

17:22-6.6 et al

LEGISLATIVE HISTORY CHECKLIST

(Insurance--License application--Written as prerequisite for filing)

WJSA 17:22-6.6 et al; 17:44A-29:
17B:22-91 et al; 17B:28-3

LAWS OF 1979

CHAPTER 312

Bill No. A3481

Sponsor(s) Burns and Baer

Date Introduced June 21, 1979

Committee: Assembly Banking and Insurance

Senate Labor, Industry and Professions

Amended during passage Yes ~~xxx~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly Dec. 3, 1979

Senate Jan. 5, 1980

Date of approval Jan. 17, 1980

Following statements are attached if available:

Sponsor statement Yes ~~xxx~~

Committee Statement: Assembly Yes ~~xxx~~

Senate ~~Yes~~ No

Fiscal Note ~~Yes~~ No

Veto message ~~Yes~~ No

Message on signing ~~Yes~~ No

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

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ASSEMBLY, No. 3481

STATE OF NEW JERSEY

INTRODUCED JUNE 21, 1979

By Assemblymen BURNS and BAER

Referred to Committee on Banking and Insurance

AN ACT concerning the examination and licensing of insurance agents, brokers and solicitors, amending P. L. 1944, c. 175, P. L. 1959, c. 167, N. J. S. 17B:22-23 and N. J. S. 17B:28-23 and supplementing Title 17 of the Revised Statutes and Title 17B of the New Jersey Statutes.

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

1 1. Section 6 of P. L. 1944, c. 175 (C. 17:22-6.6) is amended to
 2 read as follows:

3 6. Any person not now engaged in the insurance business in
 4 this State as agent or broker, and hereafter desiring to engage
 5 in said business as agent, broker, or solicitor, and any licensed
 6 agent or solicitor hereafter desiring to be licensed for an additional
 7 group or groups of insurance as may be provided by section 5 of
 8 this act, shall apply, in accordance with the provisions of this act,
 9 to the commissioner for a license authorizing him to engage in
 10 and transact such business, or such group or groups thereof re-
 11 spectively. Every applicant for a broker's license shall be at least
 12 **[21]** 18 years of age and if such applicant be a nonresident he shall
 13 show that he is the holder of an unexpired license as an insurance
 14 broker or agent in the state of his residence, or in which he main-
 15 tains his principal office for the conduct of his insurance business,
 16 or that he has established a principal office in this State for the
 17 transaction of such business. If the application be for a solicitor's
 18 license it shall be accompanied by a written request of a licensed
 19 agent or broker with whom such solicitor has established a solicitor
 20 relationship. All such applications shall be in writing on uniform
 21 forms and supplements prepared by the commissioner, and shall
 22 be accompanied by a nonrefundable **[**examination fee of \$20.00 for
 23 each examination scheduled for such applicant (unless applicant

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

24 be exempt from examination as set forth in section 10 of this act)】
 24A *examination fee of \$20.00 for each examination scheduled for
 24B such applicant (unless applicant be exempt from exam-
 24C ination as set forth in section 10 of this act) and an*
 25 application fee as provided for in section 13 of P. L. 1944, c. 175
 26 (C. 17:22-6.13). The applicant shall make sworn answers to such
 27 interrogatories as the commissioner may require, and the appli-
 28 cation shall include a certificate by a resident representative of an
 29 insurance company lawfully authorized to transact business in this
 30 State, or by a licensed insurance agent or broker of this State,
 31 certifying:

32 (a) That the applicant is a resident of this State, or if a non-
 33 resident has his principal office for the conduct of such business
 34 in this State, or that he is an applicant for a nonresident broker's
 35 or solicitor's license;

36 (b) That the applicant is personally known to him;

37 (c) That the applicant has had experience or instruction in the
 38 general insurance business or (if seeking an agent or solicitor
 39 license) some group or groups of the kind or kinds of insurance
 40 for which he may desire to be specifically licensed;

41 (d) That the applicant is of good reputation and is worthy of a
 42 license.

43 Before a first-time applicant for an insurance agent's, broker's
 44 or solicitor's license shall be admitted to 【the】 a written examina-
 45 tion, the applicant shall be required to have taken, and successfully
 46 completed a program of studies established by regulation of the
 47 commissioner to the end that the applicant shall be reasonably
 48 familiar with the groups of insurance for which he desires to be
 49 licensed.

50 The commissioner may waive the educational requirement set
 51 forth herein if the commissioner is satisfied that the applicant
 52 possesses sufficient knowledge of the group or groups of kinds of
 53 insurance for which such applicant desires a license.

1 2. Section 9 of P. L. 1944, c. 175 (C. 17:22-6.9) is amended to read
 2 as follows:

3 9. 【After the receipt of such application in due form, properly
 4 verified and certified, it shall be the duty of the commissioner or
 5 his deputy, or any salaried employee of the department designated
 6 by the commissioner, within a reasonable time and in a place
 7 reasonably accessible to the applicant, to subject each first-time
 8 applicant for license and if the commissioner deems necessary,
 9 any applicant for renewal of license, to personal examination in
 10 order to determine his trustworthiness and competency to act as

11 such agent, broker or solicitor.] *The commissioner shall issue a*
12 *license to a first time applicant or applicant for renewal of license*
13 *when he has satisfied himself, upon evidence presented, that the*
14 *applicant is trustworthy and competent to act as an agent, broker,*
15 *or solicitor. Applicants shall pass, unless a waiver has been*
16 *granted hereunder, a written examination as to their qualifications*
17 *to perform the functions authorized under the license applied for*
18 *prior to submitting an application unless the applicant is exempt*
19 *from examination as provided for in section 10 of this act (C.*
20 *17:22-6.10). If the applicant for a broker's or solicitor's license*
21 *be a broker, solicitor or agent licensed in another state, the com-*
22 *missioner may waive such examination; provided, the state issuing*
23 *such license requires no like examination of licensed brokers,*
24 *solicitors or agents of this State. The commissioner shall have*
25 *the power to enter into written reciprocal agreement with other*
26 *states where he deems same to be necessary. If the application is*
27 *for license as an insurance agent, either first-time or for an addi-*
28 *tional group or groups of insurance, the commissioner may waive*
29 *the examination if, the applicant provides certification that he is a*
30 *designated chartered property and casualty underwriter, or if at*
31 *the time, the applicant has previously passed the examination for*
32 *and holds an unexpired broker's license issued in accordance with*
33 *the provisions of this act or if the application is for a license as*
34 *an insurance agent, broker or solicitor and the applicant is a citizen*
35 *of this State and has served in the Armed Forces of the United*
36 *States in any war and has been honorably discharged or released*
37 *under conditions other than dishonorable and was the holder at*
38 *any time of an agent's certificate of authority or license, a broker's*
39 *license or a solicitor's license, in this State, the commissioner may*
40 *waive examination, for license for the same kind or kinds of insur-*
41 *ance the applicant was previously authorized to transact. When it*
42 *is shown from such application and examination, except where*
43 *waived, that the applicant*

44 (a) Intends in good faith to act as an insurance agent, broker
45 or solicitor, and

46 (b) Is actively to engage in the general insurance business, or a
47 particular group or groups thereof with the general public, and

48 (c) Is of good reputation, and

49 (d) Has had experience or training, or is otherwise qualified by
50 education in the kind or kinds of insurance for which he desires
51 to be licensed, and

52 (e) Is a resident of this State or has his principal office for the
53 conduct of such business in this State (unless such application be

54 for a nonresident broker's or solicitor's license), and

55 (f) Is reasonably familiar with the insurance laws of this State,
56 and with the provisions, terms and conditions of the policies or
57 contracts he is proposing to solicit, negotiate or effect, and

58 (g) He is then engaged in or intends to engage in the business
59 of writing or negotiating insurance as his principal business or
60 occupation or as a substantial part thereof, separate and apart
61 from any connection which he may have with any partnership or
62 corporation whose principal business is lending of money, and

63 (h) Is not seeking such license principally for the purpose of
64 negotiating or writing insurance on property owned by him, or in
65 which he has an insurable interest, or on property or insurable
66 interests of a relative or his employer, and

67 (i) Is worthy of a license, and

68 (j) Has not been convicted of a crime involving moral turpitude,
69 the commissioner shall issue to the applicant a license to transact
70 business in this State as an insurance agent, broker or solicitor, as
71 the case may be. A license may be issued by the commissioner to
72 and in the name of any copartnership or corporation engaged in
73 the insurance brokerage business upon written request and payment
74 of the *~~[\$35.00]~~* *\$50.00* fee prescribed in section 13 of this chap-
75 ter; provided, all members of the copartnership or all of the officers
76 of the corporation, as the case may be, actively engaged in the
77 insurance brokerage business of the copartnership or corporation
78 in this State hold an unexpired license as an insurance broker
79 issued in accordance with the provisions of this act. Where the
80 request is for license in the name of a corporation organized under
81 the laws of a foreign state or jurisdiction and it shall appear in
82 the application, by affidavit of the president or other officer of a
83 foreign corporation, that the sole business sought to be transacted
84 by it is that of a broker, as herein defined, the commissioner may
85 grant such license, notwithstanding the corporation has not com-
86 plied with the provisions of the general corporation act and ob-
87 tained a license thereunder to transact business in this State, if
88 with the first request for such license the corporation shall file
89 with the commissioner a duly executed power of attorney as is
90 required in section 7 of this act to be filed by a nonresident in-
91 dividual applicant for a broker's license. Licenses so issued shall
92 expire annually as follows:

93 To agents on April 30; and to brokers and solicitors on October
94 31, unless sooner revoked by the commissioner for cause as pro-
95 vided in this act. A license so issued to a solicitor shall be suspended

96 upon termination of the required established solicitor relationship
 97 but shall be reinstated upon a written request from another licensed
 98 agent or broker with whom such solicitor has established a solicitor
 99 relationship.

1 3. Section 13 of P. L. 1944, c. 175 (C. 17:22-6.13) is amended
 2 to read as follows:

3 13. a. *Each application for a license shall be accompanied by*
 4 *a nonrefundable application fee of \$20.00.*

5 b. The annual fee to be paid to the commissioner by each person
 6 licensed *at the time of the original application and at the time of*
 7 *the biennial renewal thereof* shall be \$20.00 **per year** for an
 8 agent's license except that the **annual** fee shall be \$10.00 for per-
 9 sons exempt from examination under the provisions of section
 10 10 (a), and shall be \$50.00 for a broker's license and \$50.00 for a
 10A solicitor's license.

11 c. *If the applicant fails to qualify for, or is refused a license,*
 12 *the license fee shall be returned. The application fee shall not be*
 13 *returned.*

1 4. Section 29 of P. L. 1959, c. 167 (C. 17:44A-29) is amended
 2 to read as follows:

3 29. Agents of societies shall be licensed in accordance with the
 4 provisions of this section.

