

COPY NO. 2

NEW JERSEY STATUTES ANNOTATED

Official Classification

Title 17

**Corporations and Institutions for Finance
and Insurance**

17:17 to 17:47

1987

Cumulative Annual Pocket Part

[For Use In 1987-1988]

Replacing 1986 Pocket Part in back of volume

INCLUDING LAWS

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1986 Regular Session

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EXPLANATION

This Cumulative Annual Pocket Part contains laws of a permanent nature through Laws 1986, Chapter 211, the final 1986 Regular Session of the Legislature.

The laws appear herein under their authorized classification in conformity with the general plan and arrangement of the official Statutes. New Jersey Statutes Annotated and the Revised Statutes are identical as to text and classification. Footnotes in the text are supplied by the publisher.

The latest amendments to the laws are indicated by underlines and by printing deletions in strike-out type, unless the deletion is extensive, in which case a note following the text summarizes the material.

The annotations from the decisions of the State and Federal Courts are construed the laws close with cases reported in:

Atlantic Reporter, Second Series.....	520 A.2d
New Jersey Reports.....	105 N.J.
New Jersey Superior Court Reports.....	214 N.J.Super.
New Jersey Tax Court.....	8 N.J.Tax C.
Supreme Court Reporter.....	107 S.C.
United States Reports.....	471 U.S.
Lawyers' Edition, Second Series.....	93 L.Ed.2d
Federal Reporter, Second Series.....	808 F.2d
Federal Supplement.....	650 F.Supp.
Federal Rules Decisions.....	113 F.R.D.
Bankruptcy Reporter.....	68 B.F.
Claims Court Reporter.....	11 Cl.C.
Opinions of the Attorney General.....	Atty.Gen.F.O.1985,
New Jersey Administrative Reports.....	7 N.J.A.R.
Other Standard Reports	

For subsequent judicial constructions, pending the publication of the next supplementary service, see Table of Statutes Construed in permanent volumes and weekly Advance Sheets of the Reporters above.

Library References to Key Number Digests and to Corrigenda and Secundum are included as a convenient aid to research.

Later laws and annotations will be cumulated in subsequent parts and annotated pamphlets. For advance copies of laws of subsequent sessions of the Legislature, see the New Jersey Statutes Service.

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**NEW JERSEY STATUTES
ANNOTATED**

TITLE 17

**CORPORATIONS AND INSTITUTIONS FOR FINANCE
AND INSURANCE**

WESTLAW Electronic Research

WESTLAW supplements New Jersey Statutes Annotated and is useful for additional research. Enter a citation in INSTA-CITE for display of any parallel citations and case history. Enter a constitution, statute or rule citation in a case law database for cases of interest.

Example query for INSTA-CITE: IC 263 A.2d 803

Example query for New Jersey Constitution: N.J.S.A.Const. Const. Constitution /s 4 IV +3 7 VII +3 2

Example query for statute: 2A:18-61.1

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SUBTITLE 3. INSURANCE

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CHAPTER 22. BROKERS AND AGENTS

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17:22-6.55a. Advisory surplus lines organizations.	
17:22-6.1. Insurance agent defined	

Administrative Code References

Educational requirements for licensing, see N.J. A.C. 11:2-1.1 et seq.

**Last additions in text indicated by underline;
last deletions by strikeouts**

17:22-6.9. Examination of applicant waiver; issuance of license to partnership or corporation; expiration and suspension of license

Administrative Code References

Filing of business names, see 11:1-18.2.

17:22-6.10. Examination not required in certain cases

Administrative Code References

Waiver of educational requirements, see N.J. A.C. 11:2-1.1.

17:22-6.14a. Canceled policy; disposition of unearned premiums; contracts with agents; commissions; termination; renewal of business; inquiries by commissioner

a. In the event that a policy is canceled by the insurer, either at its own behest or at the behest of the agent or broker of record, the unearned premium, including the unearned commission shall be returned to the policyholder. b. In the event that a policy of automobile insurance issued by the automobile insurance plan established pursuant to P.L.1970, c. 215 (C. 17:29D-1) or any successor thereto, is cancelled by reason of nonpayment of premium to the insurer issuing the policy or nonpayment of an installment payment due pursuant to an insurance premium finance agreement, the broker of record for that policy may retain the full annual commission due thereon and, if a premium finance agreement is not involved, the effective date of cancellation of the policy shall be no earlier than 10 days prior to the last full day for which the premium paid by the insured, net of the broker's full annual commission, would pay for coverage on a pro rata basis in accordance with rules established by the commissioner. c. Contracts between insurance companies and agents for the appointment of the agent as the representative of the company shall set forth the rate of commission to be paid to the agent for each class of insurance within the scope of such appointment written on all risks or operations in this State except:

- (a)(1) Reinsurance.
- (b)(2) Life insurance.
- (c)(3) Annuities.
- (d)(4) Accident and health insurance.
- (e)(5) Title insurance.
- (f)(6) Mortgage guaranty insurance.
- (g)(7) Hospital service, medical service, or dental service corporations, investment companies, mutual benefit associations, or fraternal beneficiary associations.

