New Jersey Department of Banking and Insurance

Banking & Insurance Quarterly

Information for New Jersey's Banking, Insurance and Real Estate Industries

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Grand Opening

The Department of Banking and Insurance opened its Newark Consumer Center on September 17. At the ribbon-cutting are from left, Assistant Commissioner Mary Caffrey (holding ribbon), Director of Banking H. Robert Tillman, Assemblyman William Payne, D-Newark, Commissioner Holly C. Bakke, consumer advocate Fredrica Bey of WISOMMM, and Calvin West, Executive Director of Gov. James E. McGreevey's Newark Office.

Tillman assumes post of Director of Banking

H. Robert Tillman, a former vice president for Merrill Lynch and Summit Bancorp, assumed the position of Director of Banking in April of this year. Besides years of experience as a lawyer and a banker, Director Tillman came to the job with an optimistic outlook, as well as a commitment to work with banks and community leaders to improve New Jersey's economic landscape.

H. Robert Tillman

As the Director of Banking, Tillman

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Consumer Center Opens in Newark

On September 17, Banking and Insurance Commissioner Holly C. Bakke opened the Department's new Newark Consumer Center, a satellite office where consumers can seek help with problems in banking, insurance, or real estate. The center, located in the Robert N. Wilentz Court Complex, will also serve as an education center for consumers.

"Consumers need to know that we are here to help," said Commissioner Bakke. "Today, we are giving consumers one more place to go for that help."

Bakke noted that the Newark Consumer Center is in a downtown location easily reached by public transportation. Department staff will be on hand to answer questions, help solve problems, or take formal complaints. For example, residents can learn how to shop for auto

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DIRECTOR OF BANKING SUPPORTS CSBS MEMBERSHIP DRIVE

The Conference of State Bank Supervisors (CSBS) currently is engaged in a membership drive. If you are not already a member, I urge you to read the following description of what CSBS does to help support our state banking system – H. Robert Tillman, Director of Banking

Supervisors and state bankers have a vital common interest in the health of the state banking system. Keeping the state banking system healthy is the mandate of the Conference of State Bank Supervisors, which is the prime reason why so many individual banks elect to be CSBS members.

Every state banker (or his or her predecessor) made a conscious decision to have a state charter, and for good reason. The best supervision is local supervision, where regulators and regulated institutions work together in a spirit of teamwork with common understanding of local economic conditions. The state banking system has produced almost every banking innovation in the last 100 years precisely because it does not attempt to make all institutions fit into a single regulatory mold. In addition, local supervision is inherently more efficient and less paperwork-intensive than long-distance supervision.

That's why the CSBS – the only national organization dedicated to protecting and enhancing the state banking system – includes all 54 banking departments and more than 1,700 individual bank members.

CSBS is integral to the success of state banks and the state banking system. It works to enhance the value of state banks' charters and to protect the state system from federal encroachments. It promotes excellence among state bankers and the state banking departments, as well as protecting banks' interests in Washington, D.C. CSBS also offers targeted educational services for bankers and examiners, exerts leadership in technology and provides a forum for banks and regulators to work together when truly critical issues arise.

For more information, go to www.csbs.org, *or call Ed Smith, CSBS membership vice president, at* 1-800-886-2727.

WAITS NAMED ACTING ASSISTANT DIRECTOR FOR DEPOSITORIES

Commissioner Holly C. Bakke recently announced the appointment of William Waits to the position of Acting Assistant Director for Depositories, effective November 25. During the past 15 years, Waits has served the Department as Legal Specialist, Special Assistant to the Director, and as Regulatory Officer. During this period, he crafted solutions to regulatory issues specifically addressing banking and financial services. Waits is recognized in the banking industry as an expert in bank regulatory issues. He will effectively manage the Depository Unit, and help address the emergent issues affecting state depository institutions.

WAITS

DIVISION OF BANKING

Joining H. Robert Tillman, the new Director of Banking (front row, third from left), are from left (front row), Janine Akey, Chief Examiner of Depositories; Leona Joyner, Chief of Investigations, Enforcement; Ludi Hughes, Assistant Director, Consumer Finance; (back row) Nicholas Debnarik, Jr., Managing Examiner; Ken Walker, Assistant Director, Depositories; Michael Sheridan, Chief Examiner Applications; Billy Blunt, Managing Examiner; and Constance Ferrigno, Chief of Investigations, Consumer Services.

H. ROBERT TILLMAN ASSUMES POSITION OF DIRECTOR OF BANKING

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also oversees the Real Estate Commission, which governs more than 80,000 real estate brokers and salespersons statewide, and the Pinelands Development Credit Bank, which helps control growth in the 1.1 million-acre Pinelands by monitoring the purchase and sale of development credits.

Tillman also was a founder and former president of the New Jersey Urban Bankers Association. He blends enthusiasm with a sense of balance. His mission, simply put, is: "To help protect consumers and to help grow the financial services industry."

At the same time, Tillman has been charged with addressing the emerging issue of predatory lending activity, which consumer groups and many legislators have vowed to fight. It's one of the first major issues Tillman will tackle in his new role.

"We've developed a statewide strategy that involves community and business components that should have direct impact," he said. That strategy combines education components – outreach by the Department, better financial education by community groups and banks – with expanded oversight and enforcement. New Jersey will see more targeted bank examinations, published lists of final actions taken against lenders engaged in predatory activities, tougher penalties and better coordination with other government agencies.

Tillman assembled a Department Task Force to develop the strategy after hearing the concerns raised by several legislators supporting several bills, including Sen. Barbara Buono, D-Metuchen, Sen. Leonard Lance, R-Clinton Township, Sen. Shirley K. Turner, D-Trenton, Assemblyman Matt Ahearn, D-Fair Lawn, Assemblyman Craig A. Stanley, D-Irvington, and Assemblyman Dr. Jeff Van Drew, D-Dennis. Although Tillman recognizes the importance of strong legislation, he believes the Department also must do all that it can to address this important problem.

Tillman has been pleased with banks' willingness to help in the crackdown. "I'm pleasantly surprised that many of our depositories have been supportive of our predatory lending strategy. They have also been helpful in discussions on legislation that appropriately focuses on the main issues concerning predatory lending."

Tillman also wants to move quickly to promote New Jersey's economic development. "We've been meeting with various key participants such as builders, developers, lenders and community leaders to discuss potential projects." His emphasis is targeting redevelopment of the state's urban centers.

Over the long term, Tillman wants to focus on increasing banking activity in the state through customer transactions and offering a wide variety of service products. He hopes to see more banks and growth among those that are already here. "I would like to see our state-chartered institutions provided with the tools necessary to be more competitive with out-of-state financial institutions and national banks that do business in New Jersey." Leveling the playing field will require an effective overhaul of parity regulations, which will provide flexibility concerning business restrictions without sacrificing important consumer protections.

The good news, Tillman said, is that despite this long recession period, the state's banks are largely healthy. "Most of our New Jersey institutions are well or adequately capitalized. Our banks have seen an influx of deposits over the last year, and mortgage lending and refinance lending have been strong due to low mortgage rates. While the demand for commercial loans seems to have decreased, many of our banks are still booking adequate numbers. Non-current loans are low and net charge-offs are also moderate."

Commissioner Reaffirms Duty to Monitor Corporate Governance

TRENTON – Banking and Insurance Commissioner Holly C. Bakke has underscored the Department's role in protecting consumers by monitoring corporate governance of state-regulated banks and insurance companies, noting that financial upheaval at several corporations has highlighted the need for independent directors and proper audits.

Commissioner Bakke has issued three bulletins that spell out how watching the way companies are run – and who runs them – helps guarantee that insurers and banks will meet customers' needs. The bulletins, 02-23, 02-24 and 02-25, can be obtained on the Department web site, www.njdobi.org.