5 (1) Insurance agent defined. The term "insurance agent" as
 6 used in this section means any authorized or acknowledged agent
 7 of a society who acts as such in the solicitation, negotiation or
 8 procurement or making of a life insurance, accident and health
 9 insurance or annuity contract, except that the term "insurance
 10 agent" shall not include:

11 (a) Any regular salaried officer or employee of a licensed society
 12 who devotes substantially all of his services to activities other than
 13 the solicitation of fraternal insurance contracts from the public,
 14 and who receives for the solicitation of such contracts no commis-
 15 sion or other compensation directly dependent upon the amount of
 16 business obtained; or

17 (b) Any agent or representative of a society who devotes, or
 18 intends to devote, less than 50% of his time to the solicitation and
 19 procurement of insurance contracts for such society. Any person
 20 who in the preceding calendar year has solicited and procured life
 21 insurance contracts on behalf of any society in an amount of in-
 22 surance in excess of \$50,000.00, or, in the case of any other kind
 23 or kinds of insurance which the society might write, on the persons
 24 of more than 25 individuals and who has received or will receive

25 a commission or other compensation, therefor, shall be presumed
26 to be devoting, or intending to devote, 50% of his time to the solici-
27 tation or procurement of insurance contracts for such society.

28 (2) License required. No person shall act in this State as an
29 insurance agent, as defined in subsection (1) hereof, for a society
30 without having authority so to do by virtue of a license issued and
31 in force pursuant to the provisions of this section.

32 (3) Payment of commissions forbidden. No society doing busi-
33 ness in this State shall pay any commission or other compensation
34 to any person for any services in obtaining in this State any new
35 contract of life, accident or health insurance, or any new annuity
36 contract, except to a licensed insurance agent of such society and
37 except an agent exempted under subsection (1) (b) of this section.

38 (4) Prerequisites, issuance and renewal of insurance agent's
39 licenses.

40 (a) The commissioner may issue a license to any person who
41 has complied with the requirements of this section, authorizing the
42 licensee to act as an insurance agent on behalf of any society named
43 in such license which is authorized to do business in this State. The
44 annual fee for each license issued shall be \$5.00.

45 (b) Before any insurance agent's license shall be issued there
46 shall be on file in the office of the commissioner the following docu-
47 ments:

48 (1) A written application by the prospective licensee in such
49 form or forms and supplements thereto, and containing such in-
50 formation, as the commissioner may prescribe, *which application*
51 *shall be accompanied by a nonrefundable application fee of \$20.00;*

52 (2) A certificate by the society which is to be named in such
53 license, stating that such society has satisfied itself that the named
54 applicant is trustworthy and competent to act as such insurance
55 agent and that the society will appoint such applicant to act as
56 its agent if the license applied for is issued by the commissioner.
57 Such certificates shall be executed and acknowledged by an officer
58 or managing agent of such society; and

59 (3) A certificate that the applicant for a license shall have taken,
60 and successfully completed, a program of studies established by
61 regulation of the commissioner to the end that the applicant shall
62 be reasonably familiar with the kinds of insurance he intends to
63 solicit or negotiate. The commissioner may waive the educational
64 requirement set forth herein if the applicant was previously li-
65 censed for the authority he is seeking.

66 (c) A written examination shall be required to be satisfactorily
67 completed by any individual seeking to be named as a licensee to
68 represent a fraternal benefit society as its agent. An examination
69 fee of \$15.00 shall be paid at the time of the original application
70 for each examination scheduled unless the applicant be exempt
71 hereunder. An examination fee shall be paid for each examination
72 and reexamination permitted. If the applicant fails to qualify for,
73 or is refused, a license, the license fee shall be returned. The
74 examination fee shall not be returned for any reason. *The com-*
75 *missioner shall provide for the preparation and administration of*
76 *written licensing examinations and may designate an independent*
77 *testing service to prepare and administer such examinations.*

78 No written examination or program of studies as prescribed in
79 subsection 4 (b) (3) of this section will be required of:

80 (1) An applicant who is the holder of a valid agent's license
81 issued by the commissioner or an applicant for a renewal license,
82 except in a case where the commissioner has good and sufficient
83 cause to believe that the applicant for renewal has demonstrated
84 incompetency in the conduct of his business as an agent to the
85 detriment of the insurance-buying public;

86 (2) An applicant whose license to do business or act as an in-
87 surance agent for life insurance, health insurance or annuities in
88 this State has expired less than 3 years prior to the date of appli-
89 cation. If the applicant has permitted his license to lapse for a
90 period of more than 3 years, he must submit to and pass an exami-
91 nation the same as a new applicant, except where the applicant is
92 a veteran who meets the requirements of paragraph (c) (3) here-
93 under, when no reexamination shall be required;

94 (3) An applicant who is a citizen of New Jersey and has served
95 in the Armed Forces of the United States and has been honorably
96 discharged or released under conditions other than dishonorable
97 and was the holder at any time of an agent's license or a broker's
98 license, in New Jersey, which authorized the applicant to transact
99 the business of life insurance, health insurance or annuity;

100 (4) An applicant who provides certification that he is a desig-
101 nated fraternal insurance counselor.

102 (d) The commissioner may refuse to issue or renew any in-
103 surance agent's license if in his judgment the proposed licensee
104 is not trustworthy and competent to act as such agent, or has given
105 cause for revocation or suspension of such license, or has failed
106 to comply with any prerequisite for the issuance or renewal, as
107 the case may be, of such license.

108 (e) Every license issued pursuant to this section, and every
109 renewal thereof, shall expire biennially on December 31.

110 (f) If the application for renewal license shall have been filed
111 with the commissioner on or before December 31 of the year in
112 which the existing license is to expire, such applicant named in
113 such existing license may continue to act as insurance agent
114 under such existing license, unless same shall be revoked or
115 suspended, until the issuance by the commissioner of the renewal
116 license or until the expiration of 5 days after he shall have refused
117 to renew such license and shall have served written notice of such
118 refusal on the applicant. If the applicant shall, within 30 days
119 after such notice is given, notify the commissioner in writing of
120 his request for a hearing on such refusal, the commissioner shall,
121 within a reasonable time after receipt of such notice, grant such
122 hearing, and he may, in his discretion, reinstate such license.

123 (g) Any such renewal license of an insurance agent may be
124 issued upon the application of a society named in the existing li-
125 cense. Such application shall be in the form or forms prescribed
126 by the commissioner and shall contain such information as he may
127 require. Such application shall contain a certificate executed by
128 the president, or by a vice president, a secretary, an assistant sec-
129 retary, or corresponding officer by whatever name known, or by
130 an employee expressly designated and authorized to execute such
131 certificate of a domestic or foreign society or by the United States
132 manager of an alien society, stating that the addresses therein
133 given of the agents of such society for whom renewal licenses are
134 requested therein have been verified in each instance immediately
135 preceding the preparation of the application. Notwithstanding the
136 filing of such application, the commissioner may, after reasonable
137 notice to any such society, require that any or all agents of such
138 society to be named as licensees in renewal licenses shall execute
139 and file separate applications for the renewal of such licenses, as
140 hereinbefore specified, and he may also require that each such
141 application shall be accompanied by the certificate specified in para-
142 graph (b) (2) of subsection (4) of this section.

143 (5) Notice of termination of appointment of insurance agent.
144 Every society doing business in this State shall, upon the termina-
145 tion of the appointment of any insurance agent licensed to repre-
146 sent it in this State, forthwith file with the commissioner a state-
147 ment, in such form as he may prescribe, of the facts relative to such
148 termination and the cause thereof. Every statement made pursuant
149 to this section shall be deemed a privileged communication.

150 (6) Revocation or suspension of insurance agent's license.

151 (a) The commissioner may revoke, or may suspend for such
152 period as he may determine, any insurance agent's license if, after
153 notice and hearing as specified in this section, he determines that
154 the licensee has:

155 (1) Violated any provision of, or any obligation imposed by,
156 this section, or has violated any law in the course of his dealings
157 as agent;

158 (2) Made a material misstatement in the application for such
159 license;

160 (3) Been guilty of fraudulent or dishonest practices;

161 (4) Demonstrated his incompetency or untrustworthiness to act
162 as an insurance agent; or

163 (5) Been guilty of rebating as defined by the laws of this State
164 applicable to life insurance companies;

165 (6) The revocation or suspension of any insurance agent's li-
166 cense shall terminate forthwith the license of such agent. No in-
167 dividual whose license has been revoked shall be entitled to obtain
168 any individual agent's license under the provisions of this section
169 for a period of 1 year after such revocation or, if such revocation
170 be judicially reviewed, for 1 year after the final determination
171 thereof affirming the action of the commissioner in revoking such
172 license.

1 5. (New section) The commissioner shall provide for the prepa-
2 ration and administration of written licensing examinations for
3 insurance agents, brokers, and solicitors regulated under Title 17
4 of the Revised Statutes and may designate an independent testing
5 service to prepare and administer such examinations.

6 A nonrefundable examination fee for each examination scheduled
7 shall be paid to the Department of Insurance or directly to an
8 independent testing service if so designated by the commissioner.
9 The examination fee shall be established by the commissioner in
10 an amount sufficient to cover the actual cost of preparation and
11 administration of examinations. The examination fee shall be
12 apart from any fee required by subsection b. of section 13 of P. L.
13 1944, c. 175 (C. 17:22-6.13b.) to be paid to the department as an
14 application fee.

15 The commissioner shall promulgate regulations as he deems
16 necessary governing the form, content, and administration of any
17 examination conducted by an independent testing service and the
18 commissioner may enter into a contract with such testing service,
19 provided the contract conforms with the regulations and contains
20 such other provisions as the commissioner deems necessary to hold
21 the testing service accountable on an annual basis to him.

1 6. N. J. S. 17B:22-23 is amended to read as follows:

2 17B:22-23. a. The following *annual* license fees shall be paid
3 to the commissioner at the time of the original application and at
4 the time of the **annual** *biennial* renewal thereof:

5 (1) Agent's license	\$5.00
6 (2) Broker's license	\$50.00
7 (3) Solicitor's license	\$50.00

8 **b.** The following examination fees shall be paid to the commis-
9 sioner at the time of the original application for each examination
10 scheduled unless the applicant be exempt hereunder:

11 (1) Agent's examination fee	\$15.00
12 (2) Broker's examination fee	\$15.00
13 (3) Solicitor's examination fee	\$15.00

14 The agent's examination fee shall be waived if the applicant shall
15 concurrently take an examination for an agent's, broker's or solici-
16 tor's license under Title 17, chapter 22 and shall have paid the
17 examination fee therefor.]

18 **c.] b.** The following temporary license fees shall be paid to
19 the commissioner at the time of the application:

20 (1) Agent's temporary license fee	\$5.00
21 (2) Broker's temporary license fee	\$50.00

22 Notwithstanding anything in this section to the contrary, an
23 applicant who having paid the above cited temporary license fee
24 and who shall thereafter pass his examination and be properly
25 licensed, such applicant shall not be required to pay any further
26 license fee until the next ensuing annual license renewal date.

27 *c. Each application for a license shall be accompanied by a non-*
28 *refundable application fee of \$20.00.*

29 d. If the applicant fails to qualify for, or is refused, a license,
30 the license fee shall be returned. The examination fee shall not
31 be returned for any reason.

32 e. An examination fee shall be paid for each examination and
33 reexamination permitted pursuant to this chapter. One examina-
34 tion fee shall entitle the applicant to take an examination for life
35 insurance, health insurance or annuity or any combination thereof.

