

17:22-6.9(h)

October, 1962  
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R.S. 17:22-6.9(h); R.S. 17:23-6.16(d); R.S. 17:29A-15.  
Brokers Licenses - War Veterans

R.S. 17:22-6.9. L. 1944, C. 175, as amended by L. 1945, C. 82; L. 1946, C. 29;  
L. 1958, C. 69.

C. 175, L. 1944. Originally S. B. 147, introduced by Mr. Barton on March 27, 1944. The following statement was appended to the original bill.

Because the business of Insurance is impressed with a public interest, and because the business activities of insurance agents, brokers and solicitors is the rendering of personal services, it is the object of this bill to make the operation of agents, brokers and solicitors, as hereinabove set forth, more responsive to the public interest and thus better to promote the public welfare. The bill has the approval of the Commissioner of Banking and Insurance.

C. 82, L. 1945. Originally S. B. 17, introduced by Mr. Barton on January 29, 1945. The following statement was appended to the original bill:

The purposes of this bill are to permit the Commissioner of Banking and Insurance to waive the examination of an applicant for an agent's license if he has previously passed an examination for and holds an unexpired broker's license issued in accordance with the provision of this act and to permit the licensing of copartnerships or corporations as insurance brokers when all members or officers actively engaged in the insurance brokerage business in the copartnership or corporation in this State are individually licensed, the same as is permitted in the case of insurance agencies.

This bill has the approval of the Commissioner of Banking and Insurance.

C. 29, L. 1946. Originally S. B. 81, introduced by Mr. Farley on January 22, 1946. There was no statement of intent appended to the bill.

C. 69, L. 1958. Originally A. B. 94, introduced by Messrs. Ronce, Gaffer and Michnevich on February 3, 1958. There was no statement of intent appended to the bill.

Sub-paragraph (h) in which you are interested was enacted by the 1944 law but was not changed.

R.S. 17:22-6.16(d). L. 1944, C. 175, as amended by L. 1958, C. 69.

See remarks above.

R.S. 17:29A-15. L. 1944, C. 27. Originally S. B. 95, introduced by Mr. Barton on February 14, 1944. The following statement was appended to the original bill:

The purpose of this bill is to provide a uniform procedure for the making of insurance rates, and supervision thereof by the Department of Banking and Insurance. The bill has the approval of the Commissioner of Banking and Insurance.

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NOTATIONS

- S 143 Eastwood Feb. 28 — Amends Section 43:14-29, Revised Statutes, concerning State Employees Retirement System, to permit members to borrow up to 50 percent of accumulated deductions; permits fund board of trustees to regulate manner of re-deposits after such borrowing.  
Apr. 5—Passed in Senate.  
Apr. 12—Passed in Assembly.  
Apr. 24—Filed in State Library.
- S 144 Eastwood Mar. 27 — Provides filing of notices of lis pendens in foreclosure suits for recorded certificates of tax sale.  
Apr. 5—Passed in Senate.  
Apr. 12—Passed in Assembly.  
Apr. 20—Approved, Chapter 174.
- S 145 Eastwood Feb. 28—Permits townships of less than 4,500 population to appoint road supervisors who may be members of township committees.  
Apr. 5—Passed in Senate.  
Apr. 5—Received in Assembly.  
Apr. 5—Municipalities Com.
- S 146 Eastwood Feb. 28—Permits probate of wills witnessed by persons absent because of military or naval service with United States or allies provided such probate would be allowable if subscribing witnesses were all deceased.  
Mar. 6—Passed in Senate.  
Apr. 5—Passed in Assembly.  
Apr. 13—Approved, Chapter 109.
- S 147 Barton Mar. 27—Provides licensing of insurance agents, brokers and solicitors by Banking and Insurance Commissioner.  
Apr. 3—Passed in Senate.  
Apr. 3—Passed in Assembly.  
Apr. 12—Recalled from Senate.  
Apr. 12—Reconsidered.  
Apr. 12—Amended.  
Apr. 12—Passed in Assembly, amended.  
Apr. 12—Assemb. amend. passed in Sen.  
Apr. 20—Approved, Chapter 175.
- S 148 Barton Mar. 6—Requires State Treasurer to pay \$3,608.34 to Supreme Court Clerk, representing amount of Supreme Court funds in closed banks in Ocean City and Englewood.  
Mar. 6—Appropriations Com.  
Apr. 3—Approved, Fiscal Affairs Com.
- S 149 Barton Feb. 28 — Permits State Banking and Insurance Commissioner to disapprove application forms or endorsements on life and accident insurance policies on the ground they are unjust, unfair, inequitable or contrary to public policy or calculated to mislead insured persons.  
Mar. 27—Passed in Senate.  
Apr. 3—Passed in Assembly.  
Apr. 13—Approved, Chapter 100.
- S 150 Barton Feb. 28 — Permits State Banking and Insurance Commissioner to disapprove application forms or endorsements on life and accident insurance policies issued by assessment insurance companies or associations on the ground they are unjust, unfair, inequitable or contrary to public policy or calculated to mislead insured persons.  
Mar. 27—Passed in Senate.  
Apr. 3—Passed in Assembly.  
Apr. 13—Approved, Chapter 101.
- S 151 Barton Mar. 27 — Permits motor vehicle liability policies which cover all pertinent information without form being approved by State Banking and Insurance Department.  
Apr. 3—Passed in Senate.  
Apr. 5—Received in Assembly.  
Apr. 5—Revision of Laws Com.
- S 152 Scott Mar. 6—Permits establishment of medical service plans by corporations with capital stock; permits medical plan subscribers of non-profit corporations to pay physicians amounts in addition to those payable by such non-profit corporations for medical service.  
Mar. 6—Banking and Insurance Com.  
Mar. 29—Reported with com. amend's.  
Mar. 29—Read second time.  
Mar. 31—Passed in Senate, amended.  
Mar. 31—Received in Assembly.  
Mar. 31—Public Health Com.  
Apr. 3—Reported.  
Apr. 3—Read second time.  
Apr. 5—Passed in Assembly.  
Apr. 13—Approved, Chapter 102.

NOTATIONS

- S 153 Stanger Mar. 29 — Requires licensed chiropractors to hold diplomas from qualified institutions in United States; defines school year; regulates chiroprody practice under corporate name; regulates practice in other respects.  
Mar. 29—Judiciary Com.  
Apr. 12—Reported with com. amend's.  
Apr. 12—Read second time.  
Apr. 12—Passed in Senate, amended.  
Apr. 12—Received in Assembly.  
Apr. 12—Judiciary Com.
- S 154 Eastwood Feb. 28 — Requires all county auditors be elected by Board of Freeholders for three years.  
Mar. 6—Passed in Senate.  
Mar. 31—Passed in Assembly.  
Apr. 14—Approved, Chapter 125.
- S 155 Barton Mar. 27—Prescribes standard form of fire insurance policies, endorsements and supplementary contracts.  
Mar. 27—Banking and Insurance Com.  
Apr. 5—Reported.  
Apr. 5—Read second time.  
Apr. 10—Amended.  
Apr. 10—Passed in Senate, amended.  
Apr. 12—Received in Assembly.  
Apr. 12—No Reference.  
Apr. 12—Read second time.  
Apr. 12—Passed in Assembly.  
Apr. 20—Approved, Chapter 171.
- S 156 Stanger Mar. 27 — Creates State Board of Chiropractic Examiners to examine and license chiropractors; defines chiropractic.  
Mar. 27—Judiciary Com.  
Mar. 29—Reported.  
Mar. 29—Read second time.  
Apr. 3—Deferment requested by Fiscal Affairs Com.
- S 157 Proctor Mar. 27—Permits Jersey City State Teachers' College to expend extension fees received in excess of \$6,000 during 1943-44 fiscal year.  
Apr. 3—Approved, Fiscal Affairs Com.  
Apr. 10—Passed in Senate.  
Apr. 12—Passed in Assembly.  
Apr. 21—Approved, Chapter 225.
- S 158 Mathis Feb. 28—Provides old age assistance may be paid to otherwise qualified persons resident of State for one year immediately preceding application; provides such assistance be granted on basis of need alone.  
Feb. 28—Institutions and Agencies Com.  
Apr. 3—Disapproved, Fiscal Affairs Com.
- S 159 Mathis Feb. 28—Repeals Sections 44:7-14, 44:7-15 and 44:7-19, Revised Statutes, requiring property assignments as condition for old age assistance, permitting liens against property for assistance and requiring certain relatives to support aged applicants.  
Feb. 28—Institutions and Agencies Com.  
Apr. 3—Disapproved, Fiscal Affairs Com.
- S 160 Runyon Mar. 27—Permits County Welfare Boards to file liens against persons being granted welfare home or permanent outdoor care in counties having county-wide system of poor relief.  
Apr. 5—Passed in Senate.  
Apr. 5—Received in Assembly.  
Apr. 5—Municipal Aid Com.  
Apr. 12—Reported.  
Apr. 12—Read second time.
- S 161 Wallace Feb. 28—Permits employment by alcoholic beverage licensees of persons falling to meet age or residence requirements provided such persons do not serve, sell or solicit sale of beverages or do not take part in any manufacturing process therefor.  
Feb. 28—Al. Bev. Control Com.
- S 162 O'Mara Mar. 6—Provides teachers applying to State Teachers Pension and Annuity Fund for retirement after 35 years' service, whose applications were approved in 1943 for such retirement, but who died before specified retirement time began, be deemed to have retired as of application date with benefits payable to estate.  
Mar. 6—Judiciary Com.  
Mar. 29—Reported.  
Mar. 29—Read second time.  
Mar. 31—Recommitted to Judiciary Com.