Banking

Two bulletins issued recently reinforce the importance of internal audits for state-regulated depositories, savings banks, savings and loans and credit unions. The bulletins remind institutions that regular state examinations – conducted at least every two years – evaluate the independence of board directors, the quality of senior managers and their ability to ensure internal controls, and whether bank managers avoid conflicts of interest, meet community credit needs, and follow the law.

Insurance

State law requires on-site financial examinations of insurance companies by Department personnel at least every five years, and companies must also submit annual and quarterly financial statements to the Department. Each year, the companies submit to the Department an audited financial report prepared by an independent Certified Public Accountant. Financial examiners in the Office of Solvency Regulation use information gathered during these checks to determine the level of supervision required – in other words, how often the company must provide updates of its condition – and whether any regulatory action is needed.

"In today's environment, bank and insurance customers need to know that the Department keeps a close watch on the makeup of boards of directors, as well as the way directors carry out their duties," Commissioner Bakke said.

SERFF Accepted for filings

The Department is currently accepting all personal lines filings through the System for Rate and Form Filing (SERFF). SERFF is designed to enable companies to send and states to receive, comment on and approve or reject insurance industry rate and form filings.

As of October 1, the Department began accepting SERFF for all Commercial lines. All Property and Casualty filings may now be submitted through SERFF.

SERFF benefits regulators and the industry by streamlining and accelerating the rate and form filing process. SERFF identifies state filing submission requirements and through the use of checklists, and checks and balances within the system, ensures greater accuracy and completeness during the filing process. SERFF's workflow features assist the states in the review process and filings are typically reviewed in less time, with fewer problems for companies to resolve. The result is speed to market for the insurers.

Consumer Center Opens

Continued from page 1

insurance, learn what rights they have when dealing with health insurers, or whether a lender or real estate broker has a current license.

Consumers can also learn how to find important information on the Department's web site. The center will feature a public computer for those who lack access to the Internet.

In the future, the center will offer programs on how to avoid insurance and Medicare fraud, identity theft, predatory lending, and home-repair scams. "These are problems that ultimately lead to higher insurance costs and banking fees for everyone, but they hit hardest on many urban residents," Bakke said. "We already present these programs to civic groups and senior associations, but having a permanent North Jersey location will help us reach even more residents."

The center is located at 153 Halsey Street, second floor. The telephone number is **(973) 648-4713**.

McGreevey Unveils Initiatives to Combat Insurance Fraud

TRENTON — Governor James E. McGreevey recently unveiled four new initiatives targeting auto and health insurance fraud and uninsured drivers.

"Insurance fraud is wrong, it is costly, and it will no longer be tolerated," McGreevey said. "Those who commit insurance fraud take notice: We are going to find you and make you pay."

The initiatives outlined by the Governor include:

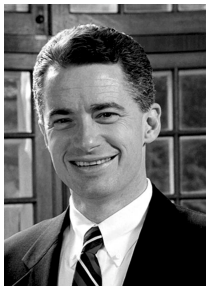
New rules to make it easier for insurers to cancel the policies of drivers who lie on their applications;

Legislation to expand the crimes that trigger automatic license revocation or suspension for health care workers and others who commit health insurance fraud;

A plan to create a counterfeit-proof auto insurance card for New Jersey; and

Legislation to create a new crime of insurance fraud to give prosecutors a much-needed tool to punish those who defraud insurance companies.

Joining the Governor at the 5th Annual New Jersey Insurance Fraud Summit to announce the latest efforts to combat insurance fraud were Holly C. Bakke, Commissioner of the Department of Banking and Insurance, Attorney General David Samson, First Assistant Attorney General Peter C. Harvey, Insurance Fraud Prosecutor Greta Gooden Brown, John Tiene, President of the Insurance Council of New Jersey, and Ken Pringle, General Counsel of the New Jersey Special Investigators Association.



McGreevey

McGreevey praised Insurance Fraud Prosecutor Brown, who reported that her office this year has doubled the number of criminal fraud convictions obtained and civil sanctions imposed in 2001. The Governor reiterated his commitment to fight high auto insurance rates by implementing a "zero tolerance" policy against uninsured drivers and impounding the vehicles of individuals who drive without insurance.

"This Administration is committed to fighting insurance fraud because it takes money out of the pockets of the hard-working citizens of New Jersey," McGreevey said. "An estimated 10 percent of the insurance bill of every New Jersey family goes to the cost of insurance fraud. We are going to work in partnership with the insurance industry to vigorously enforce the laws we have, while creating tougher laws to crack down on fraud."

The Governor said new rules adopted by the Department of Banking and Insurance will permit auto insurance companies to cancel within 60 days the policies of drivers who lie on their applications.

"Our role is to make sure that insurance companies have the tools they need to fight fraud at the underwriting level," Bakke said. "Insurance companies, in turn, must do their part to fight fraud and not just pass along the costs to consumers."

The Administration is also drafting legislation to expand the Health Care Claims Fraud Act, which provides for automatic permanent forfeiture of health care licenses for those convicted of health care claims fraud in the second degree, and a one-year suspension for those convicted of health care claims fraud in the third degree.

McGreevey's third initiative will prevent counterfeiting of auto insurance cards in New Jersey so uninsured drivers cannot deceive police and other officials.

The Attorney General's Office of Insurance Fraud Prosecutor, the Department of Banking and Insurance and New Jersey's insurance industry have strengthened their joint commitment to reducing insurance fraud through targeted initiatives, including a crackdown on uninsured

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DAWN RAFFERTY APPOINTED EXECUTIVE DIRECTOR OF REAL ESTATE COMMISSION

Dawn Rafferty, appointed June 11 as executive director of the Real Estate Commission, is no stranger to real estate and government. A current resident of Monmouth County, Rafferty learned about both from her mother, former New Jersey Secretary of State Joan Haberle, who served as executive director of the Real Estate Commission from 1977 until 1982.

As a 10-year-old, Rafferty began watching her mother conduct real estate transactions, and she credits her mother for being a role model. She says, "It's not just the nuts and bolts of the business that were pounded into my head early on, but also good business values." Without encouragement to "go for what you want, and be strong," Rafferty says, "I would not be where I am today. My mother taught me to always be honest with people."

For a time, Rafferty pondered a career in fashion design, but says real estate and public service kept pulling her back. She has spent all of her adult life either in public service positions or in real estate. During an 11-year period as a licensed real estate agent, she has hung her license with Mary Holder Agency in Spring Lake, The Thomson Agency in Avon-by-the-Sea, Diane Turton Realty in Spring Lake and finally, with her mother at the Joan Haberle Agency in Lambertville. Rafferty twice held the highest sale in Spring Lake, which is difficult to accomplish and maintain in that market.

As a former agent, Rafferty is committed to fighting real estate fraud. "Having this job – and having been on the other end of things – leaves me with no tolerance for people that can't abide by rules and regulations. It should be a pleasure to buy a house in New Jersey, but unfortunately, that's not always the case. I see too many scams out there, and this is extremely disturbing."

Dawn Rafferty was appointed executive director of the Real Estate Commission on June 11.

Rafferty's government experience is extensive as well. During the administration of Governor Brendan T. Byrne, she worked first in the Department of Personnel. As a licensed travel agent, Rafferty later served as a travel service specialist for the Division of Purchase and Property under the Department of Treasury. A graduate of Rutgers University's School of Alcohol Studies in New Brunswick, Rafferty also played an integral role in establishing Governor James J. Florio's Council on Alcohol and Drug Abuse. At the time, she was also a staff member of the Department of Treasury.

Rafferty sought the executive director's post because she wanted to be part of the McGreevey Administration. "I was excited

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RAFFERTY

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about the opportunity to be a part of a team that's not afraid to try new ideas – and takes advantage of opportunities to make positive changes for the people in this state."