1 7. N. J. S. 17B:28-3 is amended to read as follows:

2 17B:28-3. Certificate to sell. a. No agent heretofore or hereafter
3 licensed shall be authorized to sell or act or aid in any manner in
4 the negotiation of a contract on a variable basis until he has
5 received a certificate to sell contracts on a variable basis from
6 the commissioner, which certificate shall not be issued by the com-
7 missioner until **such agent has qualified by personal examination,**
8 to the satisfaction of the commissioner, as to his trustworthiness

9 and competence to act as such agent.] *he has satisfied himself, upon*
10 *evidence presented, that the applicant is trustworthy and compe-*
11 *tent to act as such agent. All applicants shall be required to pass,*
12 *unless an exemption has been granted hereunder, a written exami-*
13 *nation as to his qualifications to perform the functions authorized*
14 *under the license applied for prior to submitting an application.*

15 *The commissioner shall provide for the preparation and admin-*
16 *istration of written licensing examinations for insurance agents,*
17 *brokers, and solicitors and may designate an independent testing*
18 *service to prepare and administer such examinations. A nonre-*
19 *fundable examination fee for each examination scheduled shall be*
20 *paid to the Department of Insurance or directly to an independent*
21 *testing service if so designated by the commissioner.*

22 b. Before a first-time applicant for an agent's license to solicit
23 and negotiate contracts on a variable basis shall be admitted to
24 the examination, the applicant shall be required to concurrently
25 hold an agent's license granting authority to solicit and negotiate
26 contracts of life insurance in this State. Application for a license
27 must be made on such forms as the commissioner may prescribe.

28 c. The examination fee shall be \$10.00 for each examination
29 scheduled and such examination fee shall not be returned for any
30 reason. The annual license fee shall be \$5.00. A renewal license
31 shall be issued from year to year subject to the payment of the
32 renewal license fee as required by this section and upon request
33 of the insurer. Licenses issued in accordance with this section
34 shall expire on April 30 of each year. **Each original application for*
34A *a license shall be accompanied by a nonrefundable application fee*
34B *of \$20.00.**

35 d. No written examination shall be required of:

36 (1) An applicant who is the holder of a valid agent's license
37 issued pursuant to this section by the commissioner or an applicant
38 for a renewal of such license, except in a case where the commis-
39 sioner has good and sufficient cause to believe that the applicant
40 for renewal has demonstrated incompetence in the conduct of his
41 business as such agent to the detriment of the public;

42 (2) An applicant whose license to do business as an agent issued
43 pursuant to this section has expired less than 3 years prior to the
44 date of application. If the applicant has permitted his license to
45 lapse for a period of more than 3 years he must submit to and pass
46 an examination in the same manner as a new applicant, except
47 where the applicant is a veteran who meets the requirements of
48 subsection (4) hereunder, when no reexamination shall be required;

49 (3) An applicant whose previous license issued pursuant to this
50 section has been revoked or suspended; provided this examination
51 exemption is only at the discretion of the commissioner;

52 (4) An applicant who is a citizen of New Jersey and has served
53 in the Armed Forces of the United States and has been honorably
54 discharged or released under conditions other than dishonorable
55 and was the holder at any time of a license in New Jersey which
56 authorized the applicant to solicit or negotiate contracts on a
57 variable basis.

58 e. The commissioner may issue a nonresident agent's license
59 upon the application of a nonresident who is duly licensed under
60 the law of the state of his residence or domicile to act as an agent
61 for contracts on a variable basis if said state does not prohibit
62 residents of this State from acting as nonresident agents therein,
63 when:

64 (1) The applicant has shown by a statement from the proper
65 official of the state in which he has his resident license that he is
66 authorized to do business as an agent in such state with authority
67 for which the applicant is to be licensed under the New Jersey
68 nonresident license.

69 (2) The applicant has paid the annual license fee as provided
70 for in this section.

71 (3) The applicant has no place of business in this State.

72 (4) The commissioner may enter into reciprocal agreements
73 with the appropriate supervisory insurance official of any other
74 state waiving the written examination of any applicant resident
75 in such other state, provided:

76 (a) A written examination is required of applicants for an
77 agent's license in such other state.

78 (b) The appropriate supervisory insurance official of such other
79 state certifies that the applicant holds a currently valid license
80 as an agent in such other state, and either,

81 (i) passed a written examination,

82 (ii) was the holder of an agent's license prior to the time
83 a written examination was required, or,

84 (iii) was not required to take such examination by reason
85 of provisions of the applicable agents' licensing law.

86 (c) That in such other state, a resident of this State is privileged
87 to procure such an agent's license upon the foregoing conditions
88 and without discrimination as to fees or otherwise in favor of
89 residents of such other state. If the laws of another state require
90 the sharing of commissions with resident agents of that state on

91 application for contracts on a variable basis written by nonresident
92 agents, then the same provision shall apply when resident agents
93 of that state, licensed as nonresident agents of New Jersey write
94 applications for contracts on a variable basis in this State.

1 8. (New section) The commissioner shall provide for the prepa-
2 ration and administration of written licensing examinations for
3 insurance agents, brokers, and solicitors regulated under Title 17B
4 of the New Jersey Statutes and may designate an independent
5 testing service to prepare and administer such examinations.

6 A nonrefundable examination fee for each examination scheduled
7 shall be paid to the Department of Insurance or directly to an
8 independent testing service if so designated by the commissioner.
9 The examination fee shall be established by the commissioner in
10 an amount sufficient to cover the actual cost of preparation and
11 administration of examinations. The examination fee shall be apart
12 from any fee required by N. J. S. 17B:22-23 to be paid to the de-
13 partment as an application fee.

14 The commissioner shall promulgate regulations as he deems
15 necessary governing the form, content, and administration of any
16 examination conducted by an independent testing service and the
17 commissioner may enter into a contract with such testing service,
18 provided the contract conforms with the regulations and contains
19 such other provisions as the commissioner deems necessary to
20 hold the testing service accountable on an annual basis to him.

1 9. This act shall take effect immediately.

6 A nonrefundable examination fee for each examination scheduled
7 shall be paid to the Department of Insurance or directly to an
8 independent testing service if so designated by the commissioner.
9 The examination fee shall be established by the commissioner in
10 an amount sufficient to cover the actual cost of preparation and
11 administration of examinations. The examination fee shall be apart
12 from any fee required by N. J. S. 17B:22-23 to be paid to the de-
13 partment as an application fee.

14 The commissioner shall promulgate regulations as he deems
15 necessary governing the form, content, and administration of any
16 examination conducted by an independent testing service and the
17 commissioner may enter into a contract with such testing service,
18 provided the contract conforms with the regulations and contains
19 such other provisions as the commissioner deems necessary to
20 hold the testing service accountable on an annual basis to him.

1 9. This act shall take effect immediately.

STATEMENT

This bill is designed to clarify the authority of the Commissioner of Insurance to conduct written examinations as a prerequisite for filing a license application. The bill provides the commissioner retain the authority to have the Department of Insurance prepare and administer written examinations to persons prior to their submitting applications for insurance licenses but he is given authorization to designate the Educational Testing Service (E.T.S.) or another independent testing service to prepare and administer written examinations. The bill would amend existing fee schedules so that a separate examination fee is paid to the department or directly to a testing service when designated by the commissioner while holding the department's revenues constant for processing license applications in keeping with increased costs. The bill assures the accountability of the testing service to the commissioner. This approach has been used successfully by the Real Estate Commission.

A 3481 (1979)

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3481

STATE OF NEW JERSEY

DATED: NOVEMBER 26, 1979

This legislation makes several amendments to the body of law governing the testing and licensing of insurance agents, brokers, and solicitors. It reduces the age for licensing from 21 to 18, and provides for the collection of an examination fee of \$20.00 as well as the normal \$20.00 application fee. The legislation also provides for the collecting of license fees on a biennial basis.

The legislation further makes provision for the administering of licensing examinations by an independent testing service if the commissioner so desires, and for the payment of the examination fee directly to the testing service.

This legislation is designed to make the collection of fees by the Department consonant with the state policy of biennial licensing, which is less expensive than annual licensing. It is also designed to simplify the examination process by designating an independent testing service to administer the examinations; this has been successfully done by the Real Estate Commission for the testing of its applicants for real estate licenses.

17B:28-3

LEGISLATIVE HISTORY

FOR ATTACHMENTS
SEE 17 22-6 6 et al

(Insurance--License application--Written
as prerequisite for filing)

17:22-6.6 et al: 17:44A-29:

17B: 22-61 et al: 17B:28-3

LAWS OF 1979

CHAPTER 312

Bill No. A3481

Sponsor(s) Burns and Baer

Date Introduced June 21, 1979

Committee: Assembly Banking and Insurance

Senate Labor, Industry and Professions

Amended during passage Yes Amendments during passage denoted by asterisks

Date of Passage: Assembly Dec. 3, 1979

Senate Jan. 5, 1980

Date of approval Jan. 17, 1980

Following statements are attached if available:

Sponsor statement Yes

Committee Statement: Assembly Yes

Senate ~~Yes~~ No

Fiscal Note ~~Yes~~ No

Veto message ~~Yes~~ No

Message on signing ~~Yes~~ No

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

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ASSEMBLY, No. 3481

STATE OF NEW JERSEY

INTRODUCED JUNE 21, 1979

By Assemblymen BURNS and BAER

Referred to Committee on Banking and Insurance

AN ACT concerning the examination and licensing of insurance agents, brokers and solicitors, amending P. L. 1944, c. 175, P. L. 1959, c. 167, N. J. S. 17B:22-23 and N. J. S. 17B:28-23 and supplementing Title 17 of the Revised Statutes and Title 17B of the New Jersey Statutes.

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

1 1. Section 6 of P. L. 1944, c. 175 (C. 17:22-6.6) is amended to
2 read as follows:

3 6. Any person not now engaged in the insurance business in
4 this State as agent or broker, and hereafter desiring to engage
5 in said business as agent, broker, or solicitor, and any licensed
6 agent or solicitor hereafter desiring to be licensed for an additional
7 group or groups of insurance as may be provided by section 5 of
8 this act, shall apply, in accordance with the provisions of this act,
9 to the commissioner for a license authorizing him to engage in
10 and transact such business, or such group or groups thereof re-
11 spectively. Every applicant for a broker's license shall be at least
12 **[21]** 18 years of age and if such applicant be a nonresident he shall
13 show that he is the holder of an unexpired license as an insurance
14 broker or agent in the state of his residence, or in which he main-
15 tains his principal office for the conduct of his insurance business,
16 or that he has established a principal office in this State for the
17 transaction of such business. If the application be for a solicitor's
18 license it shall be accompanied by a written request of a licensed
19 agent or broker with whom such solicitor has established a solicitor
20 relationship. All such applications shall be in writing on uniform
21 forms and supplements prepared by the commissioner, and shall
22 be accompanied by a nonrefundable **[**examination fee of \$20.00 for
23 each examination scheduled for such applicant (unless applicant

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

24 be exempt from examination as set forth in section 10 of this act)]
 24A *examination fee of \$20.00 for each examination scheduled for
 24B such applicant (unless applicant be exempt from exam-
 24C ination as set forth in section 10 of this act) and an*
 25 application fee as provided for in section 13 of P. L. 1944, c. 175
 26 (C. 17:22-6.13). The applicant shall make sworn answers to such
 27 interrogatories as the commissioner may require, and the appli-
 28 cation shall include a certificate by a resident representative of an
 29 insurance company lawfully authorized to transact business in this
 30 State, or by a licensed insurance agent or broker of this State,
 31 certifying:

32 (a) That the applicant is a resident of this State, or if a non-
 33 resident has his principal office for the conduct of such business
 34 in this State, or that he is an applicant for a nonresident broker's
 35 or solicitor's license;

36 (b) That the applicant is personally known to him;

37 (c) That the applicant has had experience or instruction in the
 38 general insurance business or (if seeking an agent or solicitor
 39 license) some group or groups of the kind or kinds of insurance
 40 for which he may desire to be specifically licensed;

41 (d) That the applicant is of good reputation and is worthy of a
 42 license.

