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BULLETIN NO. 20-21

TO: **ALL PRODUCERS AND INSURERS TRANSACTING BUSINESS IN NEW JERSEY AND INTERESTED PARTIES**

FROM: **MARLENE CARIDE, COMMISSIONER**

RE: **TEMPORARY INSURANCE PRODUCER LICENSE**

On March 9, 2020, Governor Phil Murphy declared a state of emergency and public health emergency through the issuance of Exec. Order No. 103 (March 9, 2020) 52 N.J.R. 549(a) (April 6, 2020) ("EO 103"), to contain the spread of the Coronavirus ("COVID-19") pandemic. Due to the COVID-19 pandemic, all producer examination testing centers in New Jersey are currently closed, resulting in the suspension of insurance producer licensing exams in the State. In order to assure the continuity of vital insurance services and to address the disruption in insurance producer licensing caused by the COVID-19 pandemic, the Department of Banking and Insurance ("Department") is issuing this bulletin to advise all producers and insurers transacting business in New Jersey, as well as other interested parties, that pursuant to N.J.S.A. 17:22A-37(a)(4)[1] the Department had determined that it is in the public interest to issue temporary producer licenses to those qualifying individuals who wish to become New Jersey resident insurance producers. This Bulletin establishes the process to apply for, and the criteria for the issuance of, a temporary resident producer license. Temporary resident insurance producer licenses will only be issued during the duration of the state of emergency and public health emergency declared pursuant to EO 103.

[1] N.J.S.A. 17:22A-37(a)(4) provides that the Commissioner of the Department of Banking and Insurance ("Commissioner") may issue a temporary insurance producer license for a period not to exceed 180 days without requiring an examination if the Commissioner determines that the temporary license is necessary for the servicing of an insurance business in any circumstance in which the Commissioner determines that the public interest will best be served by the issuance of the temporary insurance producer license.

The temporary licensing of individual resident insurance producers will be subject to the following:

Qualifications of and Procedures for Applicants Requesting a Temporary Insurance Producer License:

- The applicant for a temporary insurance producer license must be a New Jersey resident, a citizen of the United States or possess a valid work authorization and be at least 18 years of age.

- The applicant must not have committed any act that is a ground for denial, suspension or revocation set forth in N.J.S.A. 17:22A-40.

- The applicant for a temporary insurance producer license must not have been licensed as an insurance producer in New Jersey within the past thirty months.

- The applicant for a temporary insurance producer license must not have had an insurance producer license revoked or suspended in any state including New Jersey.

- The applicant for a temporary insurance producer license must not have been previously denied an insurance producer license in New Jersey.

- The applicant for a temporary insurance producer license must not have been convicted of a felony level crime involving dishonesty or breach of trust or an offense under 18 U.S.C. § 1033, unless the applicant has obtained the written consent of the Commissioner.

- An insurance company holding an active certificate of authority in New Jersey must sponsor ("sponsoring insurer") the applicant for temporary licensure and assume responsibility for all acts of the temporary licensee. [2] The applicant need not be an employee of the insurance company but must be actively appointed to represent the sponsoring insurer. The sponsoring insurer must be authorized to write the line(s) of insurance for which the applicant is applying. The appointment will be in effect only as long as the temporary license is valid.

- Temporary licensees will only be permitted to hold an appointment with one sponsoring insurer.

- Pursuant to N.J.A.C. 11:17-3.4 and N.J.S.A. 17:22A-32(a)(3), an applicant for a temporary insurance producer license must complete the approved line of authority pre-licensing education course with a Department-approved provider prior to the issuance of a temporary

[2] Pursuant to N.J.S.A. 17:22A-37(b), the Commissioner may require that the temporary licensee have a suitable sponsor who is a licensed insurance producer or insurer and who assumes responsibility for all acts of the temporary licensee and may impose other requirements designed to protect insureds and the public.

license. Please be advised that while in-person, pre-licensing education may be suspended in New Jersey during the state of emergency and public health emergency declared pursuant to EO 103, online-based pre-licensing education is still available through Department-approved providers. Proof of the completion of pre-licensing education must be provided with the application for temporary licensure.