As a former agent, Rafferty is committed to fighting real estate fraud. "Having this job – and having been on the other end of things – leaves me with no tolerance for people that can't abide by rules and regulations. It should be a pleasure to buy a house in New Jersey, but unfortunately, that's not always the case. I see too many scams out there, and this is extremely disturbing."

Her efforts to work more closely with the Division of Banking and the Division of Insurance are part of a broader strategy to form partnerships, both within state government and with real estate groups.

But Rafferty's focus is giving the Commission visibility. "I want to make sure that the community knows that we are available, and most of all, that we are here to help."

COMMISSION ADOPTS AMENDMENTS TO N.J.A.C. ADVERTISING REGULATIONS

The Commission approved for adoption amendments to its advertising rules found at N.J.A.C. 11:5-6.1, regarding offering free or discounted products or services. The majority of these amendments follow a change in the statute N.J.S.A. 45:15-17(g), made in 2001. That section of the statute was amended April 19, 2001, to permit licensees to offer free or discounted products or services to consumers so long as: (1) the receipt of the offering is not contingent upon the recipient entering into a listing agreement, contract of sale, or other real estate contract; (2) the offer does not involve a lottery, contest, drawing or game; and (3) the offer does not include a lot or parcel of real estate.

The new amendments to 11:5-6.1 require disclosures to be provided to consumers regarding the offerings, and specifies when and how the disclosures must be made. If a home warranty is offered, advertisements must specify who is responsible for payment. The amendments also include a general prohibition about making any misrepresentation or false promise in advertising. If an advertisement states that the firm is "Licensed by the New Jersey Real Estate Commission," the ad must also state that "Licensure does not imply endorsement." Also, if an advertisement includes a specific rate of commission or amount of compensation, the ad must also state that "In New Jersey commissions are negotiable."

The full text of the amendments are available on the Department's web site, www.njdobi.org, and copies will be mailed to all licensed New Jersey real estate brokers.

WELL TESTING ACT REQUIRES WATER TEST PRIOR TO SALE

The Private Well Testing Act, N.J.S.A. 58:12A-27, makes the testing of certain private wells that are a source of potable water mandatory prior to the sale of property. The Act mandates that every contract of sale for real property that has a private well contain a provision that requires the testing of the well as a condition of sale. The Act also mandates that closing of title cannot occur unless both the buyer and seller have certified that they have received and reviewed the water test results.

The test must be performed by a laboratory certified by the New Jersey Department of Environmental Protection. The New Jersey Real Estate Commission has received advice from the Attorney General's Office stating that the requirements apply to contracts of sale entered into on or after September 14, 2002.

The Act extends to rental properties as well. By March 14, 2004, landlords who rent out property with drinking water supplied by private wells must test and share the results with their tenants within 30 days of receiving the results. The landlord must also provide the results to each new tenant. Landlords must test the water every five years.

The Department of Environmental Protection set up a web page, www.state.nj.us/dep, and a toll-free hotline, 1-800-4PW-TEST, so the public can obtain further information about the new testing requirements.

MASTERING THE "BASICS"

INFORMATION ABOUT NEW JERSEY'S BASIC AUTO INSURANCE POLICY

The Basic Policy was established pursuant to N.J.S.A. 39:6A-3.1 as a lower-cost alternative to standard coverage for drivers for whom: a.) standard coverage may be cost prohibitive; b.) standard coverage limits may be excessive given personal circumstances; or c.) driving uninsured in violation of N.J.S.A. 39:6A-3 may be contemplated as an alternative to standard coverage.

To date, very few drivers for whom the Basic Policy appears suitable have taken advantage of the option. The Department is concerned that the negligible number of Basic Policies now in force (less than 0.22% of all policies in force) indicates that many drivers who could consider the option have not done so because they and producers lack accurate information. New Jersey has an estimated 600,000 uninsured drivers who by driving uninsured are putting themselves and others at substantial risk. Drivers who elect the Basic Policy as an alternative to driving uninsured benefit both themselves and the general public. What appears below is a bulletin issued by the Department about the Basic Policy process for producers, applicants and prospective applicants.

1. Any owner of an automobile registered or principally garaged in New Jersey may elect to meet minimum mandatory insurance requirements with the Basic Policy. Owners of automobiles requiring collision coverage because of lease or financing terms for the vehicle may elect to add those coverages to the Basic Policy, with all unaffected coverages remaining as set forth in N.J.S.A. 39:6A-3.1, in cases where the insurer offers such an option.
2. Insurers and producers in the voluntary market are required by law to offer coverage, including but not limited to the Basic Policy, to any eligible person who asks for coverage, except where the Department has exempted the insurer from eligible-persons requirements.
3. Drivers who elect the Basic Policy as an alternative to driving uninsured gain several protections, as set forth in N.J.S.A. 39:6A-3.1, as well as a right to sue. Uninsured drivers do not have a right to sue for damages relating to the operation of their vehicle.
4. A properly completed and executed coverage selection form, including for coverages provided by the Basic Policy, is prima facie evidence of the insured's knowing election or rejection of any coverage option.
5. N.J.S.A. 39:36A-23 immunizes insurers from liability for damages relating to the levels of coverage elected or rejected by a driver in a properly completed and executed coverage selection form. N.J.S.A. 17:28-1.9 specifically provides the same immunity for producers.
6. All applicants and prospective applicants must be informed of the existence and terms of the Basic Policy, and provided with the opportunity to select the policy.
7. The Personal Auto Insurance Plan (PAIP) and all insurers should notify their producers of each of the provisions of this bulletin.

A MESSAGE FROM COMMISSIONER HOLLY C. BAKKE

It's hard to believe that 10 months have passed since I returned to the Department. The opportunity to reconnect with so many familiar faces and to get to know those who have joined the staff over the years has been very special.

I remain convinced that the staff at the Department of Banking and Insurance is one of the best-kept secrets in state government. This new section of Banking & Insurance Quarterly, *In the Department*, will change that: On these pages, you will find stories and accomplishments of staff members, both in and out of the office.

The focus of everything we do here at DOBI is the consumer. We help drivers shop for auto insurance, we ensure fair treatment of bank or mortgage customers, we watch out for homebuyers in today's competitive real estate market, and we make sure that the institutions that serve our consumers meet standards for corporate governance. We are taking steps to combat the growing problem of predatory lending practices.

As part of this mission, we have reorganized our phone system to improve response times and better direct callers to staff members who can give them quick assistance. In the coming months, our commitment to the consumer will be

Bakke

demonstrated in other ways.

Our outreach efforts are not limited to consumers, however. We want to live up to our Mission Statement of regulating in a way that "promotes the growth, financial stability and efficiency" of the banking, insurance, and real estate industries.

Starting with the Auto Working Group, we have tried to seek input from key constituencies on many issues. We invited a group of doctors to the Department to discuss problems in the medical malpractice market. We are building better ties with the agent community as we implement a new producer licensing regulation and discuss changes to the auto insurance system. Both here at DOBI and at meetings across New Jersey, we are hearing concerns of the banking community. Many ideas from these sessions will find their way into new laws or rules.

Let me highlight some items in this edition that merit special attention:

- We are proud of the Newark Consumer Center and the staff who have taken turns meeting with members of the public and answering calls (*see page 1*). We have great plans for the center in the coming year.
- Following the corporate accounting scandals that started a year ago with Enron, we wanted to emphasize to the businesses we regulate how we work to prevent conflicts of interest and misrepresentation of financial information. The corporate governance bulletins we issued are summarized on page **4** and are available on the web at www.njdobi.org.
- In November, an important new producer licensing regulation took effect. The changes will affect every licensee in New Jersey, and we hope that the promise of online licensing will make the process work better for everyone. Please note the Just for Producers feature on page **12**, and check the web site for updates.

You'll notice a new look for this edition of Banking & Insurance Quarterly. It's part of an ongoing effort to make all our publications, both printed materials and those on the web, better designed and more user-friendly. In the coming year, most of our publications will get a design overhaul – and we will produce our first materials in Spanish.