43 Before a first-time applicant for an insurance agent's, broker's
 44 or solicitor's license shall be admitted to [the] a written examina-
 45 tion, the applicant shall be required to have taken, and successfully
 46 completed a program of studies established by regulation of the
 47 commissioner to the end that the applicant shall be reasonably
 48 familiar with the groups of insurance for which he desires to be
 49 licensed.

50 The commissioner may waive the educational requirement set
 51 forth herein if the commissioner is satisfied that the applicant
 52 possesses sufficient knowledge of the group or groups of kinds of
 53 insurance for which such applicant desires a license.

1 2. Section 9 of P. L. 1944, c. 175 (C. 17:22-6.9) is amended to read
 2 as follows:

3 9. [After the receipt of such application in due form, properly
 4 verified and certified, it shall be the duty of the commissioner or
 5 his deputy, or any salaried employee of the department designated
 6 by the commissioner, within a reasonable time and in a place
 7 reasonably accessible to the applicant, to subject each first-time
 8 applicant for license and if the commissioner deems necessary,
 9 any applicant for renewal of license, to personal examination in
 10 order to determine his trustworthiness and competency to act as

11 such agent, broker or solicitor.] *The commissioner shall issue a*
12 *license to a first time applicant or applicant for renewal of license*
13 *when he has satisfied himself, upon evidence presented, that the*
14 *applicant is trustworthy and competent to act as an agent, broker,*
15 *or solicitor. Applicants shall pass, unless a waiver has been*
16 *granted hereunder, a written examination as to their qualifications*
17 *to perform the functions authorized under the license applied for*
18 *prior to submitting an application unless the applicant is exempt*
19 *from examination as provided for in section 10 of this act (C.*
20 *17:22-6.10). If the applicant for a broker's or solicitor's license*
21 *be a broker, solicitor or agent licensed in another state, the com-*
22 *missioner may waive such examination; provided, the state issuing*
23 *such license requires no like examination of licensed brokers,*
24 *solicitors or agents of this State. The commissioner shall have*
25 *the power to enter into written reciprocal agreement with other*
26 *states where he deems same to be necessary. If the application is*
27 *for license as an insurance agent, either first-time or for an addi-*
28 *tional group or groups of insurance, the commissioner may waive*
29 *the examination if, the applicant provides certification that he is a*
30 *designated chartered property and casualty underwriter, or if at*
31 *the time, the applicant has previously passed the examination for*
32 *and holds an unexpired broker's license issued in accordance with*
33 *the provisions of this act or if the application is for a license as*
34 *an insurance agent, broker or solicitor and the applicant is a citizen*
35 *of this State and has served in the Armed Forces of the United*
36 *States in any war and has been honorably discharged or released*
37 *under conditions other than dishonorable and was the holder at*
38 *any time of an agent's certificate of authority or license, a broker's*
39 *license or a solicitor's license, in this State, the commissioner may*
40 *waive examination, for license for the same kind or kinds of insur-*
41 *ance the applicant was previously authorized to transact. When it*
42 *is shown from such application and examination, except where*
43 *waived, that the applicant*

44 (a) Intends in good faith to act as an insurance agent, broker
45 or solicitor, and

46 (b) Is actively to engage in the general insurance business, or a
47 particular group or groups thereof with the general public, and

48 (c) Is of good reputation, and

49 (d) Has had experience or training, or is otherwise qualified by
50 education in the kind or kinds of insurance for which he desires
51 to be licensed, and

52 (e) Is a resident of this State or has his principal office for the
53 conduct of such business in this State (unless such application be

54 for a nonresident broker's or solicitor's license), and

55 (f) Is reasonably familiar with the insurance laws of this State,
56 and with the provisions, terms and conditions of the policies or
57 contracts he is proposing to solicit, negotiate or effect, and

58 (g) He is then engaged in or intends to engage in the business
59 of writing or negotiating insurance as his principal business or
60 occupation or as a substantial part thereof, separate and apart
61 from any connection which he may have with any partnership or
62 corporation whose principal business is lending of money, and

63 (h) Is not seeking such license principally for the purpose of
64 negotiating or writing insurance on property owned by him, or in
65 which he has an insurable interest, or on property or insurable
66 interests of a relative or his employer, and

67 (i) Is worthy of a license, and

68 (j) Has not been convicted of a crime involving moral turpitude,
69 the commissioner shall issue to the applicant a license to transact
70 business in this State as an insurance agent, broker or solicitor, as
71 the case may be. A license may be issued by the commissioner to
72 and in the name of any copartnership or corporation engaged in
73 the insurance brokerage business upon written request and payment
74 of the *~~[\$35.00]~~* *\$50.00* fee prescribed in section 13 of this chap-
75 ter; provided, all members of the copartnership or all of the officers
76 of the corporation, as the case may be, actively engaged in the
77 insurance brokerage business of the copartnership or corporation
78 in this State hold an unexpired license as an insurance broker
79 issued in accordance with the provisions of this act. Where the
80 request is for license in the name of a corporation organized under
81 the laws of a foreign state or jurisdiction and it shall appear in
82 the application, by affidavit of the president or other officer of a
83 foreign corporation, that the sole business sought to be transacted
84 by it is that of a broker, as herein defined, the commissioner may
85 grant such license, notwithstanding the corporation has not com-
86 plied with the provisions of the general corporation act and ob-
87 tained a license thereunder to transact business in this State, if
88 with the first request for such license the corporation shall file
89 with the commissioner a duly executed power of attorney as is
90 required in section 7 of this act to be filed by a nonresident in-
91 dividual applicant for a broker's license. Licenses so issued shall
92 expire annually as follows:

93 To agents on April 30; and to brokers and solicitors on October
94 31, unless sooner revoked by the commissioner for cause as pro-
95 vided in this act. A license so issued to a solicitor shall be suspended

96 upon termination of the required established solicitor relationship
97 but shall be reinstated upon a written request from another licensed
98 agent or broker with whom such solicitor has established a solicitor
99 relationship.

1 3. Section 13 of P. L. 1944, c. 175 (C. 17:22-6.13) is amended
2 to read as follows:

3 13. a. *Each application for a license shall be accompanied by*
4 *a nonrefundable application fee of \$20.00.*

5 b. *The annual fee to be paid to the commissioner by each person*
6 *licensed at the time of the original application and at the time of*
7 *the biennial renewal thereof shall be \$20.00 *per year* for an*
8 *agent's license except that the *annual* fee shall be \$10.00 for per-*
9 *sons exempt from examination under the provisions of section*
10 *10 (a), and shall be \$50.00 for a broker's license and \$50.00 for a*
10A *solicitor's license.*

11 c. *If the applicant fails to qualify for, or is refused a license,*
12 *the license fee shall be returned. The application fee shall not be*
13 *returned.*

1 4. Section 29 of P. L. 1959, c. 167 (C. 17:44A-29) is amended
2 to read as follows:

3 29. Agents of societies shall be licensed in accordance with the
4 provisions of this section.

5 (1) Insurance agent defined. The term "insurance agent" as
6 used in this section means any authorized or acknowledged agent
7 of a society who acts as such in the solicitation, negotiation or
8 procurement or making of a life insurance, accident and health
9 insurance or annuity contract, except that the term "insurance
10 agent" shall not include:

11 (a) Any regular salaried officer or employee of a licensed society
12 who devotes substantially all of his services to activities other than
13 the solicitation of fraternal insurance contracts from the public,
14 and who receives for the solicitation of such contracts no commis-
15 sion or other compensation directly dependent upon the amount of
16 business obtained; or

17 (b) Any agent or representative of a society who devotes, or
18 intends to devote, less than 50% of his time to the solicitation and
19 procurement of insurance contracts for such society. Any person
20 who in the preceding calendar year has solicited and procured life
21 insurance contracts on behalf of any society in an amount of in-
22 surance in excess of \$50,000.00, or, in the case of any other kind
23 or kinds of insurance which the society might write, on the persons
24 of more than 25 individuals and who has received or will receive

25 a commission or other compensation, therefor, shall be presumed
26 to be devoting, or intending to devote, 50% of his time to the solici-
27 tation or procurement of insurance contracts for such society.

28 (2) License required. No person shall act in this State as an
29 insurance agent, as defined in subsection (1) hereof, for a society
30 without having authority so to do by virtue of a license issued and
31 in force pursuant to the provisions of this section.

32 (3) Payment of commissions forbidden. No society doing busi-
33 ness in this State shall pay any commission or other compensation
34 to any person for any services in obtaining in this State any new
35 contract of life, accident or health insurance, or any new annuity
36 contract, except to a licensed insurance agent of such society and
37 except an agent exempted under subsection (1) (b) of this section.

38 (4) Prerequisites, issuance and renewal of insurance agent's
39 licenses.

40 (a) The commissioner may issue a license to any person who
41 has complied with the requirements of this section, authorizing the
42 licensee to act as an insurance agent on behalf of any society named
43 in such license which is authorized to do business in this State. The
44 annual fee for each license issued shall be \$5.00.

45 (b) Before any insurance agent's license shall be issued there
46 shall be on file in the office of the commissioner the following docu-
47 ments:

48 (1) A written application by the prospective licensee in such
49 form or forms and supplements thereto, and containing such in-
50 formation, as the commissioner may prescribe, *which application*
51 *shall be accompanied by a nonrefundable application fee of \$20.00;*

52 (2) A certificate by the society which is to be named in such
53 license, stating that such society has satisfied itself that the named
54 applicant is trustworthy and competent to act as such insurance
55 agent and that the society will appoint such applicant to act as
56 its agent if the license applied for is issued by the commissioner.
57 Such certificates shall be executed and acknowledged by an officer
58 or managing agent of such society; and

59 (3) A certificate that the applicant for a license shall have taken,
60 and successfully completed, a program of studies established by
61 regulation of the commissioner to the end that the applicant shall
62 be reasonably familiar with the kinds of insurance he intends to
63 solicit or negotiate. The commissioner may waive the educational
64 requirement set forth herein if the applicant was previously li-
65 censed for the authority he is seeking.