SENATE, No. 147

STATE OF NEW JERSEY

INTRODUCED MARCH 27, 1944

By Mr. BARTON

Referred to Committee on Banking and Insurance

AN ACT relating to the licensing, regulation and supervision of insurance agents, insurance brokers and insurance solicitors, supplementing chapters twenty-two, thirty-two and thirty-six of Title 17 of the Revised Statutes and repealing sections 17:22-1, 17:22-2, 17:22-3, 17:22-4, 17:22-5, 17:23-3, 17:32-6 and 17:32-11 of the Revised Statutes and section one of "An act concerning the licensing of agents for insurance companies in certain cases, supplementing chapter twenty-two of Title 17, and amending section 17:33-1 of the Revised Statutes," approved May sixteenth, one thousand nine hundred and forty-one (P. L. 1941, c. 118).

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*  
2 *Jersey:*

1 1. An insurance agent is hereby defined to be an individual, a resident  
2 of this State or whose principal office for the conduct of his insurance busi-  
3 ness is in this State, authorized in writing by any insurance company law-  
4 fully authorized to transact business in this State, to act as its agent, with  
5 authority to solicit, negotiate and effect contracts of insurance in its behalf,  
6 to collect the premiums thereon, and who has a bona fide office in this State  
7 in which is kept a record of the contracts of insurance countersigned or is-  
8 sued by him.

1 2. An insurance broker is hereby defined to be an individual who, for a  
2 commission or brokerage consideration, shall act or aid in any manner in

3 negotiating contracts of insurance, or soliciting or effecting insurance as agent  
4 for an insured or prospective insured, other than himself; or an individual  
5 who, being a licensed agent, places insurance in an insurance company which  
6 he does not represent as agent.

1     3. An insurance solicitor is hereby defined to be an individual, em-  
2 ployed and authorized by a duly licensed insurance agent or broker to solicit  
3 and negotiate contracts of insurance solely on behalf of such agent or broker.

1     4. The words "insurance company" wherever used in this act shall be  
2 held to include indemnity companies, casualty companies, fidelity companies,  
3 surety companies and guaranty companies; the words "insurance," and "in-  
4 surance policy" or "insurance contract" wherever used in this act shall,  
5 without otherwise limiting the meaning of those terms, be held to include  
6 contracts of indemnity, casualty, fidelity, surety and guaranty; and the word  
7 "commissioner" wherever used in this act shall mean the Commissioner of  
8 Banking and Insurance.

1     5. The commissioner may from time to time make reasonable group-  
2 ing of the kinds of insurance that may lawfully be written in this State for  
3 the purpose of prescribing examinations for agent and solicitor licenses for  
4 each group respectively.

1     6. Any person not now engaged in the insurance business in this State  
2 as agent or broker, and hereafter desiring to engage in said business as  
3 agent, broker or solicitor, and any licensed agent or solicitor hereafter de-  
4 siring to be licensed for an additional group or groups of insurance as may  
5 be provided by section five of this act, shall apply, in accordance with the  
6 provisions of this act, to the commissioner for a license authorizing him to  
7 engage in and transact such business, or such group or groups thereof re-  
8 spectively. If the applicant for a broker's license be a nonresident he shall  
9 show that he is the holder of an unexpired license as an insurance broker  
10 or agent in the State of his residence, or in which he maintains his principal  
11 office for the conduct of his insurance business, or that he has established  
12 a principal office in this State for the transaction of such business. If the

13 application be for a solicitor's license it shall be accompanied by a written  
14 request of a licensed agent or broker with whom such solicitor has estab-  
15 lished a solicitor relationship. All such applications shall be in writing on  
16 uniform forms and supplements prepared by the commissioner, and shall be  
17 accompanied by an examination fee of ten dollars (\$10.00) (unless appli-  
18 cant be exempt from examination as set forth in section ten of this act).  
19 The applicant shall make sworn answers to such interrogatories as the com-  
20 missioner may require, and the application shall include a certificate by a  
21 resident representative of an insurance company lawfully authorized to trans-  
22 act business in this State, or by a licensed insurance agent or broker of this  
23 State, certifying:

24           (a) that the applicant is a resident of this State, or if a non-  
25       resident has his principal office for the conduct of such business in this  
26       State, or that he is an applicant for a nonresident broker's or solicitor's  
27       license;

28           (b) that the applicant is personally known to him;

29           (c) that the applicant has had experience or instruction in the gen-  
30       eral insurance business or (if seeking an agent or solicitor license) some  
31       group or groups of the kind or kinds of insurance for which he may  
32       desire to be specifically licensed;

33           (d) that the applicant is of good reputation and is worthy of a  
34       license.

1       7. If the applicant for a broker's or solicitor's license be a nonresident,  
2       the applicant shall, by a duly executed power of attorney filed with the com-  
3       missioner, constitute the commissioner and his successors in office his true  
4       and lawful attorney, upon whom any original process in any action or legal  
5       proceedings against him may be served, and therein shall agree that any  
6       original process against him which may be served upon the commissioner  
7       shall be of the same force as if served on the applicant, and that the author-

8 ity thereof shall continue in force irrevocable so long as any liability of  
9 the applicant remains outstanding in this State. If such applicant shall fail  
10 to qualify for a first-time license, such power of attorney shall be returned  
11 to him.

1 8. The service of such process shall be made by leaving a copy thereof  
2 in the office of the commissioner with a service fee of two dollars (\$2.00) to  
3 be taxed in the plaintiff's cost of suit. Such service upon the commissioner  
4 shall be deemed sufficient service upon such nonresident. When any orig-  
5 inal process is served upon the commissioner as attorney for any such non-  
6 resident, and a service fee of two dollars (\$2.00) paid, he shall forthwith  
7 notify such nonresident of such service by letter directed to him at his last  
8 known address. He shall within two days after such service forward in the  
9 same manner a copy of the process served on him to such nonresident. The  
10 commissioner shall keep a record of all such process, which shall show the  
11 day and hour of service.

1 9. After the receipt of such application in due form, properly verified  
2 and certified, it shall be the duty of the commissioner or his deputy, or any  
3 salaried employee of the department designated by the commissioner, within  
4 a reasonable time and in a place reasonably accessible to the applicant, to  
5 subject each first-time applicant for license and if the commissioner deems  
6 necessary, any applicant for renewal of license, to personal examination in  
7 order to determine his trustworthiness and competency to act as such agent,  
8 broker or solicitor. If the applicant for a broker's or solicitor's license be  
9 a nonresident licensed broker, solicitor or agent, the commissioner may waive  
10 such examination; *provided*, the State issuing such license requires no like  
11 examination of licensed brokers, solicitors or agents of this State. When  
12 it is shown from such application and examination that the applicant

13 (a) intends in good faith to act as an insurance agent, broker or  
14 solicitor, and

15 (b) is actively to engage in the general insurance business, or a  
16 particular group or groups thereof with the general public, and

17 (c) is of good reputation, and

18 (d) has had experience or training, or is otherwise qualified by  
19 education in the kind or kinds of insurance for which he desires to be  
20 licensed, and

21 (e) is a resident of this State or has his principal office for the  
22 conduct of such business in this State (unless such application be for  
23 a nonresident broker's or solicitor's license), and

24 (f) is reasonably familiar with the insurance laws of this State,  
25 and with the provisions, terms and conditions of the policies or con-  
26 tracts he is proposing to solicit, negotiate or effect, and

27 (g) is not actively associated or connected with any partnership,  
28 or is not an officer or a salaried employee of any corporation, whose  
29 principal business is lending of money, and

30 (h) is not seeking such license principally for the purpose of nego-  
31 tiating or writing insurance on property owned by him, or in which he  
32 has an insurable interest, or on property or insurable interests of a  
33 relative or his employer, and

34 (i) is worthy of a license,

35 the commissioner shall issue to the applicant a license to transact business  
36 in this State as an insurance agent, broker or solicitor, as the case may  
37 be. Licenses so issued shall expire annually as follows: To agents on  
38 April thirtieth; and to brokers and solicitors on December thirty-first, unless  
39 sooner revoked by the commissioner for cause as provided in this act. A  
40 license so issued to a solicitor shall be suspended upon termination of the  
41 required established solicitor relationship but shall be reinstated upon a writ-  
42 ten request from another licensed agent or broker with whom such solici-  
43 tor has established a solicitor relationship.