It's been great working with our regulated industries in 2002. With your help, I look forward to more achievements at DOBI in the new year.

An Expanding Role for Office of Insurance Claims Ombudsman

Managing a consumer hotline, time-sensitive complaints among key new duties

Walk the halls of the Department's Consumer Protection unit on an average work day and something becomes clear in a hurry: These guys might be called lots of things, but "soft" sure isn't one of them.

The unit is known for its tough-but-fair approach to complaints about the industry, for investigations that lead to millions of dollars a year in sanctions and restitution – and for its staggering workload. But as successful as the group is, staffers understand that some kinds of problems aren't easily solved in such a high-volume environment. Enter the Office of the Insurance Claims Ombudsman.

"The Consumer Protection staff doesn't have the luxury of time," says Anne Marie Narcini, who became Acting Ombudsman in March. "Consumers on the verge of a crisis often need a kind of special and immediate attention that Consumer Protection can't always provide without taking the risk that some other consumer's problem will end up on the back burner. That's where we come in."

Examples of time-sensitive problems include looming policy nonrenewals or cancellations (Narcini notes that consumers "sometimes wait until the last minute to call") and collection activity resulting from an insurer's failure to pay a doctor's bill. There are cases of large claims, such as from a total loss on a car or a house, and cases involving approvals for medical procedures.

"We can't always give them a happy ending," Narcini says, "but in those cases we do try very hard to make sure they understand why the insurer is right and what other options they might have. We see a duty to educate as well as assist, to help folks understand how their policy works and why they might not be getting what they'd like."

Pictured from left, front row, are Debbie Seidel (support staff), Patricia Fleming (investigator), Jeff Lippincott (investigator), Acting Ombudsman Anne Marie Narcini and Joe Mellito (investigator). In back row, from left, are Phyllis Sabino (investigator), Roland Barnes, Jr. (investigator), Jeff Miller (investigator), Bob Palentchar (supervisor, investigator) and Steve Case (investigator). Not pictured are John Howell (investigator) and Diane Spence Brown (support staff).

Narcini's staff still maintains the role of mediator between carriers and consumers – trying not only to explain both sides but also to see if a compromise can be reached. The approach is often successful, she says, and can be especially helpful on "hot" new issues such as New Jersey's recent mandate on infertility benefits.

The Office has also expanded to manage a newly revised consumer hotline that is seeing increasing use. Since the addition of information on auto insurance in August, the hotline has been averaging more than 1,400 calls a month.

"The hotline is one of the areas where our staff is really going above and beyond," Narcini says. "There are only 6 or 7 folks handling all these calls every day and I have never, ever received a com-

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ATTORNEY DOUGLAS A. WHEELER NAMED ASSISTANT COMMISSIONER

Douglas A. Wheeler, an attorney whose range of expertise includes auto, health and medical malpractice insurance as well as predatory lending, was named Assistant Commissioner of Legislative and Regulatory Affairs at the Department of Banking and Insurance on October 21.

Wheeler, of Metuchen, is eager to apply the knowledge he gained in private practice and at the Senate Democratic Office to issues the Department faces. While working as Assistant Counsel and then as Staff Counsel with the Senate Democratic Office from May 1999 until his appointment with the Department, Wheeler served as in-house legal counsel for 20 Democratic State Senators. He also staffed the Senate Judiciary and Commerce Committees and researched and drafted legislation.

Before joining the Senate Democratic Office, Wheeler was employed as an attorney from August 1997 to April 1999 with Meyner and Landis, a Newark law firm where he participated in civil litigation, real estate transactions and residential and commercial tax appeals. From August 1996 to August 1997, Wheeler was an attorney with Schwartz, Simon, Edelstein, Celso and Kessler in Florham Park. His responsibilities there included involvement in all phases of employment law and commercial litigation.

WHEELER

Wheeler received his juris doctorate in 1996 from Seton Hall University School of Law in Newark, where he served as director of Staffing and Symposia for the Legislative Law Journal. While earning his degree, he also served as a legislative legal intern with the Senate Democratic Office.

In addition to adjusting to his new job, Wheeler also will soon take on another new role as he and his wife are expecting their first child in January.

OMBUDSMAN

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plaint from someone that an investigator was rude or abrupt or did not answer the questions. I can't really describe how grateful I am to these folks. We've hit them with a ton of new challenges and their workload has increased dramatically but they keep accepting the challenge and never, ever complain. They actually smile and greet me warmly even when they know I'm heading their way to give them more work!"

Joining the hotline duties is a relatively new development encouraged by Commissioner Bakke: e-mail correspondence. The Office helps with responses for 75 to 100 e-mails to the Commissioner each month, as well as those flowing to the Office's own group e-mail account.

Community outreach is handled by two staff members in particular, Phyllis Sabino and Pat Fleming, who travel to libraries, schools, senior centers and housing groups to give presentations on auto and homeowner issues. At least twice a month they man a booth at DMV centers throughout the State to answer questions on insurance. And they also chip in with presentations to producers regarding a new licensing law. Under Narcini's leadership the pair is on the road three or four days a week, including evenings.

Ask her what she thinks is most important about the Office and Narcini is likely to talk about her staff. "As a team they are the finest group of knowledgeable, friendly and motivated folks I've ever had the privilege of working with," Narcini says.

JUST FOR PRODUCERS

HOW A NEW LAW, REGULATIONS WILL AFFECT YOU

On November 4, the Department of Banking and Insurance adopted new and amended regulations to implement the Producer Licensing Act of 2001. Questions and answers below highlight major changes. Please check the Department's web site, www.njdobi.org, for more information.

What are some of the changes resulting from the Producer Licensing Act of 2001?

The definitions of "resident" and "nonresident" have changed. You no longer must be a resident if either your home or office is in New Jersey. If either the home and office are not in New Jersey, you can now select your home state. For example, if you live in Pennsylvania, but have an office in New Jersey, you can now choose to be licensed as a New Jersey nonresident.

The question of who needs to be licensed is now uniform. Anyone who sells, solicits or negotiates insurance must be licensed.

Resident applicants must submit fingerprint cards.

Lines of authority are now consistent with the National Association of Insurance Commissioners Model Act. The lines are Property, Casualty, Life, Health, Variable, Title, Surplus Lines and Personal Lines Property/Casualty.

Resident business entities must obtain approval from the Department for the use of business names. Branch offices cannot conduct business unless a licensed producer is present. Previously, a licensed producer had to be permanently assigned to the branch office.

If a producer becomes disabled or dies, an appointed representative, surviving spouse or next of kin may request a 180-day temporary license. The applicant must designate a sponsor who is currently licensed as an insurance producer in New Jersey or an insurer authorized to write in New Jersey.

Limited Lines producers replace Limited Insurance Representatives registered by insurance companies.

What is involved with obtaining a Limited Lines Insurance Producers license?

Individuals and business entities must apply for a license and comply with all producers law and regulations for standards of conduct, record keeping, fees and management of funds. Applications and criminal background are reviewed.

What types of limited lines licenses are there?

The types are: bail bonds, credit insurance, legal insurance, ticket insurance, group mortgage cancellation, self-storage personal property, and special nonresident limited lines (for limited lines offered by other states, but not New Jersey).

What about the new variable authority?

To obtain variable authority, licensees must also supply their NASD or State securities bureau registration or license number. Producers who now have life authority can have variable authority added by submitting their license/registration number until December 31, 2003, for no additional fee. After that the $20 fee for adding a line of authority will apply.

Are there any changes that affect surplus lines producer licenses?

Nonresidents may now obtain surplus lines authority; a bond is no longer a condition for licensure; and a New Jersey office is no longer required. These changes assure compliance with the reciprocity provisions of the federal Gramm-Leach-Bliley Act.

What are some of the changes to insurance education?