66 (c) A written examination shall be required to be satisfactorily
67 completed by any individual seeking to be named as a licensee to
68 represent a fraternal benefit society as its agent. An examination
69 fee of \$15.00 shall be paid at the time of the original application
70 for each examination scheduled unless the applicant be exempt
71 hereunder. An examination fee shall be paid for each examination
72 and reexamination permitted. If the applicant fails to qualify for,
73 or is refused, a license, the license fee shall be returned. The
74 examination fee shall not be returned for any reason. *The com-*
75 *missioner shall provide for the preparation and administration of*
76 *written licensing examinations and may designate an independent*
77 *testing service to prepare and administer such examinations.*

78 No written examination or program of studies as prescribed in
79 subsection 4 (b) (3) of this section will be required of:

80 (1) An applicant who is the holder of a valid agent's license
81 issued by the commissioner or an applicant for a renewal license,
82 except in a case where the commissioner has good and sufficient
83 cause to believe that the applicant for renewal has demonstrated
84 incompetency in the conduct of his business as an agent to the
85 detriment of the insurance-buying public;

86 (2) An applicant whose license to do business or act as an in-
87 surance agent for life insurance, health insurance or annuities in
88 this State has expired less than 3 years prior to the date of appli-
89 cation. If the applicant has permitted his license to lapse for a
90 period of more than 3 years, he must submit to and pass an exami-
91 nation the same as a new applicant, except where the applicant is
92 a veteran who meets the requirements of paragraph (c) (3) here-
93 under, when no reexamination shall be required;

94 (3) An applicant who is a citizen of New Jersey and has served
95 in the Armed Forces of the United States and has been honorably
96 discharged or released under conditions other than dishonorable
97 and was the holder at any time of an agent's license or a broker's
98 license, in New Jersey, which authorized the applicant to transact
99 the business of life insurance, health insurance or annuity;

100 (4) An applicant who provides certification that he is a desig-
101 nated fraternal insurance counselor.

102 (d) The commissioner may refuse to issue or renew any in-
103 surance agent's license if in his judgment the proposed licensee
104 is not trustworthy and competent to act as such agent, or has given
105 cause for revocation or suspension of such license, or has failed
106 to comply with any prerequisite for the issuance or renewal, as
107 the case may be, of such license.

108 (e) Every license issued pursuant to this section, and every
109 renewal thereof, shall expire biennially on December 31.

110 (f) If the application for renewal license shall have been filed
111 with the commissioner on or before December 31 of the year in
112 which the existing license is to expire, such applicant named in
113 such existing license may continue to act as insurance agent
114 under such existing license, unless same shall be revoked or
115 suspended, until the issuance by the commissioner of the renewal
116 license or until the expiration of 5 days after he shall have refused
117 to renew such license and shall have served written notice of such
118 refusal on the applicant. If the applicant shall, within 30 days
119 after such notice is given, notify the commissioner in writing of
120 his request for a hearing on such refusal, the commissioner shall,
121 within a reasonable time after receipt of such notice, grant such
122 hearing, and he may, in his discretion, reinstate such license.

123 (g) Any such renewal license of an insurance agent may be
124 issued upon the application of a society named in the existing li-
125 cense. Such application shall be in the form or forms prescribed
126 by the commissioner and shall contain such information as he may
127 require. Such application shall contain a certificate executed by
128 the president, or by a vice president, a secretary, an assistant sec-
129 retary, or corresponding officer by whatever name known, or by
130 an employee expressly designated and authorized to execute such
131 certificate of a domestic or foreign society or by the United States
132 manager of an alien society, stating that the addresses therein
133 given of the agents of such society for whom renewal licenses are
134 requested therein have been verified in each instance immediately
135 preceding the preparation of the application. Notwithstanding the
136 filing of such application, the commissioner may, after reasonable
137 notice to any such society, require that any or all agents of such
138 society to be named as licensees in renewal licenses shall execute
139 and file separate applications for the renewal of such licenses, as
140 hereinbefore specified, and he may also require that each such
141 application shall be accompanied by the certificate specified in para-
142 graph (b) (2) of subsection (4) of this section.

143 (5) Notice of termination of appointment of insurance agent.
144 Every society doing business in this State shall, upon the termina-
145 tion of the appointment of any insurance agent licensed to repre-
146 sent it in this State, forthwith file with the commissioner a state-
147 ment, in such form as he may prescribe, of the facts relative to such
148 termination and the cause thereof. Every statement made pursuant
149 to this section shall be deemed a privileged communication.

150 (6) Revocation or suspension of insurance agent's license.

151 (a) The commissioner may revoke, or may suspend for such
152 period as he may determine, any insurance agent's license if, after
153 notice and hearing as specified in this section, he determines that
154 the licensee has:

155 (1) Violated any provision of, or any obligation imposed by,
156 this section, or has violated any law in the course of his dealings
157 as agent;

158 (2) Made a material misstatement in the application for such
159 license;

160 (3) Been guilty of fraudulent or dishonest practices;

161 (4) Demonstrated his incompetency or untrustworthiness to act
162 as an insurance agent; or

163 (5) Been guilty of rebating as defined by the laws of this State
164 applicable to life insurance companies;

165 (6) The revocation or suspension of any insurance agent's li-
166 cense shall terminate forthwith the license of such agent. No in-
167 dividual whose license has been revoked shall be entitled to obtain
168 any individual agent's license under the provisions of this section
169 for a period of 1 year after such revocation or, if such revocation
170 be judicially reviewed, for 1 year after the final determination
171 thereof affirming the action of the commissioner in revoking such
172 license.

1 5. (New section) The commissioner shall provide for the prepa-
2 ration and administration of written licensing examinations for
3 insurance agents, brokers, and solicitors regulated under Title 17
4 of the Revised Statutes and may designate an independent testing
5 service to prepare and administer such examinations.

6 A nonrefundable examination fee for each examination scheduled
7 shall be paid to the Department of Insurance or directly to an
8 independent testing service if so designated by the commissioner.
9 The examination fee shall be established by the commissioner in
10 an amount sufficient to cover the actual cost of preparation and
11 administration of examinations. The examination fee shall be
12 apart from any fee required by subsection b. of section 13 of P. L.
13 1944, c. 175 (C. 17:22-6.13b.) to be paid to the department as an
14 application fee.

15 The commissioner shall promulgate regulations as he deems
16 necessary governing the form, content, and administration of any
17 examination conducted by an independent testing service and the
18 commissioner may enter into a contract with such testing service,
19 provided the contract conforms with the regulations and contains
20 such other provisions as the commissioner deems necessary to hold
21 the testing service accountable on an annual basis to him.

1 6. N. J. S. 17B:22-23 is amended to read as follows:

2 17B:22-23. a. The following *annual* license fees shall be paid
3 to the commissioner at the time of the original application and at
4 the time of the **[annual]** *biennial* renewal thereof:

- 5 (1) Agent's license \$5.00
6 (2) Broker's license \$50.00
7 (3) Solicitor's license \$50.00

8 **[b.** The following examination fees shall be paid to the commis-
9 sioner at the time of the original application for each examination
10 scheduled unless the applicant be exempt hereunder:

- 11 (1) Agent's examination fee \$15.00
12 (2) Broker's examination fee \$15.00
13 (3) Solicitor's examination fee \$15.00

14 The agent's examination fee shall be waived if the applicant shall
15 concurrently take an examination for an agent's, broker's or solici-
16 tor's license under Title 17, chapter 22 and shall have paid the
17 examination fee therefor.]

18 **[c.] b.** The following temporary license fees shall be paid to
19 the commissioner at the time of the application:

- 20 (1) Agent's temporary license fee \$5.00
21 (2) Broker's temporary license fee \$50.00

22 Notwithstanding anything in this section to the contrary, an
23 applicant who having paid the above cited temporary license fee
24 and who shall thereafter pass his examination and be properly
25 licensed, such applicant shall not be required to pay any further
26 license fee until the next ensuing annual license renewal date.

27 *c. Each application for a license shall be accompanied by a non-*
28 *refundable application fee of \$20.00.*

29 d. If the applicant fails to qualify for, or is refused, a license,
30 the license fee shall be returned. The examination fee shall not
31 be returned for any reason.

32 e. An examination fee shall be paid for each examination and
33 reexamination permitted pursuant to this chapter. One examina-
34 tion fee shall entitle the applicant to take an examination for life
35 insurance, health insurance or annuity or any combination thereof.

1 7. N. J. S. 17B:28-3 is amended to read as follows:

2 17B:28-3. Certificate to sell. a. No agent heretofore or hereafter
3 licensed shall be authorized to sell or act or aid in any manner in
4 the negotiation of a contract on a variable basis until he has
5 received a certificate to sell contracts on a variable basis from
6 the commissioner, which certificate shall not be issued by the com-
7 missioner until **[such agent has qualified by personal examination,**
8 **to the satisfaction of the commissioner, as to his trustworthiness**

9 and competence to act as such agent.] he has satisfied himself, upon
10 evidence presented, that the applicant is trustworthy and compe-
11 tent to act as such agent. All applicants shall be required to pass,
12 unless an exemption has been granted hereunder, a written exami-
13 nation as to his qualifications to perform the functions authorized
14 under the license applied for prior to submitting an application.

15 The commissioner shall provide for the preparation and admin-
16 istration of written licensing examinations for insurance agents,
17 brokers, and solicitors and may designate an independent testing
18 service to prepare and administer such examinations. A nonre-
19 fundable examination fee for each examination scheduled shall be
20 paid to the Department of Insurance or directly to an independent
21 testing service if so designated by the commissioner.

22 b. Before a first-time applicant for an agent's license to solicit
23 and negotiate contracts on a variable basis shall be admitted to
24 the examination, the applicant shall be required to concurrently
25 hold an agent's license granting authority to solicit and negotiate
26 contracts of life insurance in this State. Application for a license
27 must be made on such forms as the commissioner may prescribe.

28 c. The examination fee shall be \$10.00 for each examination
29 scheduled and such examination fee shall not be returned for any
30 reason. The annual license fee shall be \$5.00. A renewal license
31 shall be issued from year to year subject to the payment of the
32 renewal license fee as required by this section and upon request
33 of the insurer. Licenses issued in accordance with this section
34 shall expire on April 30 of each year. *Each original application for
34A a license shall be accompanied by a nonrefundable application fee
34B of \$20.00.*

35 d. No written examination shall be required of:

36 (1) An applicant who is the holder of a valid agent's license
37 issued pursuant to this section by the commissioner or an applicant
38 for a renewal of such license, except in a case where the commis-
39 sioner has good and sufficient cause to believe that the applicant
40 for renewal has demonstrated incompetence in the conduct of his
41 business as such agent to the detriment of the public;

42 (2) An applicant whose license to do business as an agent issued
43 pursuant to this section has expired less than 3 years prior to the
44 date of application. If the applicant has permitted his license to
45 lapse for a period of more than 3 years he must submit to and pass
46 an examination in the same manner as a new applicant, except
47 where the applicant is a veteran who meets the requirements of
48 subsection (4) hereunder, when no reexamination shall be required;

49 (3) An applicant whose previous license issued pursuant to this
50 section has been revoked or suspended; provided this examination
51 exemption is only at the discretion of the commissioner;

52 (4) An applicant who is a citizen of New Jersey and has served
53 in the Armed Forces of the United States and has been honorably
54 discharged or released under conditions other than dishonorable
55 and was the holder at any time of a license in New Jersey which
56 authorized the applicant to solicit or negotiate contracts on a
57 variable basis.

58 e. The commissioner may issue a nonresident agent's license
59 upon the application of a nonresident who is duly licensed under
60 the law of the state of his residence or domicile to act as an agent
61 for contracts on a variable basis if said state does not prohibit
62 residents of this State from acting as nonresident agents therein,
63 when:

64 (1) The applicant has shown by a statement from the proper
65 official of the state in which he has his resident license that he is
66 authorized to do business as an agent in such state with authority
67 for which the applicant is to be licensed under the New Jersey
68 nonresident license.