- An applicant for a temporary insurance producer license must complete the fingerprinting/background check process set forth on the Department's website at https://www.nj.gov/dobi/insliced/livescan.htm. Applicants for a temporary insurance producer license must complete the fingerprinting process prior to the sponsoring insurer submitting an application for temporary licensure. A receipt from the Department's fingerprinting vendor, IDEMIA, which remains operational during the state of emergency, must accompany the application for temporary licensure

Application Procedures and Timelines:

- The Department will begin accepting applications for a temporary insurance producer license on the date that this Bulletin is issued.

- Temporary insurance producer licenses may only be applied for during the duration of the state of emergency and public health emergency declared pursuant to EO 103. No applications for temporary insurance producer licenses submitted after this state of emergency and public health emergency is lifted will be reviewed by the Department.

- Only the sponsoring insurer is permitted to submit applications on behalf of applicants for a temporary insurance producer license. Submission of the application for temporary licensure by the sponsoring insurer will deem the applicant actively appointed to represent the sponsoring insurer. The sponsoring insurer should not submit appointments of temporary licensees on the National Insurance Producer Registry ("NIPR"), as set forth in N.J.A.C. 11:17-2.10, as submission of appointments through NIPR for temporary insurance producer licenses is not available. Additionally, the $35 fee for appointments, as set forth in N.J.A.C. 11:17-2.13(a)(14), will not be required for the appointment of temporary licensees.

- Applications for a temporary insurance producer license can be found on the Department's website at https://www.nj.gov/dobi/insliced/indprodinitialapp.pdf. This application is the same application used for the Initial Individual Producer License and is titled "Uniform Application for Individual Producer License/Registration." Please note that applications for temporary licensure are not permitted to be submitted electronically through the NIPR. Sponsoring insurers must submit the paper application and any other requested documentation, with a check for the application ($150) and processing fee ($40), as discussed below, to the Department at

  State of New Jersey-Department of Banking and Insurance
  Producer Licensing Unit
  PO Box 327
  20 West State Street
  Trenton, New Jersey 08625-0327.

- An application fee of $150 and application processing fee of $40 must accompany an application for temporary licensure and should be made payable to "Treasurer, State of New Jersey."

- Should the application for temporary licensure be approved by the Department, sponsoring insurers will receive a letter from the Department advising them of the approval. This letter will be proof of the issuance of the temporary insurance producer license. No separate license will be needed to prove temporary licensure.

- Provided the file is complete, please allow approximately 30 days for a determination related to applications for temporary licensure. This timeline is only an estimate and may be extended or shortened depending upon the complexities of the application review process or delays in the processing of the application and background checks due to the COVID-19 pandemic.

Terms and Conditions for Sponsoring Insurers and Temporary Producer Licensees:

- The temporary insurance producer license allows the temporary licensee to operate in New Jersey as a resident temporary insurance producer. Temporary insurance producers are not eligible for non-resident licenses in other states.

- Pursuant to N.J.S.A. 17:22A-37(a)(4), the temporary insurance producer license is valid during the state of emergency and public health emergency declared by EO 103 and for 30 days thereafter or for 180 days from the date of issuance, whichever is sooner. This temporary insurance producer license is nontransferable and cannot be renewed.

- Each temporary licensee shall have only one sponsoring insurer and appointment. As set forth above, the sponsoring insurer must submit the application for temporary licensure on behalf of the applicant and that submission will confirm the appointment of the applicant to represent the sponsoring insurers.

- Pursuant to N.J.S.A. 17:22A-37(b), the Commissioner may order to revoke a temporary license if the interests of the insureds or the public is endangered. Thus, any finding of a violation of New Jersey insurance law or regulations may result in the immediate revocation of the temporary insurance producer license.

- The sponsoring insurer must maintain a record of all licensees that have been provided a temporary license. Such records should be made available to the Department upon request. Sponsoring insurers are expected to assist the temporary licensee in taking appropriate action to pass the licensing examination once testing centers are operational.

- Sponsoring insurers must notify the Department in writing if the temporary licensee is no longer employed or under the direct supervision of the sponsoring insurer. The sponsoring insurer must additionally disclose all details as to circumstances causing termination.