1 10. No such examination shall be required as prerequisite to the issu-  
2 ance of a license as insurance agent to

3 (a) any ticket selling agent of a railroad company, steamship com-  
4 pany, carrier by air, or public bus carrier, who shall act thereunder as

5 insurance agent only in reference to the issuance of accident insurance  
6 tickets or insurance on personal effects while being carried as baggage  
7 in connection with the transportation provided by any such ticket; or

8 (b) any regular salaried officer or employee of any insurance com-  
9 pany authorized to do business in this State, provided such officer or  
10 salaried employee solicits business only from, for, or in conjunction  
11 with a licensed insurance agent or broker.

1 11. In the event of the death or the inability further to act, of a licensed  
2 insurance agent holding a certificate of authority from any insurance com-  
3 pany, where no other agent in the agency, copartnership, association or cor-  
4 poration is authorized to represent such insurance company the commis-  
5 sioner may issue a temporary license to another person enabling such other  
6 person to represent any such insurance company, upon an application being  
7 made in conformity with section six above and containing the additional  
8 information required by this section. In the event of the death or the in-  
9 ability further to act of a licensed insurance broker, the commissioner may  
10 issue a temporary license to another person to carry on the insurance busi-  
11 ness of such broker upon an application being made in conformity with sec-  
12 tion six above and containing the additional information required by this  
13 section. Such temporary license shall continue only until the licensee is  
14 afforded an opportunity of taking the examination provided in section nine  
15 above, but not to exceed a period of six months.

1 12. Renewal of all certificates of authority and licenses in force on the  
2 effective date of this act, as they expire, and renewal of all licenses issued  
3 under this act, as they expire, shall be by license issued by the commis-  
4 sioner upon application in writing by the applicant, subject to the condi-  
5 tions of examination of such applicants as set forth in section nine for  
6 renewal of license, and upon payment of the annual license fee. Such re-  
7 newal license shall, in the case of an agent or solicitor, be limited to the  
8 group or groups of the kinds of insurance for which applicant was licensed  
9 during the preceding year. If the application be for the renewal of a solici-

10 tor's license it shall be accompanied by a written request as provided in  
11 section six of this act. All present employees of agents or brokers who hold  
12 a broker's license shall have such license renewed upon expiration as a  
13 solicitor's license, in accordance with the terms and conditions of this act.  
14 The holder of a present broker's license may have the same renewed as such  
15 if he is an independent contractor.

1 13. The annual fee to be paid to the commissioner by each person  
2 licensed shall be ten dollars (\$10.00) for an agent's license and shall be  
3 twenty-five dollars (\$25.00) for a broker's license and twenty-five dollars  
4 (\$25.00) for a solicitor's license.

1 14. Any insurance company lawfully authorized to transact business in  
2 this State may, by a written certificate of authority, contract with and ap-  
3 point as its representative in this State, as its agent or agents, any person  
4 or persons who holds an unexpired certificate of authority issued prior to the  
5 effective date of this act, or a license issued under the provisions of this act.  
6 Such company shall file with the commissioner a certificate showing the  
7 names and addresses of such appointees and shall pay a fee of one dollar  
8 (\$1.00) for each company appointment so made by a domestic insurance  
9 company, or a fee of two dollars (\$2.00) for each company appointment so  
10 made by an insurance company of another State or foreign country. If an  
11 agency is operating its business affairs as a copartnership or corporation,  
12 such certificate of authority may be issued by such company in the name of  
13 such copartnership or corporation, which certificate shall permit such copart-  
14 nership or corporation to be licensed as an insurance agent under this act;  
15 *provided*, all individuals actively engaged in the insurance business of such  
16 agency hold an unexpired agent's license issued in accordance with the pro-  
17 visions of this act. The payment of one agency appointment fee by each in-  
18 surance company represented by said agency, shall cover all of its licensed  
19 agents in said agency. Such certificate of authority shall remain in full  
20 force and effect until the license as agent is revoked by the commissioner as  
21 provided in this act or canceled by the company upon written notice to that

22 effect filed with the commissioner. Any licensed insurance agent who is a  
23 stockholder, officer or agent of any such corporation may be authorized by it  
24 to act for such corporation. Nothing contained in this act shall vest in any  
25 individual stockholder, officer or agent of any such corporation, any vested  
26 interest, claim, title or proprietary right in the agency franchise or other-  
27 wise, separate and apart from the title, franchise or proprietary right of the  
28 said corporation.

1     15. All contracts of insurance for or on behalf of any insurance com-  
2 pany, covering any property, or insurable interests, or business activities,  
3 located within, or transacted within this State, except as hereinafter pro-  
4 vided, shall be countersigned by a licensed agent. This section shall not  
5 apply to insurance covering the rolling stock belonging to and used in the  
6 operation of railroad corporations or other common carriers, or property in  
7 transit while in the possession or custody of railroad corporations or other  
8 common carriers, nor to reinsurance between companies, nor to contracts  
9 written by companies authorized to transact the business of life insurance,  
10 or life, accident and health insurance only. Nothing in this section shall  
11 be construed to prevent the use, in the discretion of the insurance company  
12 assuming the risk, where the business originates and is negotiated outside  
13 of this State, of a countersignature endorsement which on its face is  
14 identified with the insurance contract for attachment to which it is issued,  
15 and which on its face develops information in respect of said contract,  
16 including full premium information, sufficient for the countersigning agent's  
17 record, and which shall be signed by the countersigning agent. The sign-  
18 ing of a countersigning endorsement by any such agent shall not create any  
19 responsibility or liability on the part of such agent as to the accuracy or  
20 the legality of the contract to which it is attached, but such responsibility  
21 and liability shall be assumed by the issuing company.

1     16. The commissioner, after ten days' notice in the form of a show-  
2 cause order, given in writing to an agent, broker or solicitor, and after a  
3 hearing held in conformity with said show-cause order, may revoke the

4 license of any such agent, broker or solicitor, or refuse to renew the same,  
5 in the event that investigation by him and such hearing, discloses the fact  
6 that

7 (a) it was obtained by fraud or misrepresentation, or

8 (b) the respondent is not actively engaged in the general insurance  
9 business, or a particular group or groups of the kind or kinds of  
10 insurance business with the general public, or

11 (c) premiums received by such agent, broker or solicitor to which  
12 any insurance company is legally entitled, are illegally withheld, or

13 (d) , for any license year, the premium writings of the respondent,  
14 represented by the premiums or contracts of insurance obtained,  
15 countersigned or issued by him for the general public does not exceed  
16 those on contracts of insurance obtained, countersigned or issued by  
17 him covering his own property or insurable interests or that of his  
18 relatives and his employer, or

19 (e) the respondent has violated any provision of the insurance laws  
20 of this State, or

21 (f) the insurable interests of the public are not properly served  
22 under said license.

1 17. Within thirty days after any such revocation of license or refusal  
2 to issue or renew a license, the person aggrieved shall have the right to  
3 petition a court of competent jurisdiction, to require said commissioner to  
4 show cause why such license should not be reinstated, issued or renewed.

1 18. No insurance company shall pay any money or commission or  
2 brokerage or give or allow any valuable consideration (except compensation  
3 to salaried employees or to supervising general agents, of any insurance  
4 company lawfully authorized to transact business in this State), to any per-  
5 son, partnership, association or corporation, other than a duly licensed agent  
6 or broker as herein defined, for or because of service rendered or performed  
7 in this State in negotiating or effecting in this State a contract of insur-  
8 ance on any property, or insurable interests, or business activities located

9 within or transacted within this State (except reinsurance); nor shall any  
10 insurance company effect or issue any such contract of insurance unless it is  
11 countersigned or an appropriate countersignature endorsement (except as  
12 provided in section fifteen of this act) is signed by a duly licensed agent as  
13 herein defined.

1 19. Nothing contained in section eighteen nor in this act shall be con-  
2 strued as preventing the free and unlimited right to negotiate outside of this  
3 State, contracts of insurance by nonresident brokers, licensed in accordance  
4 with the provisions of this act; *provided*, the policies, renewals, endorse-  
5 ments, or evidence of such contracts, covering properties or insurable inter-  
6 ests or business activities in this State (except as provided in section  
7 fifteen of this act) are countersigned by a licensed agent as defined in this  
8 act. All contracts of insurance negotiated or solicited by any broker shall  
9 be placed through a licensed agent as defined in this act.

1 20. It shall be unlawful for any person, without conforming to the  
2 provisions of this act, directly or indirectly to represent himself to be the  
3 agent of any insurance company, or a broker representing any assured, or  
4 the solicitor for any agent or broker, or to solicit, negotiate or effect in this  
5 State any contract of insurance or renewal thereof, or to attempt to effect  
6 the same on any property, or insurable interests or business activities,  
7 located within, or transacted within this State; *provided, however*, this sec-  
8 tion shall not apply to the clerical duties of office employees, nor the  
9 managerial or supervising duties of general agents or managers.