69 (2) The applicant has paid the annual license fee as provided
70 for in this section.

71 (3) The applicant has no place of business in this State.

72 (4) The commissioner may enter into reciprocal agreements
73 with the appropriate supervisory insurance official of any other
74 state waiving the written examination of any applicant resident
75 in such other state, provided:

76 (a) A written examination is required of applicants for an
77 agent's license in such other state.

78 (b) The appropriate supervisory insurance official of such other
79 state certifies that the applicant holds a currently valid license
80 as an agent in such other state, and either,

81 (i) passed a written examination,

82 (ii) was the holder of an agent's license prior to the time
83 a written examination was required, or,

84 (iii) was not required to take such examination by reason
85 of provisions of the applicable agents' licensing law.

86 (c) That in such other state, a resident of this State is privileged
87 to procure such an agent's license upon the foregoing conditions
88 and without discrimination as to fees or otherwise in favor of
89 residents of such other state. If the laws of another state require
90 the sharing of commissions with resident agents of that state on

91 application for contracts on a variable basis written by nonresident
92 agents, then the same provision shall apply when resident agents
93 of that state, licensed as nonresident agents of New Jersey write
94 applications for contracts on a variable basis in this State.

1 8. (New section) The commissioner shall provide for the prepa-
2 ration and administration of written licensing examinations for
3 insurance agents, brokers, and solicitors regulated under Title 17B
4 of the New Jersey Statutes and may designate an independent
5 testing service to prepare and administer such examinations.

6 A nonrefundable examination fee for each examination scheduled
7 shall be paid to the Department of Insurance or directly to an
8 independent testing service if so designated by the commissioner.
9 The examination fee shall be established by the commissioner in
10 an amount sufficient to cover the actual cost of preparation and
11 administration of examinations. The examination fee shall be apart
12 from any fee required by N. J. S. 17B:22-23 to be paid to the de-
13 partment as an application fee.

14 The commissioner shall promulgate regulations as he deems
15 necessary governing the form, content, and administration of any
16 examination conducted by an independent testing service and the
17 commissioner may enter into a contract with such testing service,
18 provided the contract conforms with the regulations and contains
19 such other provisions as the commissioner deems necessary to
20 hold the testing service accountable on an annual basis to him.

1 9. This act shall take effect immediately.

ASSEMBLY, No. 3481

STATE OF NEW JERSEY

INTRODUCED JUNE 21, 1979

By Assemblymen BURNS and BAER

Referred to Committee on Banking and Insurance

AN ACT concerning the examination and licensing of insurance agents, brokers and solicitors, amending P. L. 1944, c. 175, P. L. 1959, c. 167, N. J. S. 17B:22-23 and N. J. S. 17B:28-23 and supplementing Title 17 of the Revised Statutes and Title 17B of the New Jersey Statutes.

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

1 1. Section 6 of P. L. 1944, c. 175 (C. 17:22-6.6) is amended to
2 read as follows:

3 6. Any person not now engaged in the insurance business in
4 this State as agent or broker, and hereafter desiring to engage
5 in said business as agent, broker, or solicitor, and any licensed
6 agent or solicitor hereafter desiring to be licensed for an additional
7 group or groups of insurance as may be provided by section 5 of
8 this act, shall apply, in accordance with the provisions of this act,
9 to the commissioner for a license authorizing him to engage in
10 and transact such business, or such group or groups thereof re-
11 spectively. Every applicant for a broker's license shall be at least
12 **[21]** 18 years of age and if such applicant be a nonresident he shall
13 show that he is the holder of an unexpired license as an insurance
14 broker or agent in the state of his residence, or in which he main-
15 tains his principal office for the conduct of his insurance business,
16 or that he has established a principal office in this State for the
17 transaction of such business. If the application be for a solicitor's
18 license it shall be accompanied by a written request of a licensed
19 agent or broker with whom such solicitor has established a solicitor
20 relationship. All such applications shall be in writing on uniform
21 forms and supplements prepared by the commissioner, and shall
22 be accompanied by a nonrefundable **[**examination fee of \$20.00 for
23 each examination scheduled for such applicant (unless applicant

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

24 be exempt from examination as set forth in section 10 of this act)】
 25 *application fee as provided for in section 13 of P. L. 1944, c. 175*
 26 *(C. 17:22-6.13)*. The applicant shall make sworn answers to such
 27 interrogatories as the commissioner may require, and the appli-
 28 cation shall include a certificate by a resident representative of an
 29 insurance company lawfully authorized to transact business in this
 30 State, or by a licensed insurance agent or broker of this State,
 31 certifying:

32 (a) That the applicant is a resident of this State, or if a non-
 33 resident has his principal office for the conduct of such business
 34 in this State, or that he is an applicant for a nonresident broker's
 35 or solicitor's license;

36 (b) That the applicant is personally known to him;

37 (c) That the applicant has had experience or instruction in the
 38 general insurance business or (if seeking an agent or solicitor
 39 license) some group or groups of the kind or kinds of insurance
 40 for which he may desire to be specifically licensed;

41 (d) That the applicant is of good reputation and is worthy of a
 42 license.

43 Before a first-time applicant for an insurance agent's, broker's
 44 or solicitor's license shall be admitted to [the] a written examina-
 45 tion, the applicant shall be required to have taken, and successfully
 46 completed a program of studies established by regulation of the
 47 commissioner to the end that the applicant shall be reasonably
 48 familiar with the groups of insurance for which he desires to be
 49 licensed.

50 The commissioner may waive the educational requirement set
 51 forth herein if the commissioner is satisfied that the applicant
 52 possesses sufficient knowledge of the group or groups of kinds of
 53 insurance for which such applicant desires a license.

1 2. Section 9 of P. L. 1944, c. 175 (C. 17:22-6.9) is amended to read
 2 as follows:

3 9. [After the receipt of such application in due form, properly
 4 verified and certified, it shall be the duty of the commissioner or
 5 his deputy, or any salaried employee of the department designated
 6 by the commissioner, within a reasonable time and in a place
 7 reasonably accessible to the applicant, to subject each first-time
 8 applicant for license and if the commissioner deems necessary,
 9 any applicant for renewal of license, to personal examination in
 10 order to determine his trustworthiness and competency to act as
 11 such agent, broker or solicitor.】 *The commissioner shall issue a*
 12 *license to a first time applicant or applicant for renewal of license*
 13 *when he has satisfied himself, upon evidence presented, that the*

14 *applicant is trustworthy and competent to act as an agent, broker,*
15 *or solicitor. Applicants shall pass, unless a waiver has been*
16 *granted hereunder, a written examination as to their qualifications*
17 *to perform the functions authorized under the license applied for*
18 *prior to submitting an application unless the applicant is exempt*
19 *from examination as provided for in section 10 of this act (C.*
20 *17:22-6.10). If the applicant for a broker's or solicitor's license*
21 *be a broker, solicitor or agent licensed in another state, the com-*
22 *missioner may waive such examination; provided, the state issuing*
23 *such license requires no like examination of licensed brokers,*
24 *solicitors or agents of this State. The commissioner shall have*
25 *the power to enter into written reciprocal agreement with other*
26 *states where he deems same to be necessary. If the application is*
27 *for license as an insurance agent, either first-time or for an addi-*
28 *tional group or groups of insurance, the commissioner may waive*
29 *the examination if, the applicant provides certification that he is a*
30 *designated chartered property and casualty underwriter, or if at*
31 *the time, the applicant has previously passed the examination for*
32 *and holds an unexpired broker's license issued in accordance with*
33 *the provisions of this act or if the application is for a license as*
34 *an insurance agent, broker or solicitor and the applicant is a citizen*
35 *of this State and has served in the Armed Forces of the United*
36 *States in any war and has been honorably discharged or released*
37 *under conditions other than dishonorable and was the holder at*
38 *any time of an agent's certificate of authority or license, a broker's*
39 *license or a solicitor's license, in this State, the commissioner may*
40 *waive examination, for license for the same kind or kinds of insur-*
41 *ance the applicant was previously authorized to transact. When it*
42 *is shown from such application and examination, except where*
43 *waived, that the applicant*

44 (a) Intends in good faith to act as an insurance agent, broker
45 or solicitor, and

46 (b) Is actively to engage in the general insurance business, or a
47 particular group or groups thereof with the general public, and

48 (c) Is of good reputation, and

49 (d) Has had experience or training, or is otherwise qualified by
50 education in the kind or kinds of insurance for which he desires
51 to be licensed, and

52 (e) Is a resident of this State or has his principal office for the
53 conduct of such business in this State (unless such application be
54 for a nonresident broker's or solicitor's license), and

55 (f) Is reasonably familiar with the insurance laws of this State,
56 and with the provisions, terms and conditions of the policies or
57 contracts he is proposing to solicit, negotiate or effect, and

58 (g) He is then engaged in or intends to engage in the business
59 of writing or negotiating insurance as his principal business or
60 occupation or as a substantial part thereof, separate and apart
61 from any connection which he may have with any partnership or
62 corporation whose principal business is lending of money, and

63 (h) Is not seeking such license principally for the purpose of
64 negotiating or writing insurance on property owned by him, or in
65 which he has an insurable interest, or on property or insurable
66 interests of a relative or his employer, and

67 (i) Is worthy of a license, and

68 (j) Has not been convicted of a crime involving moral turpitude,
69 the commissioner shall issue to the applicant a license to transact
70 business in this State as an insurance agent, broker or solicitor, as
71 the case may be. A license may be issued by the commissioner to
72 and in the name of any copartnership or corporation engaged in
73 the insurance brokerage business upon written request and payment
74 of the \$35.00 fee prescribed in section 13 of this chapter;
75 provided, all members of the copartnership or all of the officers
76 of the corporation, as the case may be, actively engaged in the
77 insurance brokerage business of the copartnership or corporation
78 in this State hold an unexpired license as an insurance broker
79 issued in accordance with the provisions of this act. Where the
80 request is for license in the name of a corporation organized under
81 the laws of a foreign state or jurisdiction and it shall appear in
82 the application, by affidavit of the president or other officer of a
83 foreign corporation, that the sole business sought to be transacted
84 by it is that of a broker, as herein defined, the commissioner may
85 grant such license, notwithstanding the corporation has not com-
86 plied with the provisions of the general corporation act and ob-
87 tained a license thereunder to transact business in this State, if
88 with the first request for such license the corporation shall file
89 with the commissioner a duly executed power of attorney as is
90 required in section 7 of this act to be filed by a nonresident in-
91 dividual applicant for a broker's license. Licenses so issued shall
92 expire annually as follows:

93 To agents on April 30; and to brokers and solicitors on October
94 31, unless sooner revoked by the commissioner for cause as pro-
95 vided in this act. A license so issued to a solicitor shall be suspended
96 upon termination of the required established solicitor relationship
97 but shall be reinstated upon a written request from another licensed
98 agent or broker with whom such solicitor has established a solicitor
99 relationship.