Procedures for Becoming Fully Licensed Insurance Producers after Issuance of a Temporary Insurance Producer License:

- Temporary licensees are encouraged to take the appropriate producer licensing exam as soon as practicable once testing centers are open.

- If a temporary licensee takes and passes the appropriate producer licensing exam *prior* to the expiration of the temporary license, the Department will not require an additional application and processing fee to become a fully-licensed resident insurance producer. The Department will also not require that the temporary licensee complete additional fingerprinting/background checks. There will be no extensions to, or exceptions made to this requirement.

- Temporary licensees will need to timely inform the Department, via email to inslic@dobi.nj.gov, that the he or she has taken and passed the appropriate producer licensing exam in order for the Department to process the temporary licensee's full insurance producer license.

- If a temporary licensee does not take and pass the appropriate producer licensing exam prior to the expiration of the temporary license, the temporary licensee must immediately stop engaging in the business of insurance when the temporary license expires. The temporary licensee is permitted to take the appropriate producer licensing exam after the expiration of the temporary license but will be required to submit an additional application and processing fee and will be required to complete additional fingerprinting/background checks.

- Please note that if an insurance producer obtains a temporary resident insurance producer license in another state as a result of the COVID-19 pandemic, that temporary license is not convertible to a full license as an insurance producer in New Jersey.

If you have any questions, please contact the Department's Insurance Licensing Unit at inslic@dobi.nj.gov.

May 1, 2020
Date

Marlene Caride
Commissioner

STATE OF NEW JERSEY

DEPARTMENT OF BANKING AND INSURANCE

NOTICE OF RULE MODIFICATION

PURSUANT TO EXECUTIVE ORDER NO. 103 (MURPHY)(MARCH 9, 2020)

COVID-19 STATE OF EMERGENCY

Temporary Rule Modification of N.J.A.C. 11:17-2.10 and N.J.A.C. 11:17-2.13 adopted by Marlene Caride, Commissioner, Department of Banking and Insurance

Date: May 1, 2020

Authority: N.J.S.A. 17:22A-37; N.J.S.A. App.A:9-45 & App. A:9-47; Exec. Order No. 103 (March 9, 2020) 52 N.J.R. 549(a) (April 6, 2020) ("EO 103")

Effective Date: May 1, 2020

Expiration Date: Concurrent with EO 103.

This is an emergency adoption of a temporary rule modification of the Department's Insurance rules at N.J.A.C. 11:17-2.10 and N.J.A.C. 11:17-2.13. Section 6 of EO 103, issued in response to the COVID-19 pandemic, authorizes agency heads to waive/suspend/modify any existing rule, where the enforcement of the rule would be detrimental to the public welfare during the emergency, notwithstanding the provisions of the Administrative Procedure Act or any law to the contrary. Pursuant to that authority, and with the approval of the Governor and in consultation with the State Director of Emergency Management and the Commissioner of the Department of Health, the Department of Banking and Insurance is modifying and/or suspending its rules as follows:

Currently, the Department's rules at N.J.A.C. 11:17-2.10(a) require that an agency relationship between an insurer and producer be subject to specific requirements related to the appointment of the producer to act on behalf of the insurer. Specifically, the rules require that the insurer advise the Department of that relationship by filing a notice within 15 days after execution of the contract or within 15 days after the first insurance application is submitted by the producer through the use of the National Insurance Producer Registry ("NIPR"). The notification must contain the company's name and license reference number; the producer's name and license reference number; and the effective date of the contract. The rules additionally require that a fee be paid for each appointment, as set forth in N.J.A.C. 11:17-2.13(a).