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GOVERNOR MCGREEVEY TARGETS AUTO AND MEDICAL INSURANCE FRAUD

CONTINUED FROM PAGE 5

motorists and law enforcement programs aimed at identifying automobile claims fraud, as well as health insurance and Medicaid program benefit fraud.

"Our focus is on cooperative law enforcement initiatives that maximize resources," said Attorney General Samson. "We recognize that by working together, federal, state, county and local law enforcement agencies are better positioned to identify, investigate and prosecute insurance fraud. The Office of Insurance Fraud Prosecutor has been leading those efforts in New Jersey."

According to Insurance Fraud Prosecutor Brown, her office has realized a 132-percent increase in defendants charged, a 120-percent increase in guilty pleas, and a 147-percent increase in civil sanctions imposed during the first eight months of 2002. The Office of the Insurance Fraud Prosecutor charged 165 defendants in 2002, versus 71 defendants charged for the same period in 2001. Similarly, 95 defendants pleaded guilty to criminal insurance fraud charges through August 25, while 43 guilty pleas were obtained by that date last year.

Additionally, the Office of the Insurance Fraud Prosecutor has imposed sanctions in 2,827 civil fraud cases thus far in 2002, compared to 1,143 civil sanctions for the same period in 2001. It has collected $4.3 million in penalties, up from $2.6 million last year.

A new "Uninsured Motorists Identification Directory" has been developed by the OIFP to serve as a quick, up-to-date reference for police and insurance fraud investigators. It will be distributed to police departments, county prosecutors' offices and other law enforcement agencies.

"The Insurance Council of New Jersey and its 32 insurance company members join Governor McGreevey in his 'zero tolerance' policy against insurance fraud," said John Tiene, President of the Insurance Council of New Jersey. "The heightened level of activity at the Office of the Insurance Fraud Prosecutor and the dramatic increase in actions against those who defraud the honest policyholders of our state demonstrates the strong level of cooperation among the public, state government, law enforcement and insurance companies."

New Jersey residents can obtain more information or report insurance fraud to the Division of Criminal Justice — Office of Insurance Fraud Prosecutor by calling toll-free, 1-877-55-FRAUD (1-877-553-7283), or visit the web page, www.NJinsurancefraud.org.

PRODUCERS

CONTINUED FROM PAGE 12

Insurance Education Providers (schools approved to provide prelicensing and/or continuing education to resident producers and potential applicants) can now designate authorized personnel to assume tasks previously reserved for the director. Such tasks include submitting requests for course approval, signing certification forms, preparing schedules and contacting the Department.

The provider no longer must maintain a New Jersey office. Records must be maintained and information provided for new, potential, past and current students to contact the provider through its authorized personnel and director, and those records must be accessible to the Department. Insurance education providers, directors and authorized personnel are subject to suspension, revocation of approval, termination or monetary penalty for violating, or aiding or abetting anyone in violating any New Jersey insurance laws, demonstrating incompetence or untrustworthiness in the role, or for fraud or misrepresentation.

What other changes can be expected?

A new web-based licensing system developed with the NAIC will allow producers to renew, change addresses and check status online. It should be available in early 2003.

Electronic agency appointments and terminations will be permitted through the National Insurance Producer Registry.

ADMINISTRATIVE ACTIONS, BANKING

Licensee	Type of Order	Reason	Date of Order	Effective Date	Status
1st Mortgage.Com Inc.	Amended Suspension Order	J-M	5/8/02	5/28/02	Suspended
JP Funding Inc.	Final Suspension Order	A-J-M	5/8/02	5/28/02	Suspended
Neway Financial Services, Inc.	Notice of Suspension & Penalty	M	5/8/02	5/28/02	Pending Final Order
The Treasurer	Notice of Suspension & Penalty	P	5/8/02	5/28/02	Corrected 6/11/02*
The Molly Company	Notice of Suspension & Penalty	J	6/4/02		Pending Final Order
American Skycorp Inc.	Notice of Order & Suspension	M	6/4/02	6/24/02	Pending Final Order
Michael Milov	Notice of Suspension	M	6/4/02	6/24/02	Corrected 6/11/02*
Park Avenue Mortgage Corp.	Notice of Order & Suspension	G	6/4/02	6/24/02	Pending Final Order
Secaucus Check Cashing	Notice of Order & Suspension	M	6/4/02	6/24/02	Pending Final Order
Marquise Financial Services, Inc.	Notice of Order & Suspension	M	6/4/02	6/24/02	Pending Final Order
Vasquez Travel Agency	Notice of Order & Suspension	E	7/17/02	8/14/02	Pending Final Order
1st Mortgage.Com Inc.	Amended Suspension Order	J,M,R	8/26/02	10/1/02	Pending Final Order
Albiez Insurance Agency, Inc.	Notice of Suspension Order	J,M	8/26/02		Pending Final Order
American Skycorp Inc.	Final Suspension Order	M	8/26/02	8/26/02	Suspended
East Bay Funding Corp.	Notice of Order & Suspension	J,M	8/26/02	9/24/02	Pending Final Order
Envios De Valores Dominicanos Inc.	Notice of Order & Suspension	P	8/26/02	9/27/02	Pending Final Order
Executive Mortgage Services, Inc.	Final Suspension Order	M	8/26/02	8/26/02	Suspended
Global Benefits Inc.	Notice of Order & Suspension	E	8/26/02	10/2/02	Pending Final Order
John Christie & Company	Notice of Order & Suspension	M	8/26/02	10/3/02	Corrected 9/26/02*
Namur Travel	Notice of Suspension Order	P	8/26/02	10/1/02	Pending Final Order
Omni Mortgage	Notice of Order & Suspension	M	8/26/02		Pending Final Order
Power Mortgage Co. Inc.	Final Suspension Order	M,G	8/26/02	8/26/02	Suspended
San Francisco Money Transfer Inc.	Notice of Order & Suspension	S	8/26/02		Pending Final Order
Zachary Jackson Mortgage Inc.	Notice of Order & Suspension	M	8/26/02		Pending Final Order

Reason Codes

A-Failure to file 1998 annual report
B-Unlicensed activity and penalty
C-Late filing penalty for annual report
D-Failure to file 1997 annual report
E-Failure to maintain surety bond coverage
F-Failure to notify Department of prior suspension
G-Dishonored check issued to Department
H-Failure to fund mortgage loans
I-90-Day Emergency Suspension/Check Casher
J-Failure to file 1999 annual report
K-Failure to pay examination bill
L-Revocation and a bar to sell money orders
M-Failure to file 2000 annual report
N-Failure to respond to examination
O-Address Change Violation
P-Failure to pay penalty
Q-Failure to complete fingerprint process
R-Failure to make refund to consumer
S-Failure to file 2001annual report
*Order Rescinded

NJREC RECENT DISCIPLINARY ACTIONS

Jeff P. Lagowitz, formerly licensed salesperson. Mr. Lagowitz formerly was associated with a New York City brokerage firm. After a hearing in mitigation, the Commission found that Mr. Lagowitz was ineligible to reinstate his salesperson's license because the conduct underlying his criminal conviction demonstrated that he did not possess the good moral character, honesty, integrity and trustworthiness that all candidates for license must possess as required in N.J.S.A. 45:15-9. The Commission further found that Mr. Lagowitz had engaged in unlicensed real estate activity in violation of N.J.S.A. 45:15-1 and 15-3. The Commission determined that Mr. Lagowitz would not be eligible to become licensed as a salesperson until July 1, 2004, or when his criminal probation ends, whichever is later, and that he would have to requalify for a license by taking the prelicensure education course and state examination. The Commission also imposed a $5,000 fine.

George J. Colavito, broker, Middlesex County. On June 18, 2002, the Commission approved a settlement whereby, without admitting to any violation of the Real Estate License Law or the Commission's regulations, Mr. Colavito did not contest allegations that he was in violation of N.J.A.C. 11:5-6.4 regarding his fiduciary duties. He agreed to complete the thirty-hour course offered as a part of the broker's prelicensure course on agency.