1 3. Section 13 of P. L. 1944, c. 175 (C. 17:22-6.13) is amended
2 to read as follows:

3 13. *a. Each application for a license shall be accompanied by*
4 *a nonrefundable application fee of \$20.00.*

5 *b. The annual fee to be paid to the commissioner by each person*
6 *licensed at the time of the original application and at the time of*
7 *the biennial renewal thereof shall be \$20.00 for an agent's license*
8 *except that the fee shall be \$10.00 for persons exempt from exami-*
9 *nation under the provisions of section 10 (a), and shall be \$50.00*
10 *for a broker's license and \$50.00 for a solicitor's license.*

11 *c. If the applicant fails to qualify for, or is refused a license,*
12 *the license fee shall be returned. The application fee shall not be*
13 *returned.*

1 4. Section 29 of P. L. 1959, c. 167 (C. 17:44A-29) is amended
2 to read as follows:

3 29. Agents of societies shall be licensed in accordance with the
4 provisions of this section.

5 (1) Insurance agent defined. The term "insurance agent" as
6 used in this section means any authorized or acknowledged agent
7 of a society who acts as such in the solicitation, negotiation or
8 procurement or making of a life insurance, accident and health
9 insurance or annuity contract, except that the term "insurance
10 agent" shall not include:

11 (a) Any regular salaried officer or employee of a licensed society
12 who devotes substantially all of his services to activities other than
13 the solicitation of fraternal insurance contracts from the public,
14 and who receives for the solicitation of such contracts no commis-
15 sion or other compensation directly dependent upon the amount of
16 business obtained; or

17 (b) Any agent or representative of a society who devotes, or
18 intends to devote, less than 50% of his time to the solicitation and
19 procurement of insurance contracts for such society. Any person
20 who in the preceding calendar year has solicited and procured life
21 insurance contracts on behalf of any society in an amount of in-
22 surance in excess of \$50,000.00, or, in the case of any other kind
23 or kinds of insurance which the society might write, on the persons
24 of more than 25 individuals and who has received or will receive
25 a commission or other compensation, therefor, shall be presumed
26 to be devoting, or intending to devote, 50% of his time to the solici-
27 tation or procurement of insurance contracts for such society.

28 (2) License required. No person shall act in this State as an
29 insurance agent, as defined in subsection (1) hereof, for a society
30 without having authority so to do by virtue of a license issued and
31 in force pursuant to the provisions of this section.

32 (3) Payment of commissions forbidden. No society doing busi-
33 ness in this State shall pay any commission or other compensation
34 to any person for any services in obtaining in this State any new
35 contract of life, accident or health insurance, or any new annuity
36 contract, except to a licensed insurance agent of such society and
37 except an agent exempted under subsection (1) (b) of this section.

38 (4) Prerequisites, issuance and renewal of insurance agent's
39 licenses.

40 (a) The commissioner may issue a license to any person who
41 has complied with the requirements of this section, authorizing the
42 licensee to act as an insurance agent on behalf of any society named
43 in such license which is authorized to do business in this State. The
44 annual fee for each license issued shall be \$5.00.

45 (b) Before any insurance agent's license shall be issued there
46 shall be on file in the office of the commissioner the following docu-
47 ments:

48 (1) A written application by the prospective licensee in such
49 form or forms and supplements thereto, and containing such in-
50 formation, as the commissioner may prescribe, *which application*
51 *shall be accompanied by a nonrefundable application fee of \$20.00;*

52 (2) A certificate by the society which is to be named in such
53 license, stating that such society has satisfied itself that the named
54 applicant is trustworthy and competent to act as such insurance
55 agent and that the society will appoint such applicant to act as
56 its agent if the license applied for is issued by the commissioner.
57 Such certificates shall be executed and acknowledged by an officer
58 or managing agent of such society; and

59 (3) A certificate that the applicant for a license shall have taken,
60 and successfully completed, a program of studies established by
61 regulation of the commissioner to the end that the applicant shall
62 be reasonably familiar with the kinds of insurance he intends to
63 solicit or negotiate. The commissioner may waive the educational
64 requirement set forth herein if the applicant was previously li-
65 censed for the authority he is seeking.

66 (c) A written examination shall be required to be satisfactorily
67 completed by any individual seeking to be named as a licensee to
68 represent a fraternal benefit society as its agent. An examination
69 fee of \$15.00 shall be paid at the time of the original application
70 for each examination scheduled unless the applicant be exempt
71 hereunder. An examination fee shall be paid for each examination
72 and reexamination permitted. If the applicant fails to qualify for,
73 or is refused, a license, the license fee shall be returned. The
74 examination fee shall not be returned for any reason. *The com-*

75 *missioner shall provide for the preparation and administration of*
76 *written licensing examinations and may designate an independent*
77 *testing service to prepare and administer such examinations.*

78 No written examination or program of studies as prescribed in
79 subsection 4 (b) (3) of this section will be required of:

80 (1) An applicant who is the holder of a valid agent's license
81 issued by the commissioner or an applicant for a renewal license,
82 except in a case where the commissioner has good and sufficient
83 cause to believe that the applicant for renewal has demonstrated
84 incompetency in the conduct of his business as an agent to the
85 detriment of the insurance-buying public;

86 (2) An applicant whose license to do business or act as an in-
87 surance agent for life insurance, health insurance or annuities in
88 this State has expired less than 3 years prior to the date of appli-
89 cation. If the applicant has permitted his license to lapse for a
90 period of more than 3 years, he must submit to and pass an exami-
91 nation the same as a new applicant, except where the applicant is
92 a veteran who meets the requirements of paragraph (c) (3) here-
93 under, when no reexamination shall be required;

94 (3) An applicant who is a citizen of New Jersey and has served
95 in the Armed Forces of the United States and has been honorably
96 discharged or released under conditions other than dishonorable
97 and was the holder at any time of an agent's license or a broker's
98 license, in New Jersey, which authorized the applicant to transact
99 the business of life insurance, health insurance or annuity;

100 (4) An applicant who provides certification that he is a desig-
101 nated fraternal insurance counselor.

102 (d) The commissioner may refuse to issue or renew any in-
103 surance agent's license if in his judgment the proposed licensee
104 is not trustworthy and competent to act as such agent, or has given
105 cause for revocation or suspension of such license, or has failed
106 to comply with any prerequisite for the issuance or renewal, as
107 the case may be, of such license.

108 (e) Every license issued pursuant to this section, and every
109 renewal thereof, shall expire biennially on December 31.

110 (f) If the application for renewal license shall have been filed
111 with the commissioner on or before December 31 of the year in
112 which the existing license is to expire, such applicant named in
113 such existing license may continue to act as insurance agent
114 under such existing license, unless same shall be revoked or
115 suspended, until the issuance by the commissioner of the renewal
116 license or until the expiration of 5 days after he shall have refused
117 to renew such license and shall have served written notice of such

118 refusal on the applicant. If the applicant shall, within 30 days
119 after such notice is given, notify the commissioner in writing of
120 his request for a hearing on such refusal, the commissioner shall,
121 within a reasonable time after receipt of such notice, grant such
122 hearing, and he may, in his discretion, reinstate such license.

123 (g) Any such renewal license of an insurance agent may be
124 issued upon the application of a society named in the existing li-
125 cense. Such application shall be in the form or forms prescribed
126 by the commissioner and shall contain such information as he may
127 require. Such application shall contain a certificate executed by
128 the president, or by a vice president, a secretary, an assistant sec-
129 retary, or corresponding officer by whatever name known, or by
130 an employee expressly designated and authorized to execute such
131 certificate of a domestic or foreign society or by the United States
132 manager of an alien society, stating that the addresses therein
133 given of the agents of such society for whom renewal licenses are
134 requested therein have been verified in each instance immediately
135 preceding the preparation of the application. Notwithstanding the
136 filing of such application, the commissioner may, after reasonable
137 notice to any such society, require that any or all agents of such
138 society to be named as licensees in renewal licenses shall execute
139 and file separate applications for the renewal of such licenses, as
140 hereinbefore specified, and he may also require that each such
141 application shall be accompanied by the certificate specified in para-
142 graph (b) (2) of subsection (4) of this section.

143 (5) Notice of termination of appointment of insurance agent.
144 Every society doing business in this State shall, upon the termina-
145 tion of the appointment of any insurance agent licensed to repre-
146 sent it in this State, forthwith file with the commissioner a state-
147 ment, in such form as he may prescribe, of the facts relative to such
148 termination and the cause thereof. Every statement made pursuant
149 to this section shall be deemed a privileged communication.

150 (6) Revocation or suspension of insurance agent's license.

151 (a) The commissioner may revoke, or may suspend for such
152 period as he may determine, any insurance agent's license if, after
153 notice and hearing as specified in this section, he determines that
154 the licensee has:

155 (1) Violated any provision of, or any obligation imposed by,
156 this section, or has violated any law in the course of his dealings
157 as agent;

158 (2) Made a material misstatement in the application for such
159 license;

- 160 (3) Been guilty of fraudulent or dishonest practices;
- 161 (4) Demonstrated his incompetency or untrustworthiness to act
- 162 as an insurance agent; or
- 163 (5) Been guilty of rebating as defined by the laws of this State
- 164 applicable to life insurance companies;
- 165 (6) The revocation or suspension of any insurance agent's li-
- 166 cense shall terminate forthwith the license of such agent. No in-
- 167 dividual whose license has been revoked shall be entitled to obtain
- 168 any individual agent's license under the provisions of this section
- 169 for a period of 1 year after such revocation or, if such revocation
- 170 be judicially reviewed, for 1 year after the final determination
- 171 thereof affirming the action of the commissioner in revoking such
- 172 license.

1 5. (New section) The commissioner shall provide for the prepa-
 2 ration and administration of written licensing examinations for
 3 insurance agents, brokers, and solicitors regulated under Title 17
 4 of the Revised Statutes and may designate an independent testing
 5 service to prepare and administer such examinations.

6 A nonrefundable examination fee for each examination scheduled
 7 shall be paid to the Department of Insurance or directly to an
 8 independent testing service if so designated by the commissioner.
 9 The examination fee shall be established by the commissioner in
 10 an amount sufficient to cover the actual cost of preparation and
 11 administration of examinations. The examination fee shall be
 12 apart from any fee required by subsection b. of section 13 of P. L.
 13 1944, c. 175 (C. 17:22-6.13b.) to be paid to the department as an
 14 application fee.

15 The commissioner shall promulgate regulations as he deems
 16 necessary governing the form, content, and administration of any
 17 examination conducted by an independent testing service and the
 18 commissioner may enter into a contract with such testing service,
 19 provided the contract conforms with the regulations and contains
 20 such other provisions as the commissioner deems necessary to hold
 21 the testing service accountable on an annual basis to him.

1 6. N. J. S. 17B:22-23 is amended to read as follows:

2 17B:22-23. a. The following *annual* license fees shall be paid
 3 to the commissioner at the time of the original application and at
 4 the time of the [annual] *biennial* renewal thereof:

5 (1) Agent's license	\$5.00
6 (2) Broker's license	\$50.00
7 (3) Solicitor's license	\$50.00

8 **[b.]** The following examination fees shall be paid to the commis-
9 sioner at the time of the original application for each examination
10 scheduled unless the applicant be exempt hereunder:

- | | | |
|----|---------------------------------------|---------|
| 11 | (1) Agent's examination fee | \$15.00 |
| 12 | (2) Broker's examination fee | \$15.00 |
| 13 | (3) Solicitor's examination fee | \$15.00 |

14 The agent's examination fee shall be waived if the applicant shall
15 concurrently take an examination for an agent's, broker's or solici-
16 tor's license under Title 17, chapter 22 and shall have paid the
17 examination fee therefor.]