1 21. It shall be unlawful for any person directly or indirectly to collect  
2 any insurance premium, or to solicit, negotiate, effect, procure, receive, or  
3 forward any contract of insurance or renewal thereof, in relation to any  
4 property or insurable interest in this State, for any insurance company not  
5 lawfully authorized to transact business in this State, or in any manner to  
6 aid or assist in any such transactions, unless specifically authorized so to  
7 do, under a surplus line license, issued by the commissioner as provided by  
8 section 17:36-1 of the Revised Statutes, which license shall likewise permit

9 the licensee to procure all other lines of insurance other than life and annu-  
10 ity contracts in the same manner and under the same terms and conditions  
11 as now provided for fire insurance under said last-named section, except  
12 that the payment of the premium tax shall be made to the State Tax Com-  
13 missioner for the use of the State.

1 22. It shall be unlawful for any agent to countersign any policy of in-  
2 surance in blank or to sign any countersignature endorsement in blank.

1 23. The foregoing provisions of this act shall not apply to any insurance  
2 company, or the representatives thereof, authorized to transact the business  
3 of life insurance, or life, accident and health insurance only, as provided in  
4 subsections C and D of section 17:17-1 of the Revised Statutes, nor to any  
5 insurance company, or the representatives thereof, authorized to transact  
6 the business of title insurance as provided in subsection H of section 17:17-1  
7 of the Revised Statutes.

1 24. No agent of any insurance company authorized to transact in this  
2 State the business of life insurance, or life, accident and health insurance  
3 only, shall make or procure to be made, or act or aid in any manner in the  
4 negotiation of any insurance with the company covering risks of any kind  
5 in this State until he procures from the commissioner a certificate of au-  
6 thority so to do, which shall state in substance that the company is author-  
7 ized to do business under the laws of this State, and that the person named  
8 therein is the constituted agent of the company for the transaction of the  
9 business. Upon receipt of a certificate by the company of its appointment  
10 of a suitable person to act as its agent in this State, the commissioner shall,  
11 if the facts warrant it, grant the certificate, which shall continue in force  
12 until May first next after its issue, and by renewal thereof before May  
13 first of each year until revoked by the commissioner for noncompliance  
14 with the laws or until the appointment of the agent is revoked by written  
15 notice from the company to that effect, filed with the commissioner.

1 25. Any person, persons or corporation violating any of the provisions  
2 of this act shall on conviction be fined a sum not exceeding one hundred

3 dollars (\$100.00), to be recovered as provided in section 17:33-2 of the Re-  
4 vised Statutes.

1 26. Sections 17:22-1, 17:22-2, 17:22-3, 17:22-4, 17:22-5, 17:23-3, 17:32-6  
2 and 17:32-11 of the Revised Statutes and section one of "An act concerning  
3 the licensing of agents for insurance companies in certain cases, supple-  
4 menting chapter twenty-two of Title 17, and amending section 17:33-1 of  
5 the Revised Statutes," approved May sixteenth, one thousand nine hundred  
6 and forty-one, and all acts or parts of acts inconsistent herewith are re-  
7 pealed.

1 27. Should any provision or section of this act be held invalid for any  
2 reason, such holding shall not be construed as affecting the validity of  
3 any remaining portion of such section or of this act, it being the legislative  
4 intent that this act shall stand notwithstanding the invalidity of any such  
5 provision or section.

1 28. This act shall take effect May second, one thousand nine hundred  
2 and forty-four.

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#### STATEMENT

Because the business of insurance is impressed with a public interest, and because the business activities of insurance agents, brokers and solicitors is the rendering of personal services, it is the object of this bill to make the operation of agents, brokers and solicitors, as hereinabove set forth, more responsive to the public interest and thus better to promote the public welfare. The bill has the approval of the Commissioner of Banking and Insurance.

[OFFICIAL COPY REPRINT]

SENATE, No. 147

# STATE OF NEW JERSEY

INTRODUCED MARCH 27, 1944

By Mr. BARTON

Referred to Committee on Banking and Insurance

AN ACT relating to the licensing, regulation and supervision of insurance agents, insurance brokers and insurance solicitors, supplementing chapters twenty-two, thirty-two and thirty-six of Title 17 of the Revised Statutes and repealing sections 17:22-1, 17:22-2, 17:22-3, 17:22-4, 17:22-5, 17:23-3, 17:32-6 and 17:32-11 of the Revised Statutes and section one of "An act concerning the licensing of agents for insurance companies in certain cases, supplementing chapter twenty-two of Title 17, and amending section 17:33-1 of the Revised Statutes," approved May sixteenth, one thousand nine hundred and forty-one (P. L. 1941, c. 118).

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*  
2 *Jersey:*

1 1. An insurance agent is hereby defined to be an individual, a resident  
2 of this State or whose principal office for the conduct of his insurance busi-  
3 ness is in this State, authorized in writing by any insurance company law-  
4 fully authorized to transact business in this State, to act as its agent, with  
5 authority to solicit, negotiate and effect contracts of insurance in its behalf,  
6 to collect the premiums thereon, and who has a bona fide office in this State  
7 in which is kept a record of the contracts of insurance countersigned or is-  
8 sued by him.

1 2. An insurance broker is hereby defined to be an individual who, for a  
2 commission or brokerage consideration, shall act or aid in any manner in

3 negotiating contracts of insurance, or soliciting or effecting insurance as agent  
4 for an insured or prospective insured, other than himself; or an individual  
5 who, being a licensed agent, places insurance in an insurance company which  
6 he does not represent as agent.

1 3. An insurance solicitor is hereby defined to be an individual, em-  
2 ployed and authorized by a duly licensed insurance agent or broker to solicit  
3 and negotiate contracts of insurance solely on behalf of such agent or broker.

1 4. The words "insurance company" wherever used in this act shall be  
2 held to include indemnity companies, casualty companies, fidelity companies,  
3 surety companies and guaranty companies; the words "insurance," and "in-  
4 surance policy" or "insurance contract" wherever used in this act shall,  
5 without otherwise limiting the meaning of those terms, be held to include  
6 contracts of indemnity, casualty, fidelity, surety and guaranty; and the word  
7 "commissioner" wherever used in this act shall mean the Commissioner of  
8 Banking and Insurance.

1 5. The commissioner may from time to time make reasonable group-  
2 ing of the kinds of insurance that may lawfully be written in this State for  
3 the purpose of prescribing examinations for agent and solicitor licenses for  
4 each group respectively.

1 6. Any person not now engaged in the insurance business in this State  
2 as agent or broker, and hereafter desiring to engage in said business as  
3 agent, broker or solicitor, and any licensed agent or solicitor hereafter de-  
4 siring to be licensed for an additional group or groups of insurance as may  
5 be provided by section five of this act, shall apply, in accordance with the  
6 provisions of this act, to the commissioner for a license authorizing him to  
7 engage in and transact such business, or such group or groups thereof re-  
8 spectively. If the applicant for a broker's license be a nonresident he shall  
9 show that he is the holder of an unexpired license as an insurance broker  
10 or agent in the State of his residence, or in which he maintains his principal  
11 office for the conduct of his insurance business, or that he has established  
12 a principal office in this State for the transaction of such business. If the

13 application be for a solicitor's license it shall be accompanied by a written  
14 request of a licensed agent or broker with whom such solicitor has estab-  
15 lished a solicitor relationship. All such applications shall be in writing on  
16 uniform forms and supplements prepared by the commissioner, and shall be  
17 accompanied by an examination fee of ten dollars (\$10.00) (unless appli-  
18 cant be exempt from examination as set forth in section ten of this act).  
19 The applicant shall make sworn answers to such interrogatories as the com-  
20 missioner may require, and the application shall include a certificate by a  
21 resident representative of an insurance company lawfully authorized to trans-  
22 act business in this State, or by a licensed insurance agent or broker of this  
23 State, certifying:

24 (a) that the applicant is a resident of this State, or if a non-  
25 resident has his principal office for the conduct of such business in this  
26 State, or that he is an applicant for a nonresident broker's or solicitor's  
27 license;

28 (b) that the applicant is personally known to him;

29 (c) that the applicant has had experience or instruction in the gen-  
30 eral insurance business or (if seeking an agent or solicitor license) some  
31 group or groups of the kind or kinds of insurance for which he may  
32 desire to be specifically licensed;

33 (d) that the applicant is of good reputation and is worthy of a  
34 license.

1 7. If the applicant for a broker's or solicitor's license be a nonresident,  
2 the applicant shall, by a duly executed power of attorney filed with the com-  
3 missioner, constitute the commissioner and his successors in office his true  
4 and lawful attorney, upon whom any original process in any action or legal  
5 proceedings against him may be served, and therein shall agree that any  
6 original process against him which may be served upon the commissioner  
7 shall be of the same force as if served on the applicant, and that the author-

8 ity thereof shall continue in force irrevocable so long as any liability of  
9 the applicant remains outstanding in **this State**. If such applicant shall fail  
10 to qualify for a first-time license, such power of attorney shall be returned  
11 to **him**.