Said rates of commission shall continue in force and effect unless changed by mutual written consent or until termination of said contract as hereinafter provided. Failure to achieve such mutual consent shall require that the agent's contract be terminated as hereinbelow provided. The rate of commissions being paid on each class of insurance on the date of enactment hereof shall be deemed to be pursuant to the existing contract between agent and company.

d. Termination of any such contract for any reason other than one excluded herein shall become effective after not less than 90 days' notice in writing given by the company to the agent and the Commissioner of Insurance. No new business nor increases in liability on renewal or in force business shall be written by the agent for the company after notice of termination without written approval of the company. However, during the term of the agency contract, including the said 90-day period, the company shall not refuse to renew such business from the agent as would be in accordance with said company's current underwriting standards. The company shall during a period of nine months from the effective date of such termination, provided the former agent has not been replaced as the broker of record by the insured, and upon request in writing of the terminated agent, renew all contracts of insurance for such agent for said company as may be in accordance with said company's then current underwriting standards and pay to the terminated agent a commission in

Last additions in text indicated by underline;

accordance with the previous agency contract of the terminated agent. No commission can be paid only to the holder of a New Jersey broker's license. Any risk shall not meet the then current underwriting standards of said company that company may decline its renewal, provided that the company shall not terminate agent and the insured not less than 60 days' of its intention to terminate said contract of insurance.

e. The agency termination provisions of this act shall not apply to the agent in which the agent is paid on a salary basis without commission or where the agent is to represent exclusively one company or to the termination of an agent's license by reason of insolvency, abandonment, gross and willful misconduct, or failure to pay company moneys due to the company after his receipt of a written demand for payment or after revocation of the agent's license by the Commissioner of Insurance. In any such case the company shall upon request of the insured, provided the insured then current underwriting standards of the company, renew any contract of insurance formerly processed by the terminated agent through an active agent or broker pursuant to such rules and regulations as may be promulgated by the Commissioner of Insurance.

f. The Commissioner of Insurance, on the written complaint of the insured stating that there has been a violation of this act, or when he deems it necessary without a complaint, may inquire and otherwise investigate to determine whether there has been any violation of this act.

g. All existing contracts between agent and company in effect in this State on the effective date of this act are subject to all provisions of this act.

h. The Commissioner of Insurance may, if he determines that a company's financial condition is unsatisfactory, exclude such company from the provisions of this act.

i. Whenever under this act it is required that the company shall renew a contract of insurance, the renewal shall be for a time period equal to one additional year from the term specified in the original contract, but in no event to be less than one year.

j. The provisions of subsection b. of this section shall not apply to policies written by the New Jersey Full Insurance Underwriting Association established by P.L.1983, c. 65 (C. 17:30E-1 et seq.).

k. The New Jersey Full Insurance Underwriting Association established by P.L.1983, c. 65 (C. 17:30E-1 et seq.), shall not be liable to pay any commission required by subsection b. of this section on any policies written by the association prior to January 1, 1986.

Amended by L.1986, c. 211, § 11, eff. Jan. 12, 1987.

Statement: Committee statement to Senate, No. 2790-L.1986, c. 211, see § 17:30E-3.

Nonrenewal of automobile insurance, see N.J.A.C. 11:3-8.1 et seq.

Administrative Code References

Cancellation and nonrenewal of property and casualty/liability insurance policies, see N.J.A.C. 11:1-20.1 et seq.

17:22-6.14a2. Notice of nonrenewal; identification of underwriting guidelines; not met; liability for information to insurer as to nonrenewal

Notes of Decisions

1. Rules and regulations

Statute [N.J.S.A. 17:22-6.14a1] which requires property and casualty insurers to file copy of underwriting guidelines with Department of Insurance and prohibits unfairly discriminatory underwriting guidelines, statute [N.J.S.A. 17:22-6.14a2] which requires insurer to specify factual basis for determining underwriting standard was not met in order to deny renewal, and last deletions by strikeouts

statute [N.J.S.A. 17:29C-1] which requires Commissioner authority to require notice of nonrenewal or cancellation authority for proposed rule of Insurance Commissioner to restrict midterm cancellation in coverage, and midterm price increase to prohibit block cancellations and nonrenewal require timely notice of specific renewal and cancellation in property and casualty lines. Matter of N.J.A.C. 11:1-20, 182, 505 A.2d 177 (A.D.1986).