18 **[c.] b.** The following temporary license fees shall be paid to
19 the commissioner at the time of the application:

- | | | |
|----|--|---------|
| 20 | (1) Agent's temporary license fee | \$5.00 |
| 21 | (2) Broker's temporary license fee | \$50.00 |

22 Notwithstanding anything in this section to the contrary, an
23 applicant who having paid the above cited temporary license fee
24 and who shall thereafter pass his examination and be properly
25 licensed, such applicant shall not be required to pay any further
26 license fee until the next ensuing annual license renewal date.

27 *c. Each application for a license shall be accompanied by a non-*
28 *refundable application fee of \$20.00.*

29 d. If the applicant fails to qualify for, or is refused, a license,
30 the license fee shall be returned. The examination fee shall not
31 be returned for any reason.

32 e. An examination fee shall be paid for each examination and
33 reexamination permitted pursuant to this chapter. One examina-
34 tion fee shall entitle the applicant to take an examination for life
35 insurance, health insurance or annuity or any combination thereof.

1 7. N. J. S. 17B:28-3 is amended to read as follows:

2 17B:28-3. Certificate to sell. a. No agent heretofore or hereafter
3 licensed shall be authorized to sell or act or aid in any manner in
4 the negotiation of a contract on a variable basis until he has
5 received a certificate to sell contracts on a variable basis from
6 the commissioner, which certificate shall not be issued by the com-
7 missioner until **[such agent has qualified by personal examination,**
8 **to the satisfaction of the commissioner, as to his trustworthiness**
9 **and competence to act as such agent.]** *he has satisfied himself, upon*
10 *evidence presented, that the applicant is trustworthy and compe-*
11 *tent to act as such agent. All applicants shall be required to pass,*
12 *unless an exemption has been granted hereunder, a written exami-*
13 *nation as to his qualifications to perform the functions authorized*
14 *under the license applied for prior to submitting an application.*

15 *The commissioner shall provide for the preparation and admin-*
16 *istration of written licensing examinations for insurance agents,*
17 *brokers, and solicitors and may designate an independent testing*
18 *service to prepare and administer such examinations. A nonre-*
19 *fundable examination fee for each examination scheduled shall be*
20 *paid to the Department of Insurance or directly to an independent*
21 *testing service if so designated by the commissioner.*

22 b. Before a first-time applicant for an agent's license to solicit
23 and negotiate contracts on a variable basis shall be admitted to
24 the examination, the applicant shall be required to concurrently
25 hold an agent's license granting authority to solicit and negotiate
26 contracts of life insurance in this State. Application for a license
27 must be made on such forms as the commissioner may prescribe.

28 c. The examination fee shall be \$10.00 for each examination
29 scheduled and such examination fee shall not be returned for any
30 reason. The annual license fee shall be \$5.00. A renewal license
31 shall be issued from year to year subject to the payment of the
32 renewal license fee as required by this section and upon request
33 of the insurer. Licenses issued in accordance with this section
34 shall expire on April 30 of each year.

35 d. No written examination shall be required of:

36 (1) An applicant who is the holder of a valid agent's license
37 issued pursuant to this section by the commissioner or an applicant
38 for a renewal of such license, except in a case where the commis-
39 sioner has good and sufficient cause to believe that the applicant
40 for renewal has demonstrated incompetence in the conduct of his
41 business as such agent to the detriment of the public;

42 (2) An applicant whose license to do business as an agent issued
43 pursuant to this section has expired less than 3 years prior to the
44 date of application. If the applicant has permitted his license to
45 lapse for a period of more than 3 years he must submit to and pass
46 an examination in the same manner as a new applicant, except
47 where the applicant is a veteran who meets the requirements of
48 subsection (4) hereunder, when no reexamination shall be required;

49 (3) An applicant whose previous license issued pursuant to this
50 section has been revoked or suspended; provided this examination
51 exemption is only at the discretion of the commissioner;

52 (4) An applicant who is a citizen of New Jersey and has served
53 in the Armed Forces of the United States and has been honorably
54 discharged or released under conditions other than dishonorable
55 and was the holder at any time of a license in New Jersey which
56 authorized the applicant to solicit or negotiate contracts on a
57 variable basis.

58 e. The commissioner may issue a nonresident agent's license
59 upon the application of a nonresident who is duly licensed under
60 the law of the state of his residence or domicile to act as an agent
61 for contracts on a variable basis if said state does not prohibit
62 residents of this State from acting as nonresident agents therein,
63 when:

64 (1) The applicant has shown by a statement from the proper
65 official of the state in which he has his resident license that he is
66 authorized to do business as an agent in such state with authority
67 for which the applicant is to be licensed under the New Jersey
68 nonresident license.

69 (2) The applicant has paid the annual license fee as provided
70 for in this section.

71 (3) The applicant has no place of business in this State.

72 (4) The commissioner may enter into reciprocal agreements
73 with the appropriate supervisory insurance official of any other
74 state waiving the written examination of any applicant resident
75 in such other state, provided:

76 (a) A written examination is required of applicants for an
77 agent's license in such other state.

78 (b) The appropriate supervisory insurance official of such other
79 state certifies that the applicant holds a currently valid license
80 as an agent in such other state, and either,

81 (i) passed a written examination,

82 (ii) was the holder of an agent's license prior to the time
83 a written examination was required, or,

84 (iii) was not required to take such examination by reason
85 of provisions of the applicable agents' licensing law.

86 (c) That in such other state, a resident of this State is privileged
87 to procure such an agent's license upon the foregoing conditions
88 and without discrimination as to fees or otherwise in favor of
89 residents of such other state. If the laws of another state require
90 the sharing of commissions with resident agents of that state on
91 application for contracts on a variable basis written by nonresident
92 agents, then the same provision shall apply when resident agents
93 of that state, licensed as nonresident agents of New Jersey write
94 applications for contracts on a variable basis in this State.

1 8. (New section) The commissioner shall provide for the prepa-
2 ration and administration of written licensing examinations for
3 insurance agents, brokers, and solicitors regulated under Title 17B
4 of the New Jersey Statutes and may designate an independent
5 testing service to prepare and administer such examinations.

6 A nonrefundable examination fee for each examination scheduled
7 shall be paid to the Department of Insurance or directly to an
8 independent testing service if so designated by the commissioner.
9 The examination fee shall be established by the commissioner in
10 an amount sufficient to cover the actual cost of preparation and
11 administration of examinations. The examination fee shall be apart
12 from any fee required by N. J. S. 17B:22-23 to be paid to the de-
13 partment as an application fee.

14 The commissioner shall promulgate regulations as he deems
15 necessary governing the form, content, and administration of any
16 examination conducted by an independent testing service and the
17 commissioner may enter into a contract with such testing service,
18 provided the contract conforms with the regulations and contains
19 such other provisions as the commissioner deems necessary to
20 hold the testing service accountable on an annual basis to him.

1 9. This act shall take effect immediately.

STATEMENT

This bill is designed to clarify the authority of the Commissioner of Insurance to conduct written examinations as a prerequisite for filing a license application. The bill provides the commissioner retain the authority to have the Department of Insurance prepare and administer written examinations to persons prior to their submitting applications for insurance licenses but he is given authorization to designate the Educational Testing Service (E.T.S.) or another independent testing service to prepare and administer written examinations. The bill would amend existing fee schedules so that a separate examination fee is paid to the department or directly to a testing service when designated by the commissioner while holding the department's revenues constant for processing license applications in keeping with increased costs. The bill assures the accountability of the testing service to the commissioner. This approach has been used successfully by the Real Estate Commission.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3481

STATE OF NEW JERSEY

DATED: NOVEMBER 26, 1979

This legislation makes several amendments to the body of law governing the testing and licensing of insurance agents, brokers, and solicitors. It reduces the age for licensing from 21 to 18, and provides for the collection of an examination fee of \$20.00 as well as the normal \$20.00 application fee. The legislation also provides for the collecting of license fees on a biennial basis.

The legislation further makes provision for the administering of licensing examinations by an independent testing service if the commissioner so desires, and for the payment of the examination fee directly to the testing service.

This legislation is designed to make the collection of fees by the Department consonant with the state policy of biennial licensing, which is less expensive than annual licensing. It is also designed to simplify the examination process by designating an independent testing service to administer the examinations; this has been successfully done by the Real Estate Commission for the testing of its applicants for real estate licenses.

COMMITTEE
ASSEMBLY AMENDMENTS TO
ASSEMBLY, No. 3481

STATE OF NEW JERSEY

ADOPTED NOVEMBER 26, 1979

Amend page 2, section 1, line 24, after "act.)"]", insert "examination fee of \$20.00 for each examination scheduled for such applicant (unless applicant be exempt from examination as set forth in section 10 of this act) and an".

Amend page 4, section 2, line 74, omit "\$35.00", insert "\$50.00".

Amend page 5, section 3, line 7, after "\$20,00", insert "per year".

Amend page 5, section 3, line 8, after "the", insert "annual".

Amend page 11, section 7, line 34, after "year.", insert "Each original application for a license shall be accompanied by a nonrefundable application fee of \$20.00.".

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

JANUARY 17, 1980

PAT SWEENEY

Governor Brendan Byrne today signed the following bills into law:

A-3039, sponsored by Assemblywoman Barbara W. McConnell (D-Hunterdon), which repeals the statutory provisions requiring the licensing of commercial poultry dealers.

A-3042, also sponsored by Assemblywoman McConnell, which strengthens and clarifies the powers of the State Superintendent of Weights and Measures to issue subpoenas to compel testimony and records of persons involved with the weighing and measuring of poultry.

A-3119, sponsored by Assemblyman Robert E. Littell (R-Sussex), which extends the registration period for public accountants for six months under the "Public Accounting Act."

A-3255, sponsored by Assemblyman Richard F. Visotcky (D-Bergen), which authorizes the Division of Youth and Family Services (DYFS), within the Department of Human Services, to enter into written agreements with public, private or voluntary agencies to provide "youth facility aid."

The bill appropriates \$310,000, which the Governor vetoed with a line-item.

A-3275, sponsored by former Assemblywoman Rosemarie Totaro (D-Morris), which appropriates to the Department of Environmental Protection from the State Water Development Fund \$1,013,519 to conduct studies in the furtherance of the statewide water supply master plan.

A-3448, sponsored by Assemblyman Robert P. Hollenbeck (D-Bergen), which extends the jurisdiction of the Natural Resources Council.

The bill clarifies the authority of the Council to issue riparian grants, leases and licenses for lands between the bulkhead line and the three-mile seaward jurisdiction of the State. The bulkhead line is a line fixed by the Council marking the farthest distance from the shore that piers and solid fill can be placed in the waters.

A-3481, sponsored by Assemblyman Robert Burns (D-Bergen), which permits the Commissioner of Insurance to conduct written examinations as a prerequisite for filing a license application.

A-3533, sponsored by Assemblywoman McConnell, which provides that under the "Safe Drinking Water Act" the regulations shall not apply to a public water system which does not provide water for potable purposes to any carrier which conveys passengers in interstate commerce.