1       8. The service of such process shall be made by leaving a copy thereof  
2 in the office of the commissioner with a service fee of two dollars (\$2.00) to  
3 be taxed in the plaintiff's cost of suit. Such service upon the commissioner  
4 shall be deemed sufficient service upon such nonresident. When any orig-  
5 inal process is served upon the commissioner as attorney for any such non-  
6 resident, and a service fee of two dollars (\$2.00) paid, he shall forthwith  
7 notify such nonresident of such service by letter directed to him at his last  
8 known address. He shall within two days after such service forward in the  
9 same manner a copy of the process served on him to such nonresident. The  
10 commissioner shall keep a record of all such process, which shall show the  
11 day and hour of service.

1       9. After the receipt of such application in due form, properly verified  
2 and certified, it shall be the duty of the commissioner or his deputy, or any  
3 salaried employee of the department designated by the commissioner, within  
4 a reasonable time and in a place reasonably accessible to the applicant, to  
5 subject each first-time applicant for license and if the commissioner deems  
6 necessary, any applicant for renewal of license, to personal examination in  
7 order to determine his trustworthiness and competency to act as such agent,  
8 broker or solicitor. If the applicant for a broker's or solicitor's license be  
9 a nonresident licensed broker, solicitor or agent, the commissioner may waive  
10 such examination; *provided*, the State issuing such license requires no like  
11 examination of licensed brokers, solicitors or agents of this State. When  
12 it is shown from such application and examination that the applicant

13           (a) intends in good faith to act as an insurance agent, broker or  
14       solicitor, and

15           (b) is actively to engage in the general insurance business, or a  
16       particular group or groups thereof with the general public, and

17 (c) is of good reputation, and

18 (d) has had experience or training, or is otherwise qualified by  
19 education in the kind or kinds of insurance for which he desires to be  
20 licensed, and

21 (e) is a resident of this State or has his principal office for the  
22 conduct of such business in this State (unless such application be for  
23 a nonresident broker's or solicitor's license), and

24 (f) is reasonably familiar with the insurance laws of this State,  
25 and with the provisions, terms and conditions of the policies or con-  
26 tracts he is proposing to solicit, negotiate or effect, and

27 (g) is not actively associated or connected with any partnership,  
28 or is not an officer or a salaried employee of any corporation, whose  
29 principal business is lending of money, and

30 (h) is not seeking such license principally for the purpose of nego-  
31 tiating or writing insurance on property owned by him, or in which he  
32 has an insurable interest, or on property or insurable interests of a  
33 relative or his employer, and

34 (i) is worthy of a license,

35 the commissioner shall issue to the applicant a license to transact business  
36 in this State as an insurance agent, broker or solicitor, as the case may  
37 be. Licenses so issued shall expire annually as follows: To agents on  
38 April thirtieth; and to brokers and solicitors on December thirty-first, unless  
39 sooner revoked by the commissioner for cause as provided in this act. A  
40 license so issued to a solicitor shall be suspended upon termination of the  
41 required established solicitor relationship but shall be reinstated upon a writ-  
42 ten request from another licensed agent or broker with whom such solici-  
43 tor has established a solicitor relationship.

1 10. No such examination shall be required as prerequisite to the issu-  
2 ance of a license as insurance agent to

3 (a) any ticket selling agent of a railroad company, steamship com-  
4 pany, carrier by air, or public bus carrier, who shall act thereunder as

5 insurance agent only in reference to the issuance of accident insurance  
6 tickets or insurance on personal effects while being carried as baggage  
7 in connection with the transportation provided by any such ticket; or

8 (b) any regular salaried officer or employee of any insurance com-  
9 pany authorized to do business in this State, provided such officer or  
10 salaried employee solicits business only from, for, or in conjunction  
11 with a licensed insurance agent or broker.

1 11. In the event of the death or the inability further to act, of a licensed  
2 insurance agent holding a certificate of authority from any insurance com-  
3 pany, where no other agent in the agency, copartnership, association or cor-  
4 poration is authorized to represent such insurance company the commis-  
5 sioner may issue a temporary license to another person enabling such other  
6 person to represent any such insurance company, upon an application being  
7 made in conformity with section six above and containing the additional  
8 information required by this section. In the event of the death or the in-  
9 ability further to act of a licensed insurance broker, the commissioner may  
10 issue a temporary license to another person to carry on the insurance busi-  
11 ness of such broker upon an application being made in conformity with sec-  
12 tion six above and containing the additional information required by this  
13 section. Such temporary license shall continue only until the licensee is  
14 afforded an opportunity of taking the examination provided in section nine  
15 above, but not to exceed a period of six months.

1 12. Renewal of all certificates of authority and licenses in force on the  
2 effective date of this act, as they expire, and renewal of all licenses issued  
3 under this act, as they expire, shall be by license issued by the commis-  
4 sioner upon application in writing by the applicant, subject to the condi-  
5 tions of examination of such applicants as set forth in section nine for  
6 renewal of license, and upon payment of the annual license fee. Such re-  
7 newal license shall, in the case of an agent or solicitor, be limited to the  
8 group or groups of the kinds of insurance for which applicant was licensed  
9 during the preceding year. If the application be for the renewal of a solici-

10 tor's license it shall be accompanied by a written request as provided in  
11 section six of this act. All present employees of agents or brokers who hold  
12 a broker's license shall have such license renewed upon expiration as a  
13 solicitor's license, in accordance with the terms and conditions of this act.  
14 The holder of a present broker's license may have the same renewed as such  
15 if he is an independent contractor.

1 13. The annual fee to be paid to the commissioner by each person  
2 licensed shall be ten dollars (\$10.00) for an agent's license and shall be  
3 twenty-five dollars (\$25.00) for a broker's license and twenty-five dollars  
4 (\$25.00) for a solicitor's license.

1 14. Any insurance company lawfully authorized to transact business in  
2 this State may, by a written certificate of authority, contract with and ap-  
3 point as its representative in this State, as its agent or agents, any person  
4 or persons who holds an unexpired certificate of authority issued prior to the  
5 effective date of this act, or a license issued under the provisions of this act.  
6 Such company shall file with the commissioner a certificate showing the  
7 names and addresses of such appointees and shall pay a fee of one dollar  
8 (\$1.00) for each company appointment so made by a domestic insurance  
9 company, or a fee of two dollars (\$2.00) for each company appointment so  
10 made by an insurance company of another State or foreign country. If an  
11 agency is operating its business affairs as a copartnership or corporation,  
12 such certificate of authority may be issued by such company in the name of  
13 such copartnership or corporation, which certificate shall permit such copart-  
14 nership or corporation to be licensed as an insurance agent under this act;  
15 *provided*, all individuals actively engaged in the insurance business of such  
16 agency hold an unexpired agent's license issued in accordance with the pro-  
17 visions of this act. The payment of one agency appointment fee by each in-  
18 surance company represented by said agency, shall cover all of its licensed  
19 agents in said agency. Such certificate of authority shall remain in full  
20 force and effect until the license as agent is revoked by the commissioner as  
21 provided in this act or canceled by the company upon written notice to that

22 effect filed with the commissioner. Any licensed insurance agent who is a  
23 stockholder, officer or agent of any such corporation may be authorized by it  
24 to act for such corporation. Nothing contained in this act shall vest in any  
25 individual stockholder, officer or agent of any such corporation, any vested  
26 interest, claim, title or proprietary right in the agency franchise or other-  
27 wise, separate and apart from the title, franchise or proprietary right of the  
28 said corporation.

1     15. All contracts of insurance for or on behalf of any insurance com-  
2 pany, covering any property, or insurable interests, or business activities,  
3 located within, or transacted within this State, except as hereinafter pro-  
4 vided, shall be countersigned by a licensed agent. This section shall not  
5 apply to insurance covering the rolling stock belonging to and used in the  
6 operation of railroad corporations or other common carriers, or property in  
7 transit while in the possession or custody of railroad corporations or other  
8 common carriers, nor to reinsurance between companies, nor to contracts  
9 written by companies authorized to transact the business of life insurance,  
10 or life, accident and health insurance only. Nothing in this section shall  
11 be construed to prevent the use, in the discretion of the insurance company  
12 assuming the risk, where the business originates and is negotiated outside  
13 of this State, of a countersignature endorsement which on its face is  
14 identified with the insurance contract for attachment to which it is issued,  
15 and which on its face develops information in respect of said contract,  
16 including full premium information, sufficient for the countersigning agent's  
17 record, and which shall be signed by the countersigning agent. The sign-  
18 ing of a countersigning endorsement by any such agent shall not create any  
19 responsibility or liability on the part of such agent as to the accuracy or  
20 the legality of the contract to which it is attached, but such responsibility  
21 and liability shall be assumed by the issuing company.