David S. Cooper, formerly licensed broker, Middlesex County. On July 16, 2002, after a full hearing, the Commission found that Mr. Cooper was not eligible to reinstate his license until February 2006 pursuant to N.J.S.A. 45:15-12.1, based on his criminal fraud conviction. The Commission further found that he was found guilty of violating N.J.S.A. 45:15-17(s), failing to report his arrest and conviction within 30 days, and N.J.A.C. 11:5-3.9 (a) and (c) for failing to maintain a full-time office open to the public prior to the expiration of his license. The Commission also imposed a fine in the amount of $500.

Patricia DeClemente, salesperson, Cape May County. On July 23, 2002, after a full hearing, the Commission found that Ms. DeClemente had violated N.J.S.A. 45:15-17(e), unworthiness, bad faith and dishonesty, and (l), fraud and dishonest dealing when she misappropriated escrow deposit monies from her broker's escrow account by signing her broker's name to checks which she then cashed. The Commission revoked Ms. DeClemente's license for five years and imposed a fine in the amount of $1,500.

LeRoy Gillead, salesperson, Union County. On September 10, 2002, after a full hearing at which Mr. Gillead failed to appear, the Commission found that Mr. Gillead had violated N.J.S.A. 45:15-17(d) in failing to account for or pay over the funds of others coming into his possession; N.J.S.A. 45:15-17(a) and (c), pursuing a flagrant and continuous course of misrepresentation; (e) unworthiness, bad faith and dishonesty and (l) fraud and dishonest dealing. Mr. Gillead misrepresented the ownership status of a property and obtained a deposit from a purchaser, which he failed to return when he was requested to do so. The Commission revoked Mr. Gillead's license for 10 years, assessed a fine in the amount of $5,000 and ordered that he make restitution in the amount of $10,500.

William Brottman, broker-salesperson, Sussex County. On September 24, 2002, the Commission approved a settlement wherein Mr. Brottman admitted to a violation of N.J.S.A. 45:15-17(e), unworthiness, and advertising violations (N.J.A.C. 11:5-6.1(b), (g) and (n)). Based on those admissions, Mr. Brottman agreed to a six-month suspension of his license and agreed that once his license is reinstated, it will be held on a probationary basis for six months. Mr. Brottman also agreed to pay a $5,000 fine.

Denise Hecht, salesperson, Sussex County. On September 24, 2002, the Commission approved a settlement wherein Ms. Hecht admitted to a violation of N.J.S.A. 45:15-17(e), unworthiness, and agreed to have her license held on a probationary basis for a period of one year. Ms. Hecht also agreed to pay a fine in the amount of $1,500.

Judith O'Neil, salesperson, Sussex County. On September 24, 2002, the Commission approved a settlement wherein Ms. O'Neil admitted to a violation of N.J.S.A. 45:15-17(e), unworthiness, and agreed to have her license held on a probationary basis for a period of six months.

INSURANCE FINES

A fine of either $250 or $500 was imposed on the following licensees for failure to notify the department of changes in business and/or residence mailing addresses.

Arguello, Gabriel	San Antonio, TX
Awad, Susan	Bayonne, NJ
Beachy, John R.	Medford, NJ
Bianculli Jr., August	Rutherford, NJ
BiGiea, Joseph	Franklin Lakes, NJ
Boost, Martin	Santa Ana, CA
Broder, Alain	Brooklyn, NY
Brown, Joseph M.	Mahwah, NJ
Butera, Christine	West Caldwell, NJ
Cambetas, Rui	Peekskill, NY
Cammarota, William G.	North Haledon, NJ
Canta, Ronald George	Castroville, TX
Carualho, John	Cranford, NJ
Casas, Rodolfo S.	Stamford, CT
Casbarro, Ralph	Bayside, NY
Chang, Hongsoo	Ridgefield, NJ
Choi, Chung H.	Rutherford, NJ
Collins, Darrel	Plainfield, NJ
Cooper, C. Clinton	Kinnelon, NJ
Crescibene, Eugene	East Hanover, NJ
Day, Sue Anne	Bloomingdale, NJ
Doles, Ronald M.	Manasquan, NJ
Fallon, Robert J.	Newburgh, NY
Farrar, John D.	Springfield, MD
Figueiredo, Antonio	Hillside, NJ
Fischer, Donald R.	Wyckoff, NJ
Franco, Charles M.	Bloomfield, NJ

Garza, Melissa	San Antonio, TX
Geronireo, Zenalda	Union, NJ
Ghabaur, Joseph	Jersey City, NJ
Gibbons, James F.	Hillsborough, NJ
Giordano, Elvin R.	Brielle, NJ
Giraran, Franchesa	Largo, FL
Guhl, Gerald M.	East Rutherford, NJ
Guler, Kemal	East Brunswick, NJ
Handler, Martin	Brooklyn, NY
Harris, Paul Steven	Boca Raton, FL
Heffernan, F. Michael	Walnut Creek, CA
Hickman, Loretta A.	Gibbsboro, NJ
Johnson, Frederick A.	Vauxhall, NJ
Juneau, Andre P.	Austin, TX
Lee, James H.	Lakewood, NJ
Loftos, Kevin W.	Pine Brook, NJ
Lovsa, Marisol	Belleville, NJ
Loyas, Edward J.	Elmwood Park, NJ
Monaghan, Elaine	Sewell, NJ
Monroe, Vicky L.	DeFiance, MO
Morris III, Kenneth E.	New Bern, NC
Myers, Nicholas P.	Alto, MI
Nealy, Dale	Dennison, OH
Olson, Kellie L.	Mays Landing, NJ
Park, Myeong K.	Closter, NJ
Patois, Carole	West Paterson, NJ
Patruno, Laura A.	Kenilworth, NJ
Patterson, George B.	Denville, NJ
Poblete, Jonathan	San Antonio, TX
Popowich, John E.	Verona, NJ
Prideanx, Daniel W.	Cape Coral, FL
Puhlovsky, Leda J.	Paterson, NJ
Raman, Sree J.	Northbrook, IL
Ranalli, Dennis D.	Fairview, PA
Randis, Thomas	Livingston, NJ
Ricra, Carlos	Kearny, NJ
Rittman, Glenn	Cedarhurst, NY
Robertson, Terrie	Horseheads, NY
Rodriguez, Cesar	Roselle Park, NJ
Rogers, Wendy Crystal	Brandon, FL
Salaza, Leonard	San Antonio, TX
Shakkokr, Elias S.	Paterson, NJ
Showalter, Avdra	Denver, CO
Shute, TY W.	Weston, MA
Sposato, Ronald L.	Danbury, CT
Stellato Jr., Joseph R.	Clark, NJ
Stoddard, Chris	Millstone, NJ
Stone, Stanley S.	Encino, CA
Tamarkin, Robert Brian	Alpharetta, GA
Temple, James Homes	Westfield, NJ
Tessier, Frantz	Hillside, NJ
Ugarte, Jacqueline S.	San Antonio, TX
Williams, Thomas R.	Montville, NJ
Young, Jeremy B.	Berlin, NJ
Zehiner, Carol R.	Verona, NJ

PRODUCER LICENSE ACTIONS

AMF Insurance Services, Inc., Tinton Falls, and Anthony Michael Feliz, Wall – License suspensions pending the resolution of charges contained in department Order to Show Cause No. E02-207.

Ambrose, Michael P., Hillsborough – Revocation for utilizing the proceeds of a life insurance loan for his own use.

Binczak, Joseph A., West Charlton, NY – Revocation, $140,250 in fines, $400 in costs and restitution of $486,500 for, without the knowledge or consent of the insureds, causing documentation to be submitted to an insurer directing that funds be withdrawn or transferred from the insureds' annuities/Individual Retirement Accounts, resulting in checks being issued by the insurer, which were then deposited into a bank account controlled by Binczak, who used the proceeds for his personal benefit without the knowledge or consent of the insureds; failing to comply with a departmental subpoena and changing his business and residence addresses without proper notification to the Commissioner.

