

# RULE PROPOSALS

## INTERESTED PERSONS

Interested persons may submit comments, information or arguments concerning any of the rule proposals in this issue until the date indicated in the proposal. Submissions and any inquiries about submissions should be addressed to the agency officer specified for a particular proposal.

The required minimum period for comment concerning a proposal is 30 days. A proposing agency may extend the 30-day comment period to accommodate public hearings or to elicit greater public response to a proposed new rule or amendment. Most notices of proposal include a 60-day comment period, in order to qualify the notice for an exception to the rulemaking calendar requirements of N.J.S.A. 52:14B-3. An extended comment deadline will be noted in the heading of a proposal or appear in subsequent notice in the Register.

At the close of the period for comments, the proposing agency may thereafter adopt a proposal, without change, or with changes not in violation of the rulemaking procedures at N.J.A.C. 1:30-6.3. The adoption becomes effective upon publication in the Register of a notice of adoption, unless otherwise indicated in the adoption notice. Promulgation in the New Jersey Register establishes a new or amended rule as an official part of the New Jersey Administrative Code.

## INSURANCE

### (a)

#### DEPARTMENT OF BANKING AND INSURANCE DIVISION OF INSURANCE

#### Producer Licensing

#### Proposed Amendment: N.J.A.C. 11:17-3.6

Authorized By: Marlene Caride, Commissioner, Department of Banking and Insurance.

Authority: N.J.S.A. 17:1-8.1 and 15.e; and 17:22A-26 et seq.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2022-105.

Submit comments by October 14, 2022, to:

Denise Illes, Chief  
Office of Regulatory Affairs  
New Jersey Department of Banking and Insurance  
20 West State Street  
PO Box 325  
Trenton, NJ 08625-0325  
Fax: (609) 292-0896  
Email: [legsgregs@dobi.nj.gov](mailto:legsgregs@dobi.nj.gov)

The agency proposal follows:

#### Summary

The Department of Banking and Insurance (Department) is proposing to amend N.J.A.C. 11:17-3.6, which sets forth the continuing education requirements for resident individual insurance producers licensed with life, accident, and health or sickness; property; casualty; surplus lines; title; variable life and variable annuity, or personal lines authority (collectively, resident insurance producers), pursuant to N.J.S.A. 17:22A-48, which provides that the Commissioner of Banking and Insurance (Commissioner) may promulgate rules and regulations that are necessary to effectuate the purposes of N.J.S.A. 17:22A-26 et seq. (Producer Act).

The Department is proposing these amendments to provide flexibility for resident insurance producers in completing the continuing education requirements necessary for license renewal. The proposed amendments include amending the requirement for the number of credit hours dedicated to professional ethics; allowing the carry-over of up to 12 continuing education credits to the next licensing term; and granting resident insurance producers twice the approved credit hours for each continuing education course taught.

The Department is proposing amendments at N.J.A.C. 11:17-3.6(a), which requires resident insurance producers to complete 24 credit hours of approved continuing education instruction, per licensing term. The Department is proposing amendments at subsection (a) to require that

three of the 24 required credit hours be related to professional ethics and permits a one credit-hour substitution of a course related to insurance fraud for one hour of a course related to professional ethics.

The Department further proposes new N.J.A.C. 11:17-3.6(a)4 to permit a resident insurance producer who has completed the 24 required credit hours of continuing education, during a licensing term, to carry over credit hours in excess of 24, up to 12, to the next renewal term.

The Department further proposes amendments at N.J.A.C. 11:17-3.6(g) to permit a resident insurance producer teaching a continuing education course to receive twice the approved credit hours for that course.

A 60-day comment period is provided on this notice of proposal, and therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, the notice is excepted from the provisions at N.J.A.C. 1:30-3.1 and 3.2, governing rulemaking calendars.

#### Social Impact

As set forth in the Summary above, the proposed amendments relate to the continuing education requirements for resident insurance producers in this State.

By permitting resident insurance producers who earn credit hours in excess of 24, in one licensing term, to carry over up to 12 credit hours earned to the next term, the Department is providing resident insurance producers with flexibility in completing their continuing education requirements.

Allowing a resident insurance producer who teaches a course to receive twice the approved credit hours for that course will have a positive social impact by incentivizing resident insurance producers to teach courses.

The proposed amendments make one additional change to the education requirements for resident insurance producers—specifically, by requiring resident insurance producers to complete three credit hours in professional ethics, while permitting resident insurance producers to substitute one professional ethics credit hour with a credit hour in insurance fraud, the Department is placing greater emphasis on the importance of professional ethics by providing a minimum requisite number of hours dedicated to the topic, while also permitting resident insurance producers flexibility in completing their continuing education requirement.

For these reasons, the proposed amendments will have a positive social impact.

#### Economic Impact

As noted above, the proposed amendments make changes to existing continuing education requirements for resident insurance producers. The Department does not expect that the proposed amendments will have any significant economic impact as there are no additional fees incurred or professional services required to comply with the proposed amendments.