1     16. The commissioner, after ten days' notice in the form of a show-  
2 cause order, given in writing to an agent, broker or solicitor, and after a  
3 hearing held in conformity with said show-cause order, may revoke the

4 license of any such agent, broker or solicitor, or refuse to renew the same,  
5 in the event that investigation by him and such hearing, discloses the fact  
6 that

7 (a) it was obtained by fraud or misrepresentation, or

8 (b) the respondent is not actively engaged in the general insurance  
9 business, or a particular group or groups of the kind or kinds of  
10 insurance business with the general public, or

11 (c) premiums received by such agent, broker or solicitor to which  
12 any insurance company is legally entitled, are illegally withheld, or

13 (d) , for any license year, the premium writings of the respondent,  
14 represented by the premiums or contracts of insurance obtained,  
15 countersigned or issued by him for the general public does not exceed  
16 those on contracts of insurance obtained, countersigned or issued by  
17 him covering his own property or insurable interests or that of his  
18 relatives and his employer, or

19 (e) the respondent has violated any provision of the insurance laws  
20 of this State, or

21 (f) the insurable interests of the public are not properly served  
22 under said license.

1 17. Within thirty days after any such revocation of license or refusal  
2 to issue or renew a license, the person aggrieved shall have the right to  
3 petition a court of competent jurisdiction, to require said commissioner to  
4 show cause why such license should not be reinstated, issued or renewed.

1 18. No insurance company shall pay any money or commission or  
2 brokerage or give or allow any valuable consideration (except compensation  
3 to salaried employees or to supervising general agents, of any insurance  
4 company lawfully authorized to transact business in this State), to any per-  
5 son, partnership, association or corporation, other than a duly licensed agent  
6 or broker as herein defined, for or because of service rendered or performed  
7 in this State in negotiating or effecting in this State a contract of insur-  
8 ance on any property, or insurable interests, or business activities located

9 within or transacted within this State (except reinsurance); nor shall any  
10 insurance company effect or issue any such contract of insurance unless it is  
11 countersigned or an appropriate countersignature endorsement (except as  
12 provided in section fifteen of this act) is signed by a duly licensed agent as  
13 herein defined.

1 19. Nothing contained in section eighteen nor in this act shall be con-  
2 strued as preventing the free and unlimited right to negotiate outside of this  
3 State, contracts of insurance by nonresident brokers, licensed in accordance  
4 with the provisions of this act; *provided*, the policies, renewals, endorse-  
5 ments, or evidence of such contracts, covering properties or insurable inter-  
6 ests or business activities in this State (except as provided in section  
7 fifteen of this act) are countersigned by a licensed agent as defined in this  
8 act. All contracts of insurance negotiated or solicited by any broker shall  
9 be placed through a licensed agent as defined in this act.

1 20. It shall be unlawful for any person, without conforming to the  
2 provisions of this act, directly or indirectly to represent himself to be the  
3 agent of any insurance company, or a broker representing any assured, or  
4 the solicitor for any agent or broker, or to solicit, negotiate or effect in this  
5 State any contract of insurance or renewal thereof, or to attempt to effect  
6 the same on any property, or insurable interests or business activities,  
7 located within, or transacted within this State; *provided, however*, this sec-  
8 tion shall not apply to the clerical duties of office employees, nor the  
9 managerial or supervising duties of general agents or managers.

1 21. It shall be unlawful for any person directly or indirectly to collect  
2 any insurance premium, or to solicit, negotiate, effect, procure, receive, or  
3 forward any contract of insurance or renewal thereof, in relation to any  
4 property or insurable interest in this State, for any insurance company not  
5 lawfully authorized to transact business in this State, or in any manner to  
6 aid or assist in any such transactions, unless specifically authorized so to  
7 do, under a surplus line license, issued by the commissioner as provided by  
8 section 17:36-1 of the Revised Statutes, which license shall likewise permit

9 the licensee to procure all other lines of insurance other than life and annu-  
10 ity contracts in the same manner and under the same terms and conditions  
11 as now provided for fire insurance under said last-named section, except  
12 that the payment of the premium tax shall be made to the State Tax Com-  
13 missioner for the use of the State.

1 22. It shall be unlawful for any agent to countersign any policy of in-  
2 surance in blank or to sign any countersignature endorsement in blank.

1 23. The foregoing provisions of this act shall not apply to any insurance  
2 company, or the representatives thereof, authorized to transact the business  
3 of life insurance, or life, accident and health insurance only, as provided in  
4 subsections C and D of section 17:17-1 of the Revised Statutes, nor to any  
5 insurance company, or the representatives thereof, authorized to transact  
6 the business of title insurance as provided in subsection H of section 17:17-1  
7 of the Revised Statutes.

1 24. No agent of any insurance company authorized to transact in this  
2 State the business of life insurance, or life, accident and health insurance  
3 only, shall make or procure to be made, or act or aid in any manner in the  
4 negotiation of any insurance with the company covering risks of any kind  
5 in this State until he procures from the commissioner a certificate of au-  
6 thority so to do, which shall state in substance that the company is author-  
7 ized to do business under the laws of this State, and that the person named  
8 therein is the constituted agent of the company for the transaction of the  
9 business. Upon receipt of a certificate by the company of its appointment  
10 of a suitable person to act as its agent in this State, the commissioner shall,  
11 if the facts warrant it, grant the certificate, which shall continue in force  
12 until May first next after its issue, and by renewal thereof before May  
13 first of each year until revoked by the commissioner for noncompliance  
14 with the laws or until the appointment of the agent is revoked by written  
15 notice from the company to that effect, filed with the commissioner.

1 25. Any person, persons or corporation violating any of the provisions  
2 of this act shall on conviction be fined a sum not exceeding one hundred

3 dollars (\$100.00), to be recovered as provided in section 17:33-2 of the Revised Statutes.

1       26. Sections 17:22-1, 17:22-2, 17:22-3, 17:22-4, 17:22-5, 17:23-3, 17:32-6  
2 and 17:32-11 of the Revised Statutes and section one of "An act concerning  
3 the licensing of agents for insurance companies in certain cases, supplementing  
4 chapter twenty-two of Title 17, and amending section 17:33-1 of  
5 the Revised Statutes," approved May sixteenth, one thousand nine hundred  
6 and forty-one, and all acts or parts of acts inconsistent herewith are repealed.  
7

1       27. Should any provision or section of this act be held invalid for any  
2 reason, such holding shall not be construed as affecting the validity of  
3 any remaining portion of such section or of this act, it being the legislative  
4 intent that this act shall stand notwithstanding the invalidity of any such  
5 provision or section.

1       28. This act shall take effect May second, one thousand nine hundred  
2 and forty-four.

[SECOND OFFICIAL COPY REPRINT]

SENATE, No. 147

STATE OF NEW JERSEY

INTRODUCED MARCH 27, 1944

By Mr. BARTON

Referred to Committee on Banking and Insurance

AN ACT relating to the licensing, regulation and supervision of insurance agents, insurance brokers and insurance solicitors, supplementing chapters twenty-two, thirty-two and thirty-six of Title 17 of the Revised Statutes and repealing sections 17:22-1, 17:22-2, 17:22-3, 17:22-4, 17:22-5, 17:23-3, 17:32-6 and 17:32-11 of the Revised Statutes and section one of "An act concerning the licensing of agents for insurance companies in certain cases, supplementing chapter twenty-two of Title 17, and amending section 17:33-1 of the Revised Statutes," approved May sixteenth, one thousand nine hundred and forty-one (P. L. 1941, c. 118).

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*  
2 *Jersey:*

1 1. An insurance agent is hereby defined to be an individual, a resident  
2 of this State or whose principal office for the conduct of his insurance busi-  
3 ness is in this State, authorized in writing by any insurance company law-  
4 fully authorized to transact business in this State, to act as its agent, with  
5 authority to solicit, negotiate and effect contracts of insurance in its behalf,  
6 to collect the premiums thereon, and who has a bona fide office in this State  
7 in which is kept a record of the contracts of insurance countersigned or is-  
8 sued by him.

1 2. An insurance broker is hereby defined to be an individual who, for a  
2 commission or brokerage consideration, shall act or aid in any manner in

3 negotiating contracts of insurance, or soliciting or effecting insurance as agent  
4 for an insured or prospective insured, other than himself; or an individual  
5 who, being a licensed agent, places insurance in an insurance company which  
6 he does not represent as agent.

1 3. An insurance solicitor is hereby defined to be an individual, em-  
2 ployed and authorized by a duly licensed insurance agent or broker to solicit  
3 and negotiate contracts of insurance solely on behalf of such agent or broker.

1 4. The words "insurance company" wherever used in this act shall be  
2 held to include indemnity companies, casualty companies, fidelity companies,  
3 surety companies and guaranty companies; the words "insurance," and "in-  
4 surance policy" or "insurance contract" wherever used in this act shall,  
5 without otherwise limiting the meaning of those terms, be held to include  
6 contracts of indemnity, casualty, fidelity, surety and guaranty; and the word  
7 "commissioner" wherever used in this act shall mean the Commissioner of  
8 Banking and Insurance.

1 5. The commissioner may from time to time make reasonable group-  
2 ing of the kinds of insurance that may lawfully be written in this State for  
3 the purpose of prescribing examinations for agent and solicitor licenses for  
4 each group respectively.