Kelly, John A., Cherry Hill – Two-year license suspension, $20,000 in fines and restitution of $43,325.10 for placing health insurance coverage with Atlantic Healthcare Benefit Trust, an unauthorized and ineligible insurer which resulted in certain medical claims not being paid; failing to exercise reasonable skill, care and diligence in selecting a financially secure insurer, and failing to maintain accurate books and records reflecting all insurance related transactions in which he took part.

Lim, Jangsoo, Forest Hills, NY – Revocation for submitting policy loan forms to an insurer without the knowledge or consent of the insured and requesting that checks in the aggregate amount of $15,000 be issued to the insured, subsequently falsely cashing the checks and retaining the proceeds for his personal use.

Morris, Owen A., East Orange – 60-day license suspension and $2,000 fine for two instances of accepting a deposit for fire and/or liability coverages and failing to secure a policy; failing to remit to an insurer in a timely manner the full amount of a payment received from an insured; failing to return unearned premium to an insured; failing to respond to a departmental inquiry; and submitting applications to NJPAIP which resulted in various deficiencies being assessed by NJPAIP.

Myerson, Bobby F., Laurel Springs – Revocation, $5,000 fine, $225 in costs and restitution of $21,000 plus interest for accepting $30,000 from a client for an insurer's Keogh plan and misapplying the funds to another producer, who used the funds for his own benefit, and failing to make restitution to the client despite signing a document with the other producer that they would make restitution.

National Program Services, Inc., Cedar Knolls, and active officer Vito Grupposo, Basking Ridge – License suspensions pending the resolution of criminal charges.

The following limited insurance representatives or insurers were fined for failing to register a trade name with the department.

Granite State Insurance Company – $1,000
Henry, Nancy, Mount Holly – $1,000
Nalbone, Derek J., Trenton – $2,000 (Includes a penalty for charging an improper fee.)

CORRECTION: In Volume 1, No. 3, in an administrative action concerning N.J. National Associates, Inc., Cape May, the names of the active officers involved were omitted. The active officers named in the administrative action were Gregory J. Coffey, Frank Gauvry and Charles Pessagno.

PRODUCER PENALTIES

Atlantic Title Agency, Inc., Millburn, and active officer William S. McLaughlin, Basking Ridge – $1,000 for allowing a revoked producer to transact the business of title insurance.

Friedman Benefits Group, Mount Laurel, and active officer Karl M. Friedman, Cherry Hill – $3,000 for placing a life insurance application with an unauthorized insurer and for incorrectly reflecting the place where the application had been signed.

Goellner, Eugene H., Red Bank – $1,250 for disseminating an advertisement for life insurance in which he failed to identify the producer he was representing or the nature of his relationship with the producer.

Megaro, Anthony T., Montville – $2,500 for distributing a misleading solicitation for health insurance that lead prospective purchasers to believe that they were guaranteed premium savings with the same or better coverage.

Petropoulos, Robert E., Ringoes – $1,000 for failing to comply with the department's life insurance replacement regulation.

P. L. Services, Inc., West Windsor – $500 for using an unfiled trade name and for failing to notify the Commissioner of a change in its business address.

Phoenix Excess & Surplus Lines, Inc., West Trenton; owner Edward S. Johnson, Newtown, PA; and active officers Dennis W. Pellegrino, Bayville; Bernadette T. Johnson, Newtown, PA; and Michael A. McGee, Williamstown – Revocation of the agency license, $78,500 in fines, $251,495 restitution, and 90-day license suspension for Pellegrino for charging policyholders an inspection fee when an inspection was not performed or was greater than the fee charged by the firm performing the inspection.

Redwoods Group, Inc., Westwood, $50,000 fine; **Colony Agency Services, Hightstown,** $10,000 fine; **and Preferred National Insurance Company,** $25,000 fine – Charged policyholders an inspection fee when an inspection was not performed or was greater than the fee charged by the firm performing the inspections, and for including the incorrect fees in the itemization of premiums on the company's declaration pages. The parties also paid restitution of $226,250.

Sentry Financial Group, Inc., Red Bank, and active officer David M. Shane, Holmdel – $1,250 for using an unfiled trade name.

Sparano, Richard, Cherry Hill – $5,000 for using an unregistered business name, operating three branch offices prior to registering them with the department, and failing to obtain a bail bond after receiving a payment for it.

Sports and Fitness Insurance Corporation, Madison, MS – $2,000 for disseminating a misleading advertisement that claimed its coverages and prices would "beat any" insured's current general liability insurance premium by 20% without reliable information or documentation to demonstrate that it could deliver on the advertised promise.

Victorian Title Agency, Inc., Haddon Heights, and active officers Renee Beck, Haddonfield; Robyn Glocker Hammond, Gibbstown; and Julia A. Majewski, Moorestown – Fines totaling $40,000 and $35,000 in restitution for conducting real estate closings and failing to make disbursements within the time period provided by and according to the requirements that are set forth in New Jersey law.

The following producers were fined for transacting insurance business without a current license.

Beers, Ralph T., Manhattan Beach, CA, – $1,000 (Includes a penalty for failing to notify the Commissioner of a change in his business address.)

Brownyard, Torrence W., Blue Point, NY – $250

Flatness, Dennis D., St. Louis, MO – $2,250 (Includes a penalty for failing to notify the Commissioner of a change in his business address.)

Ohlert Ruggiere, Inc., and active officer Joseph A. Ruggiere, Woodhaven, NY – $1,500

Paoline, John K., Andover – $250

Valente, James, West Allenhurst – $1,000

World Wide Facilities, Inc., Garden City, NY, and active officer Eileen Lesberg, Manhasset, NY – $1,500

The following producers/insurers were fined for various violations of New Jersey's surplus lines and regulations.

Brown and Brown Metro, Inc., Clark – $500
Underwriters at Lloyds – $1,000
Herbert Fisher, Newark – $250
Insurance Brokers Services, Inc., and active officer Robert J. Greenbaum, Chicago, IL – $500
Pacific Insurance Company – $1,000
Walter J. Pilipiak, Ridgewood – $1,000
Roanoke Trade Services, Inc., Schaumberg, IL – $500
Texas AGA, Inc., and active officer Alfred Raymond Bangs, Addison, TX – $250

The following companies were fined for failing to submit prompt pay reports in a timely manner.

Fortis Insurance Company – $750
New England Life Insurance Company – $1,000
United States Life Insurance Company – $1,000

The following producers were fined $500 for failing to timely notify the Commissioner of criminal or disorderly person convictions or disciplinary actions by another state.

Samuel G. Burton, Willingboro
Frank L. Cubelo, Cranford
Robert J. Mule, Trenton
Steven R. Sarkisian, Yardley, PA

The following producers have been penalized for a misrepresentation on a license application.

Ronnie K. Altieri, Paterson – $500
Diana R. Alvarado, Newfield – $500
Marc H. Buntin, Browns Mills – $250
Kathleen M. Cahill, Point Pleasant Beach – $250
Walter Gately, Piscataway – $250
Jonathan I. McLeod, Plainfield – $500
Orlando Montanez, Jersey City – $500
Craig P. Orchard, Brick – Revocation (In lieu of fine)
Michael J. Perry, Brick – $500
Maritza Ramirez, Belleville – $500
Allan J. Sanford, Oakland – $500
Andrei A. Santos, Sewell – $500
Arthur P. Stephens, Morganville – $500
John Welsh, Doylestown, PA – $750 (Includes penalty for failure to notify department of address changes.)

COMPANY FINES AND RESTITUTION

AAA Life Insurance Company – $10,000 for disseminating a false advertisement for life insurance that characterized the cash value of a permanent life insurance policy as a "savings account."

