R. 2219(a).

Adopted: December 11, 2025, by Justin Zimmerman, Commissioner, Department of Banking and Insurance.

Filed: December 11, 2025, as R.2026 d.018, **without change**.

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

Effective Date: January 5, 2026.

Expiration Date: April 22, 2026.

Summary of Public Comment and Agency Response:

A comment was received from Citizens United Reciprocal Exchange (CURE). No other comments were received. CURE is one of five reciprocal exchanges domiciled in the State. There are also 13 foreign domiciled licensed reciprocal exchanges in the State.

COMMENT: The commenter states that adding “a reciprocal insurance exchange” to the definition of “person” at N.J.A.C. 11:1-35.2 extends the Holding Company Act, N.J.S.A. 17:27A-1 et seq., beyond its text, encroaches on the exclusive jurisdiction of the Reciprocal Exchange Act, N.J.S.A. 17:50-1 et seq., and contradicts the Department of Banking and Insurance’s (Department) longstanding regulatory practice.

The commenter states that the Reciprocal Exchange Act sets forth a clear exclusivity clause and states that exchanges “shall be regulated by this act, and by no other statute of this State relating to insurance, except as herein otherwise provided.” N.J.S.A. 17:50-1. The commenter asserts that applying the Holding Company Act would conflict with this exclusivity clause because the Holding Company Act does not expressly

mention reciprocal insurance exchanges and does not repeal or supersede any provision of the Reciprocal Exchange Act. The Holding Company Act’s definitions of “insurance holding company system,” “insurer,” and “person” do not expressly include reciprocal insurance exchanges. The commenter posits that the Holding Company Act applies to systems of insurers, and reflects a framework for corporate groups, parent-subsidiary chains, and affiliated insurer networks. A stand-alone reciprocal insurance exchange is not an “insurer” pursuant to the Holding Company Act. The Holding Company Act’s supersession clause, 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.” However, this does not override the Reciprocal Exchange Act’s exclusivity clause. The commenter posits that the Holding Company Act and the Reciprocal Exchange Act coexist without conflict and that the Reciprocal Exchange Act’s exclusivity clause trumps the generality of the Holding Company Act’s supersession clause.

The commenter states that the Appellate Division’s decision at *In Re 2022 Bulletin No. 22-11*, Docket No. A-1626-22 (App. Div. May 5, 2025) (the May 5 Decision) makes clear that the Holding Company Act does not apply to reciprocal insurance exchanges and does not provide the necessary statutory authority for the proposed amendment. The commenter states that the Department’s proposed rule is neither “expressly provided by” nor “clearly and obviously inferable from” the Holding Company Act, based on its reading of the May 5 Decision. See *In Re 2022 Bulletin No. 22-11* (slip op. at 12). Accordingly, the Department’s remedy is through legislation, not amending rules.

The commenter states that the Department, until recently, has acknowledged that reciprocal insurance exchanges are not subject to the Holding Company Act, and has recognized that any extension would require new legislation. The Department did not raise the Holding Company Act in five financial examinations or nearly 80 quarterly and annual filings. The handful of instances where the Department applied the Holding Company Act to reciprocal insurance exchanges were when reciprocal insurance exchanges were involved in acquisitions with traditional stock insurance companies, making them part of an “insurance holding company system” bringing them within the purview of the Holding Company Act. These scenarios are different than a stand-alone reciprocal insurance exchange, such as the commenter.

RESPONSE: The Department does not agree with the commenter’s assertions. The commenter’s assertions are unsupported and contrary to applicable law. The commenter, and other reciprocal insurance exchanges, remain subject to the Holding Company Act, consistent with the Department’s past enforcement of the Holding Company Act. The Holding Company Act’s definition of “insurer” includes reciprocal insurance exchanges. The Holding Company Act defines “insurer” as “any person or persons, corporation, partnership or company authorized by the laws of this State to transact the business of insurance ... in this State.” N.J.S.A. 17:27A-1.e. N.J.S.A. 17:27A-1.f further 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.” A reciprocal insurance exchange is an unincorporated organization. The definitions are broad, and their plain language is clear.

The Reciprocal Exchange Act, N.J.S.A. 17:50-1 through 19 was originally enacted in 1945 and states that a reciprocal exchange may be authorized to transact insurance business pursuant to the provisions of Chapter 17 of Title 17 of the Revised Statutes, except life insurance. Reciprocal insurance exchanges, by virtue of being authorized to transact the business of insurance, are insurers within the scope of the Holding Company Act.

The Holding Company Act sets forth the standards and requirements for the acquisition/change of control of a domestic insurer and the operations of insurance holding company systems. The statute was originally enacted in 1970, and the rules, which essentially codified existing practice and reflected the model requirements established by the National Association of Insurance Commissioners were adopted in 1993. The legislative history of the Holding Company Act establishes the Legislature’s intent to, among other things; enable the Commissioner to ascertain the solvency, the management performance, and the operational

results of the acquirer to protect the insurer's policyholders. Protecting the interests of policyholders is part of the core priorities of the Holding Company Act. Moreover, N.J.S.A. 17:27A-13 further states that, "All laws and parts of laws of this State inconsistent with this chapter are hereby superseded with respect to matters covered by this chapter." Therefore, N.J.S.A. 17:27A-13 provides for the Holding Company Act to supersede N.J.S.A. 17:50-1 to the extent the Reciprocal Exchange Act is incomplete or inconsistent.