1 6. Any person not now engaged in the insurance business in this State  
2 as agent or broker, and hereafter desiring to engage in said business as  
3 agent, broker or solicitor, and any licensed agent or solicitor hereafter de-  
4 siring to be licensed for an additional group or groups of insurance as may  
5 be provided by section five of this act, shall apply, in accordance with the  
6 provisions of this act, to the commissioner for a license authorizing him to  
7 engage in and transact such business, or such group or groups thereof re-  
8 spectively. If the applicant for a broker's license be a nonresident he shall  
9 show that he is the holder of an unexpired license as an insurance broker  
10 or agent in the State of his residence, or in which he maintains his principal  
11 office for the conduct of his insurance business, or that he has established  
12 a principal office in this State for the transaction of such business. If the

13 application be for a solicitor's license it shall be accompanied by a written  
14 request of a licensed agent or broker with whom such solicitor has estab-  
15 lished a solicitor relationship. All such applications shall be in writing on  
16 uniform forms and supplements prepared by the commissioner, and shall be  
17 accompanied by an examination fee of ten dollars (\$10.00) (unless appli-  
18 cant be exempt from examination as set forth in section ten of this act).  
19 The applicant shall make sworn answers to such interrogatories as the com-  
20 missioner may require, and the application shall include a certificate by a  
21 resident representative of an insurance company lawfully authorized to trans-  
22 act business in this State, or by a licensed insurance agent or broker of this  
23 State, certifying:

24         (a) that the applicant is a resident of this State, or if a non-  
25         resident has his principal office for the conduct of such business in this  
26         State, or that he is an applicant for a nonresident broker's or solicitor's  
27         license;

28         (b) that the applicant is personally known to him;

29         (c) that the applicant has had experience or instruction in the gen-  
30         eral insurance business or (if seeking an agent or solicitor license) some  
31         group or groups of the kind or kinds of insurance for which he may  
32         desire to be specifically licensed;

33         (d) that the applicant is of good reputation and is worthy of a  
34         license.

1         7. If the applicant for a broker's or solicitor's license be a nonresident,  
2 the applicant shall, by a duly executed power of attorney filed with the com-  
3 missioner, constitute the commissioner and his successors in office his true  
4 and lawful attorney, upon whom any original process in any action or legal  
5 proceedings against him may be served, and therein shall agree that any  
6 original process against him which may be served upon the commissioner  
7 shall be of the same force as if served on the applicant, and that the author-

8 ity thereof shall continue in force irrevocable so long as any liability of  
9 the applicant remains outstanding in this State. If such applicant shall fail  
10 to qualify for a first-time license, such power of attorney shall be returned  
11 to him.

1 8. The service of such process shall be made by leaving a copy thereof  
2 in the office of the commissioner with a service fee of two dollars (\$2.00) to  
3 be taxed in the plaintiff's cost of suit. Such service upon the commissioner  
4 shall be deemed sufficient service upon such nonresident. When any orig-  
5 inal process is served upon the commissioner as attorney for any such non-  
6 resident, and a service fee of two dollars (\$2.00) paid, he shall forthwith  
7 notify such nonresident of such service by letter directed to him at his last  
8 known address. He shall within two days after such service forward in the  
9 same manner a copy of the process served on him to such nonresident. The  
10 commissioner shall keep a record of all such process, which shall show the  
11 day and hour of service.

1 9. After the receipt of such application in due form, properly verified  
2 and certified, it shall be the duty of the commissioner or his deputy, or any  
3 salaried employee of the department designated by the commissioner, within  
4 a reasonable time and in a place reasonably accessible to the applicant, to  
5 subject each first-time applicant for license and if the commissioner deems  
6 necessary, any applicant for renewal of license, to personal examination in  
7 order to determine his trustworthiness and competency to act as such agent,  
8 broker or solicitor. If the applicant for a broker's or solicitor's license be  
9 a nonresident licensed broker, solicitor or agent, the commissioner may waive  
10 such examination; *provided*, the State issuing such license requires no like  
11 examination of licensed brokers, solicitors or agents of this State. When  
12 it is shown from such application and examination that the applicant

13 (a) intends in good faith to act as an insurance agent, broker or  
14 solicitor, and

15 (b) is actively to engage in the general insurance business, or a  
16 particular group or groups thereof with the general public, and

17 (c) is of good reputation, and

18 (d) has had experience or training, or is otherwise qualified by  
19 education in the kind or kinds of insurance for which he desires to be  
20 licensed, and

21 (e) is a resident of this State or has his principal office for the  
22 conduct of such business in this State (unless such application be for  
23 a nonresident broker's or solicitor's license), and

24 (f) is reasonably familiar with the insurance laws of this State,  
25 and with the provisions, terms and conditions of the policies or con-  
26 tracts he is proposing to solicit, negotiate or effect, and

27 (g) he is then engaged in or intends to engage in the business of  
28 writing or negotiating insurance as his principal business or occupation  
28½ or as a substantial part thereof, separate and apart from any connection  
29 which he may have with any partnership or corporation whose principal  
29½ business is lending of money, and

30 (h) is not seeking such license principally for the purpose of nego-  
31 tiating or writing insurance on property owned by him, or in which he  
32 has an insurable interest, or on property or insurable interests of a  
33 relative or his employer, and

34 (i) is worthy of a license,

35 the commissioner shall issue to the applicant a license to transact business  
36 in this State as an insurance agent, broker or solicitor, as the case may  
37 be. Licenses so issued shall expire annually as follows: To agents on  
38 April thirtieth; and to brokers and solicitors on December thirty-first, unless  
39 sooner revoked by the commissioner for cause as provided in this act. A  
40 license so issued to a solicitor shall be suspended upon termination of the  
41 required established solicitor relationship but shall be reinstated upon a writ-  
42 ten request from another licensed agent or broker with whom such solici-  
43 tor has established a solicitor relationship.

1 10. No such examination shall be required as prerequisite to the issu-  
2 ance of a license as insurance agent to

3 (a) any ticket selling agent of a railroad company, steamship com-  
4 pany, carrier by air, or public bus carrier, who shall act thereunder as  
5 insurance agent only in reference to the issuance of accident insurance  
6 tickets or insurance on personal effects while being carried as baggage  
7 in connection with the transportation provided by any such ticket; or

8 (b) any regular salaried officer or employee of any insurance com-  
9 pany authorized to do business in this State, provided such officer or  
10 salaried employee solicits business only from, for, or in conjunction  
11 with a licensed insurance agent or broker.

1 11. In the event of the death or the inability further to act, of a licensed  
2 insurance agent holding a certificate of authority from any insurance com-  
3 pany, where no other agent in the agency, copartnership, association or cor-  
4 poration is authorized to represent such insurance company the commis-  
5 sioner may issue a temporary license to another person enabling such other  
6 person to represent any such insurance company, upon an application being  
7 made in conformity with section six above and containing the additional  
8 information required by this section. In the event of the death or the in-  
9 ability further to act of a licensed insurance broker, the commissioner may  
10 issue a temporary license to another person to carry on the insurance busi-  
11 ness of such broker upon an application being made in conformity with sec-  
12 tion six above and containing the additional information required by this  
13 section. Such temporary license shall continue only until the licensee is  
14 afforded an opportunity of taking the examination provided in section nine  
15 above, but not to exceed a period of six months.

1 12. Renewal of all certificates of authority and licenses in force on the  
2 effective date of this act, as they expire, and renewal of all licenses issued  
3 under this act, as they expire, shall be by license issued by the commis-  
4 sioner upon application in writing by the applicant, subject to the condi-  
5 tions of examination of such applicants as set forth in section nine for  
6 renewal of license, and upon payment of the annual license fee. Such re-  
7 newal license shall, in the case of an agent or solicitor, be limited to the

8 group or groups of the kinds of insurance for which applicant was licensed  
9 during the preceding year. If the application be for the renewal of a solici-  
10 tor's license it shall be accompanied by a written request as provided in  
11 section six of this act. All present employees of agents or brokers who hold  
12 a broker's license shall have such license renewed upon expiration as a  
13 solicitor's license, in accordance with the terms and conditions of this act.  
14 The holder of a present broker's license may have the same renewed as such  
15 if he is an independent contractor.

1 13. The annual fee to be paid to the commissioner by each person  
2 licensed shall be ten dollars (\$10.00) for an agent's license and shall be  
3 twenty-five dollars (\$25.00) for a broker's license and twenty-five dollars  
4 (\$25.00) for a solicitor's license.