However, pursuant to N.J.S.A. 17:22A-37(a)(4), the Commissioner has determined that it is necessary for servicing the insurance business in this State and in the public interest to permit that temporary insurance producer licenses be issued during the state of emergency and public health emergency as declared in EO 103 and for 30 days thereafter or for 180 days from the date of issuance, whichever is sooner, without an examination. N.J.S.A. 17:22A-37(b) permits the Commissioner to require that the temporary licensee have a suitable sponsor who is a licensed insurer and who

assumes responsibility for all acts of the temporary licensee ("sponsoring insurer"). As such, the Commissioner has determined that an appointment is necessary to monitor activity of temporary licensees. However, the NIPR does not have the capability to process temporary insurance producer licenses or to accept appointments for such licenses as required by N.J.A.C. 11:17-2.10(a). Therefore, it is necessary to modify the rules at N.J.A.C. 11:17-2.10(a) for the duration of the state of emergency pursuant to EO 103 and for 30 days thereafter as follows: Only the sponsoring insurer is permitted to submit applications on behalf of applicants for a temporary insurance producer license. Submission of the application for temporary licensure by the sponsoring insurer will deem the applicant actively appointed to represent the sponsoring insurer. The sponsoring insurer should not submit appointments of temporary licensees on the NIPR as set forth in N.J.A.C. 11:17-2.10(a), as submission of appointments through NIPR for temporary insurance producer licenses is not available. Additionally, the fee for appointments, as set forth in N.J.A.C. 11:17-2.13(a), will not be required for the appointment of temporary licensees. Finally, the payment for temporary licensees, under N.J.A.C. 11:17-2.13(b), will only be accepted via check.

Full Text of the proposed modifications follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

11:17-2.10 Business Relationships

(a) The agency relationship between company and producer is subject to the following requirements:

1. (No change.)

2. An insurance company contracting with a licensed insurance producer shall be responsible to advise the Department of that relationship by filing a notice within 15 days after execution of the contract or within 15 days after the first insurance application is submitted by the producer, on a form prescribed by the Department or by using the online appointment and termination system available through the National Insurance Producer Registry, incorporated herein by reference, as amended and supplemented, located at http://www.nipr.com containing the company's name and license reference number; the producer's name and license reference number; and the effective date of the contract. The form shall contain the name and title of the company official who signed and certified the notice. The fee set forth in N.J.A.C. 11:17-2.13 for each appointment shall be collected from the insurer.

i. For insurance companies that wish to sponsor applicants for temporary insurance producer licenses permitted by the Department as a result of the state of emergency and public health emergency declared pursuant to Exec. Order No. 103 (March 9, 2020) 52 N.J.R. 549(a) (April 6, 2020), the sponsoring insurance company must submit applications on behalf of applicants for a temporary insurance producer license. Submission of the application for temporary licensure by the sponsoring insurance company will deem the applicant actively appointed to represent the sponsoring insurance company. The sponsoring insurer should not submit appointments of temporary licensees on the National Insurance Producer Registry, as set forth in N.J.A.C. 11:17-2.10(a)(1) above, as submission of appointments through the National Insurance Producer Registration for temporary

insurance producer licenses is not available. Sponsoring insurance companies are not required to pay the fee for appointments in N.J.A.C. 11:17-2.13(a) for the appointment of temporary licensees.

1. – 9. (No change.)

(b) (No change.)

11:17-2.13 Fees

(a) The following fees shall be payable as set forth in this chapter:

1. – 13. (no change)

14. Producer company appointment or termination fee, paper submission: $ 35.00. **For applicants for temporary insurance producer licenses permitted by the Department as a result of the state of emergency and public health emergency declared pursuant to Exec. Order No. 103 (March 9, 2020) 52 N.J.R. 549(a) (April 6, 2020), the $35 appointment fee is waived**; and

15. (No change.)

(b) All fees shall be paid by check or money order or electronic debit or credit card made payable to: State of New Jersey--General Treasury. All Department fees are non-refundable after the license effective date. **For applicants for temporary insurance producer licenses permitted by the Department as a result of the state of emergency and public health emergency declared pursuant to Exec. Order No. 103 (March 9, 2020) 52 N.J.R. 549(a) (April 6, 2020), the application fee of $150 and application processing fee of $40 must be paid by check payable to "Treasurer, State of New Jersey."**

(c) – (d) (No change.)

I find that the modification of the rules at N.J.A.C. 11:17-2.10 and N.J.A.C. 11:17-2.13,as set forth above, and is necessary because enforcement of the existing rules would be detrimental to the public welfare during this emergency.

May 1, 2020
Date

Marlene Caride,
Commissioner of Banking and Insurance