Under the existing rules, resident insurance producers are required to complete 24 total continuing education credits, three of which must be related to insurance fraud, professional ethics, or any other subject matter

required by the Commissioner, whereas, the proposed amendment would require a resident insurance producer to earn three credit hours in professional ethics, while offering the option to elect to substitute one professional ethics credit hour with one credit hour related to insurance fraud. The proposed amendment does not alter the total number of credit hours required. Thus, the Department believes that any additional costs incurred should be minimal. In addition, this proposed amendment does not require instructors or schools to offer new courses, as insurance fraud and professional ethics are already contemplated by the original rule.

The incentives created by permitting resident insurance producers to receive twice the approved credit hours for courses taught and the flexibility provided by allowing resident insurance producers to carry over up to 12 credit hours, per term, should not impose any additional economic costs.

Accordingly, the benefits to be achieved far outweigh any minimal costs that may be imposed.

#### Federal Standards Statement

A Federal standards analysis is not required because the proposed amendments are not subject to any Federal requirements or standards.

#### Jobs Impact

The Department does not anticipate that any jobs will be generated, or lost, as a result of the proposed amendments. The Department invites commenters to submit any data or studies on the potential jobs impact of the proposed amendments, together with their comments on other aspects of the rulemaking.

#### Agricultural Industry Impact

The proposed amendments will not have any impact on the agriculture industry of New Jersey.

#### Regulatory Flexibility Analysis

To the extent the proposed amendments will apply to "small business," they will apply to persons seeking renewal of their resident insurance producer license. The Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., defines a "small business" as any business resident in this State that employs fewer than 100 full-time employees, is independently owned and operated, and is not dominant in its field. The cost of compliance and professional services required to comply are addressed in the Economic Impact above. Costs associated with the proposed amendments are minimal, if any.

The proposed amendments do not provide any differentiation in compliance requirements based on business size. As noted above, the proposed amendments relate to the continuing education requirements for resident insurance producers. The policies underlying the need for the Department's adequate oversight of the industry for consistency and for sufficient protection of the interests of New Jersey consumers and do not vary with the size of the business.

#### Housing Affordability Impact Analysis

The proposed amendments will not have any impact on housing affordability in this State because they relate only to the continuing education requirements for resident insurance producers and are unlikely to evoke a change in the average costs associated with housing.

#### Smart Growth Development Impact Analysis

The proposed amendments will not have any impact on housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan in New Jersey because they relate only to the continuing education requirements applicable to resident insurance producers.

#### Racial and Ethnic Community Criminal Justice and Public Safety Impact

The Department has evaluated this rulemaking and determined that it will not have an impact on pretrial detention, sentencing, probation, or parole policies concerning adults and juveniles in the State. Accordingly, no further analysis is required.

**Full text** of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

## SUBCHAPTER 3. PROFESSIONAL QUALIFICATIONS

### 11:17-3.6 Continuing education

(a) No resident individual insurance producer licensed with life, accident, and health or sickness, property, casualty, surplus lines, title, variable life and variable annuity, or personal lines authority shall be renewed unless the renewal applicant demonstrates that he or she has completed 24 credit hours of approved continuing education courses during the previous licensing term, [three of which shall be in approved courses related to insurance fraud, professional ethics, or any other subject matter required by the Commissioner for the protection of consumers.] **including three credit hours related to professional ethics per licensing term, one credit hour of which may be substituted with a credit hour related to insurance fraud.**

1.-3. (No change.)

**4. Resident individual insurance producers who complete in excess of 24 credit hours during one licensing term may carry over up to 12 credits to the next renewal term. These credit hours may only be carried over once. Credit hours earned in ethics may not be carried over.**

(b)-(f) (No change.)

(g) The insurance education director or authorized personnel for an approved insurance education provider shall report the names and producer or public adjuster license reference number, as applicable, of those persons completing each continuing education course within 15 days of course completion or certification of continuing education credits, whichever is later, either in hard copy or through electronic submission. The instructor teaching the course [may be deemed to have completed it] **will receive twice the credit hours as received by the persons completing the course** for the purpose of securing continuing education credit. Instructors may only receive credit once for teaching any one approved course once during each license cycle. The report shall be made to the Department, or its designee, in a format prescribed by the Department, and shall include the following information:

1.-3. (No change.)

(h)-(l) (No change.)

## LABOR AND WORKFORCE DEVELOPMENT

### (a)

#### DIVISION OF WAGE AND HOUR COMPLIANCE

##### Industrial Home Work Law

##### Proposed Readoption with Amendments: N.J.A.C. 12:59

##### Proposed Repeal: N.J.A.C. 12:59-1.11

Authorized By: Robert Asaro-Angelo Commissioner, Department of Labor and Workforce Development.

Authority: N.J.S.A. 34:6-120 et seq., specifically, 34:6-137.17.

Calendar Reference: See Summary below for explanation of exception to the calendar requirement.

Proposal Number: PRN 2022-106.

Submit written comments by October 14, 2022, to:

David Fish, Executive Director  
Office of Legal and Regulatory Services  
NJ Department of Labor and Workforce Development  
PO Box 110-13th Floor  
Trenton, New Jersey 08625-0110  
email: [david.fish@dol.nj.gov](mailto:david.fish@dol.nj.gov)

The agency proposal follows:

#### Summary

Pursuant to N.J.S.A. 52:14B-5.1.c, N.J.A.C. 12:59, rules pertaining to Industrial Home Work Law, were scheduled to expire on July 17, 2022. As the Department of Labor and Workforce Development (Department)