Alta Health and Life Insurance Company and One Health Plan of New Jersey, Inc. – $36,000 for the untimely non-renewal notification to policyholders who were not being transferred to another insurer; the late filing of an annual loss ratio report for SEH business; failing to return dividends and credits owed to policyholders in the time frame as required by departmental guidelines; issuing level funding products to three groups with less than 50 members which the per person retention limit was less than $20,000 and/or the expected claims for the group per year; failing to provide an informational filing of SEH rates; utilizing rates that were calculated with a trending factor that was not correctly applied and charged rates that varied by commission level; and failing to file certain prompt pay reports in a timely manner. The companies paid restitution of $154,410.

Atlantic Alliance Fidelity and Surety Company – $1,000 for submitting an Appendix Exhibit D without providing at least 30 days prior notification to the Commissioner.

CIGNA HealthCare of New Jersey, Inc. – $200,000 fine and $130,946 restitution for instances disclosed during a 2001 market conduct exam which revealed that certain claims practices of the company did not accord with various provisions of insurance statutes and regulations.

Monumental Life Insurance Company – $30,000 fine and $256,322.56 restitution for utilizing an endorsement that reduced the prescription drug benefit for pre-standard Medicare Supplement plans prior to filing the endorsement with the Commissioner.

Trustmark Insurance Company – $5,000 for failing to file informational rate filings for its small employer group business.

Veterans Life Insurance Company – $7,500 for allowing unlicensed employees of Phase One Marketing to solicit life insurance business on the company's behalf in New Jersey.

The following producers were fined for issuing insurance identification cards that failed to comply with departmental regulations.

E&K Agency, Inc., Eatontown – $250
G. David Balsley, Inc., Northfield – $250
Regina Morales-Peck, Camden – $500
W. C. Hughes Agency, Inc., Gibbsboro – $1,500 (Includes a penalty for failing to timely notify the department of changes in the active officers of the agency.)

The total amount recovered through nonpunitive fines for the year 2002 was $1,924,532.25.

45 RETIRE FROM THE DEPARTMENT OF BANKING AND INSURANCE

Name	Retirement	Division
Apoldite, Carl	7/1/02	REC
Ashe, Frank	7/1/02	Consumer Finance
Bramlett, Seneida	10/1/02	Solvency Regulation
Branch, Edith	7/1/02	Consumer Finance
Brown, Wilbur	7/1/02	Depositories
Burawski, Nancy*		REC
Cantuba, Lily	7/1/02	Depositories
Cantwell, Paul	7/1/02	Administration
Carbone, Diane	8/30/02	Public Affairs
Caruso, Thomas*		REC
Cochran, Rosalie	7/1/02	Administration
Congdon, Harry*		P&C Actuarial
Crelin, Linda	9/1/02	Banking
DeGregory, Richard*		Administration
Evans, Richard	7/1/02	Public Affairs
Fernandez, Marcel	7/1/02	Depositories
Flaster, Mitchell	7/1/02	REC
Garfing, Karen	12/1/02	Commissioner's Office
Gregorio, Estelita	10/1/02	Solvency Regulation
Haenni, Harry*		Solvency Regulation
Horahan, William	7/1/02	Public Affairs
Johannes, Dorothy	7/1/02	P&C Actuarial
Jonson, James	7/1/02	Depositories
King, Robert*		Legs and Regs
Leist, Kevin	7/1/02	Administration
Lombardo, Joann	10/1/02	Solvency Regulation
Matejik, Francis	7/1/02	Solvency Regulation
McGuire, Phyllis	7/1/02	Solvency Regulation
Mesrobian, Charlie*		Depositories
Newman, James**		L & H Actuarial
O'Donoghue, Vincent	7/1/02	Administration
Perfeti, Marie*		Consumer Finance
Perretta, Kerry	7/1/02	Ombudsman
Peters, Patricia*		L & H Actuarial
Ross, John*		Banking
Sickels, Jocelyn		Consumer Finance
Smith, Elayne	7/1/02	UCJF
Strickland, Lorraine	7/1/02	Banking
Sussman, Robert*		UCJF
Swierczek, Paul	7/1/02	Consumer Finance
Tunstall, Thelma	7/1/02	Consumer Protection
Unger, Edward*		L & H Actuarial
Vehec, Robert		L & H Actuarial
Wieczkowski, Thomas	7/1/02	Administration
Walker, Ken	11/01/02	Banking

*Retiring in 2003
**Retiring in 2004

RULE ADOPTIONS

The Office of Legislative and Regulatory Affairs adopted the following rules during the period between April 1, 2002, and September 31, 2002. Copies of these rule adoptions can be viewed on the Department's web site, at www.state.nj.us/dobi/legsregs.htm.

Filings: Property and Casualty Adopted New Rules: N.J.A.C. 11:1-2.1, 2.7 and 11:1-2 Appendix, Exhibits A and B Adopted Amendments: N.J.A.C. 11:1-2, 11:3-16.3, 11:13-2.5 and 11:13-5.1 Exhibits A, B and C	Effective 4/1/02
Smoker and Nonsmoker Mortality Tables Juvenile Insureds Adopted Amendment: N.J.A.C. 11:4-24.4	Effective 4/1/02
Group Coordination of Benefits Adopted Amendments: N.J.A.C. 11:4-28.1, 28.2, 28.4, 28.6, 28.7, 28.9 and 11:4-28 Appendix A Adopted New Rule: N.J.A.C. 11:4-28 Appendix B Adopted Repeals and New Rules: N.J.A.C. 11:4-28.8 and 28.11	Effective 4/1/02
Standards for Individual Life Insurance Policy Forms Standards for Smoker/Nonsmoker and/or Tobacco/Non-tobacco Reclassification Adopted New Rule: N.J.A.C. 11:4-41.14	Effective 4/1/02
Commercial Lines Insurance – General Provisions Adopted Amendment: N.J.A.C. 11:13-1.2	Effective 4/1/02
Requirements for Managing General Agents Adopted Amendments: N.J.A.C. 11:17-6.2 and 6.3	Effective 4/15/02
Audit Requirements Readoption: N.J.A.C. 3:29	Effective 4/15/02
Senior Citizen Insureds to Designate Third Parties to Receive Certain Notices Adopted New Rules: N.J.A.C. 11:2-19	Effective 7/1/02
Credit Unions Readoption with Amendments: N.J.A.C. 3:21	Effective 7/1/02
Health Benefit Plans Prompt Payment of Claims Denied and Disputed Claims Adopted Amendment: N.J.A.C. 11:22-1.6	Effective 7/15/02
Bank Holding Companies Readoption with Amendments: N.J.A.C. 3:13	Effective 8/5/02
Prohibition on Subrogation/Third Party Liability Provisions Adopted Repeal and New Rule: N.J.A.C. 11:4-42.10	Effective 8/5/02

Banking's Chief Examiner receives coveted Award

Janine Akey, Chief Examiner of Depositories for the Department's Banking Division, received the coveted Warren Hill Award in September at the New Jersey League of Community Bankers Senior Management Conference. The award is given for outstanding commitment and contribution in supporting New Jersey's savings and community banks' efforts to provide superior service to the community.

Past recipients of the award include: 1998 – William B. Lewis (former Deputy Commissioner of Banking); 1999 – Congresswoman Marge Roukema; 2000 – Michael M. Horn, Esq. (League Counsel and former State Treasurer, Commissioner of Banking and Assemblyman); 2001 – Nicholas J. Ketcha (at the time, the Director of the Division of Banking).

Akey, who has been with the Department since 1975 and oversees a staff of 36, is humbled to join the ranks of these past recipients. She stated, "It's rewarding to be a part of a team that fosters prosperity for consumers and business alike. What we do in our unit helps the banks accomplish their goals to provide extraordinary banking services. This can only be done when you're safe and sound and have thriving franchises."

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