The Department disagrees with the commenter's interpretation of *In re Bulletin No. 22-11*. The May 5 Decision focused on the Department's December 20, 2022 Bulletin No. 22-11, which reminded all reciprocal exchanges of the laws and requirements that apply to them, including the Holding Company Act. On appeal to the Appellate Division, the court held that the Bulletin constituted *de facto* rulemaking pursuant to the Administrative Procedure Act (APA) and remanded for the Department to propose rules consistent with the APA. (slip op. at 15). The Appellate Division's holding is based on the fact that reciprocal insurance exchanges and the Holding Company Act are properly the subjects of formal rulemaking pursuant to the APA. The Court did not hold that the Holding Company Act does not apply to reciprocal exchanges. Further, in a related matter, the Superior Court, Law Division, Mercer County (Docket No. MER-L-001929-25) rejected the commenter's position regarding the May 5 Decision and denied CURE and RMC's application for temporary restraints on September 23, 2025. That Court found that the Appellate Division decision did not address "the underlying question of whether CURE and RMC may be subject to the Act, and as such does not suggest a likelihood of [their] success on the merits." Accordingly, the commenter's assertions in reliance on the May 5 Decision are misplaced.

Therefore, contrary to the commenter's comments, the Department maintains that regulating reciprocal insurance exchanges pursuant to the Holding Company Act and its associated rules are consistent with its existing law, regulatory authority, and practice. The Department has issued orders, conducted examinations, and receives routine filings relating to compliance by reciprocal insurance exchanges with the Holding Company Act. It is worth noting that, aside from the commenter, no other reciprocal insurance exchange has objected to or expressed concern with this rulemaking.

Federal Standards Statement

The amendments were not adopted pursuant to the authority of, or in order to implement, comply with, or participate in, any program established pursuant to Federal law or a State statute that incorporates or refers to Federal law, standards, or requirements as set forth at N.J.A.C. 1:30-5.1(c)4. Accordingly, no Federal standards analysis is required.

Full text of the adoption follows:

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.

...

LAW AND PUBLIC SAFETY

(a)

DIVISION ON CIVIL RIGHTS

Rules of Practice and Procedure

Readoption with Amendments: N.J.A.C. 13:4

Adopted New Rules: N.J.A.C. 13:4-3.4, 4.9, 4.10, 6.2, and 14

Proposed: May 19, 2025, at 57 N.J.R. 1004(a).

Adopted: November 12, 2025, by Yolanda N. Melville, Director, Division on Civil Rights.

Filed: December 9, 2025, as R.2026 d.014, **without change**.

Authority: N.J.S.A. 10:5-8, 10:5-8.2, 10:5-12, 10:5-18, and 34:11B-16.

Effective Dates: December 9, 2025, Readoption; January 5, 2026, Amendments and New Rules.

Expiration Date: December 9, 2032.

Summary of Public Comments and Agency Responses:

The official comment period for the notice of proposal ended on July 18, 2025. The Division on Civil Rights (the Division) appreciates receiving comments on the notice of proposal from Disability Rights New Jersey (DRNJ) and the Utility and Transportation Contractors Association of New Jersey (UTCA).

1. COMMENT: DRNJ expresses its support of the Division's amendments to definitions at N.J.A.C. 13:4-1.4 and amendments at N.J.A.C. 13:4-2.7. DRNJ comments that the amendments provide clarification that is helpful to complainants and, specifically, people with disabilities. In particular, DRNJ comments that amending the definition of "aggrieved person" to include past discrimination is beneficial for people with disabilities because it confirms they may file complaints based on both ongoing and past instances of discrimination. DRNJ also comments that informing complainants of their right to pursue relief in court facilitates their understanding of and ability to act on their legal options.

RESPONSE: The Division thanks the commenter for its support.

2. COMMENT: DRNJ acknowledges the Division's need for efficiency and procedural clarity, while expressing concern that the rules do not explicitly account for the barriers to justice disproportionately faced by individuals with disabilities. The commenter, therefore, suggests amending N.J.A.C. 13:4-2.6 and 7.1 to clarify the scope and availability of support to persons with disabilities who wish to file complaints or motions with the Division.

RESPONSE: The Division is committed to ensuring that individuals with disabilities can access reasonable accommodations to enable them to navigate the Division's complaint processes, but disagrees that amendments are necessary. N.J.A.C. 13:4-2.6 and 7.1 recognize that individuals may require assistance and accommodations to file complaints or motions using the New Jersey Bias Investigation Access System (NJBias) and requires the Division to provide appropriate assistance and accommodations, as necessary. The Division's website indicates that it provides people with disabilities equal access to its services and information and provides contact information if a person needs an accommodation for a disability in order to complete an intake form, or to otherwise use the Division's services. The Division evaluates requests for assistance and accommodations on a case-by-case basis and, therefore, declines to amend the rules to further specify the scope and availability of support suggested by the commenter.

3. COMMENT: DRNJ expresses concern that the Division's amendments at N.J.A.C. 13:4-2.3 and language of new Subchapter 14, which clarify the Division Director's authority to continue a withdrawn complaint and to initiate a complaint or investigation in the public interest, respectively, may pose challenges for complainants with disabilities or histories of trauma. DRNJ comments that the Division should adopt a requirement to consult with complainants who may wish to withdraw their complaints and provide accommodations and trauma-informed support to those complainants when necessary.