1 14. Any insurance company lawfully authorized to transact business in  
2 this State may, by a written certificate of authority, contract with and ap-  
3 point as its representative in this State, as its agent or agents, any person  
4 or persons who holds an unexpired certificate of authority issued prior to the  
5 effective date of this act, or a license issued under the provisions of this act.  
6 Such company shall file with the commissioner a certificate showing the  
7 names and addresses of such appointees and shall pay a fee of one dollar  
8 (\$1.00) for each company appointment so made by a domestic insurance  
9 company, or a fee of two dollars (\$2.00) for each company appointment so  
10 made by an insurance company of another State or foreign country. If an  
11 agency is operating its business affairs as a copartnership or corporation,  
12 such certificate of authority may be issued by such company in the name of  
13 such copartnership or corporation, which certificate shall permit such copart-  
14 nership or corporation to be licensed as an insurance agent under this act;  
15 *provided*, all individuals actively engaged in the insurance business of such  
16 agency hold an unexpired agent's license issued in accordance with the pro-  
17 visions of this act. The payment of one agency appointment fee by each in-  
18 surance company represented by said agency, shall cover all of its licensed  
19 agents in said agency. Such certificate of authority shall remain in full

20 force and effect until the license as agent is revoked by the commissioner as  
21 provided in this act or canceled by the company upon written notice to that  
22 effect filed with the commissioner. Any licensed insurance agent who is a  
23 stockholder, officer or agent of any such corporation may be authorized by it  
24 to act for such corporation. Nothing contained in this act shall vest in any  
25 individual stockholder, officer or agent of any such corporation, any vested  
26 interest, claim, title or proprietary right in the agency franchise or other-  
27 wise, separate and apart from the title, franchise or proprietary right of the  
28 said corporation.

1     15. All contracts of insurance for or on behalf of any insurance com-  
2 pany, covering any property, or insurable interests, or business activities,  
3 located within, or transacted within this State, except as hereinafter pro-  
4 vided, shall be countersigned by a licensed agent. This section shall not  
5 apply to insurance covering the rolling stock belonging to and used in the  
6 operation of railroad corporations or other common carriers, or property in  
7 transit while in the possession or custody of railroad corporations or other  
8 common carriers, nor to reinsurance between companies, nor to contracts  
9 written by companies authorized to transact the business of life insurance,  
10 or life, accident and health insurance only. Nothing in this section shall  
11 be construed to prevent the use, in the discretion of the insurance company  
12 assuming the risk, where the business originates and is negotiated outside  
13 of this State, of a countersignature endorsement which on its face is  
14 identified with the insurance contract for attachment to which it is issued,  
15 and which on its face develops information in respect of said contract,  
16 including full premium information, sufficient for the countersigning agent's  
17 record, and which shall be signed by the countersigning agent. The sign-  
18 ing of a countersigning endorsement by any such agent shall not create any  
19 responsibility or liability on the part of such agent as to the accuracy or  
20 the legality of the contract to which it is attached, but such responsibility  
21 and liability shall be assumed by the issuing company.

1 16. The commissioner, after ten days' notice in the form of a show-  
2 cause order, given in writing to an agent, broker or solicitor, and after a  
3 hearing held in conformity with said show-cause order, may revoke the  
4 license of any such agent, broker or solicitor, or refuse to renew the same,  
5 in the event that investigation by him and such hearing, discloses the fact  
6 that

7 (a) it was obtained by fraud or misrepresentation, or

8 (b) the respondent is not actively engaged in the general insurance  
9 business, or a particular group or groups of the kind or kinds of  
10 insurance business with the general public, or

11 (c) premiums received by such agent, broker or solicitor to which  
12 any insurance company is legally entitled, are illegally withheld, or

13 (d) , for any license year, the premium writings of the respondent,  
14 represented by the premiums or contracts of insurance obtained,  
15 countersigned or issued by him for the general public does not exceed  
16 those on contracts of insurance obtained, countersigned or issued by  
17 him covering his own property or insurable interests or that of his  
18 relatives and his employer, or

19 (e) the respondent has violated any provision of the insurance laws  
20 of this State, or

21 (f) the insurable interests of the public are not properly served  
22 under said license.

1 17. Within thirty days after any such revocation of license or refusal  
2 to issue or renew a license, the person aggrieved shall have the right to  
3 petition a court of competent jurisdiction, to require said commissioner to  
4 show cause why such license should not be reinstated, issued or renewed.

1 18. No insurance company shall pay any money or commission or  
2 brokerage or give or allow any valuable consideration (except compensation  
3 to salaried employees or to supervising general agents, of any insurance  
4 company lawfully authorized to transact business in this State), to any per-  
5 son, partnership, association or corporation, other than a duly licensed agent

6 or broker as herein defined, for or because of service rendered or performed  
7 in this State in negotiating or effecting in this State a contract of insur-  
8 ance on any property, or insurable interests, or business activities located  
9 within or transacted within this State (except reinsurance); nor shall any  
10 insurance company effect or issue any such contract of insurance unless it is  
11 countersigned or an appropriate countersignature endorsement (except as  
12 provided in section fifteen of this act) is signed by a duly licensed agent as  
13 herein defined.

1 19. Nothing contained in section eighteen nor in this act shall be con-  
2 strued as preventing the free and unlimited right to negotiate outside of this  
3 State, contracts of insurance by nonresident brokers, licensed in accordance  
4 with the provisions of this act; *provided*, the policies, renewals, endorse-  
5 ments, or evidence of such contracts, covering properties or insurable inter-  
6 ests or business activities in this State (except as provided in section  
7 fifteen of this act) are countersigned by a licensed agent as defined in this  
8 act. All contracts of insurance negotiated or solicited by any broker shall  
9 be placed through a licensed agent as defined in this act.

1 20. It shall be unlawful for any person, without conforming to the  
2 provisions of this act, directly or indirectly to represent himself to be the  
3 agent of any insurance company, or a broker representing any assured, or  
4 the solicitor for any agent or broker, or to solicit, negotiate or effect in this  
5 State any contract of insurance or renewal thereof, or to attempt to effect  
6 the same on any property, or insurable interests or business activities,  
7 located within, or transacted within this State; *provided, however*, this sec-  
8 tion shall not apply to the clerical duties of office employees, nor the  
9 managerial or supervising duties of general agents or managers.

1 21. It shall be unlawful for any person directly or indirectly to collect  
2 any insurance premium, or to solicit, negotiate, effect, procure, receive, or  
3 forward any contract of insurance or renewal thereof, in relation to any  
4 property or insurable interest in this State, for any insurance company not  
5 lawfully authorized to transact business in this State, or in any manner to

6 aid or assist in any such transactions, unless specifically authorized so to  
7 do, under a surplus line license, issued by the commissioner as provided by  
8 section 17:36-1 of the Revised Statutes, which license shall likewise permit  
9 the licensee to procure all other lines of insurance other than life and annu-  
10 ity contracts in the same manner and under the same terms and conditions  
11 as now provided for fire insurance under said last-named section, except  
12 that the payment of the premium tax shall be made to the State Tax Com-  
13 missioner for the use of the State.

1 22. It shall be unlawful for any agent to countersign any policy of in-  
2 surance in blank or to sign any countersignature endorsement in blank.

1 23. The foregoing provisions of this act shall not apply to any insurance  
2 company, or the representatives thereof, authorized to transact the business  
3 of life insurance, or life, accident and health insurance only, as provided in  
4 subsections C and D of section 17:17-1 of the Revised Statutes, nor to any  
5 insurance company, or the representatives thereof, authorized to transact  
6 the business of title insurance as provided in subsection H of section 17:17-1  
7 of the Revised Statutes.

1 24. No agent of any insurance company authorized to transact in this  
2 State the business of life insurance, or life, accident and health insurance  
3 only, shall make or procure to be made, or act or aid in any manner in the  
4 negotiation of any insurance with the company covering risks of any kind  
5 in this State until he procures from the commissioner a certificate of au-  
6 thority so to do, which shall state in substance that the company is author-  
7 ized to do business under the laws of this State, and that the person named  
8 therein is the constituted agent of the company for the transaction of the  
9 business. Upon receipt of a certificate by the company of its appointment  
10 of a suitable person to act as its agent in this State, the commissioner shall,  
11 if the facts warrant it, grant the certificate, which shall continue in force  
12 until May first next after its issue, and by renewal thereof before May  
13 first of each year until revoked by the commissioner for noncompliance  
14 with the laws or until the appointment of the agent is revoked by written  
15 notice from the company to that effect, filed with the commissioner.

1       25. Any person, persons or corporation violating any of the provisions  
2 of this act shall on conviction be fined a sum not exceeding one hundred  
3 dollars (\$100.00), to be recovered as provided in section 17:33-2 of the Re-  
4 vised Statutes.

1       26. Sections 17:22-1, 17:22-2, 17:22-3, 17:22-4, 17:22-5, 17:23-3, 17:32-6  
2 and 17:32-11 of the Revised Statutes and section one of "An act concerning  
3 the licensing of agents for insurance companies in certain cases, supple-  
4 menting chapter twenty-two of Title 17, and amending section 17:33-1 of  
5 the Revised Statutes," approved May sixteenth, one thousand nine hundred  
6 and forty-one, and all acts or parts of acts inconsistent herewith are re-  
7 pealed.

1       27. Should any provision or section of this act be held invalid for any  
2 reason, such holding shall not be construed as affecting the validity of  
3 any remaining portion of such section or of this act, it being the legislative  
4 intent that this act shall stand notwithstanding the invalidity of any such  
5 provision or section.

1       28. This act shall take effect May second, one thousand nine hundred  
2 and forty-four.