

**NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY**

**INSURANCE SPECIFICATIONS  
&  
MINIMUM REQUIREMENTS**

**FOR CONDUIT LOAN  
PASS-THROUGH  
TRANSACTIONS**

**Date of Issue – September 7, 2018**

*These Insurance Specifications and Minimum Requirements may be amended from time to time and such amendments may occur without notice and are applicable to all pending and future insurance documentation submissions. Accordingly, it is suggested that contact be made with the Insurance Division of the New Jersey Housing and Mortgage Finance Agency to ascertain whether or not there have been any changes since the date of these Insurance Specifications and Minimum Requirements and for complying with same.*

## **GENERAL INFORMATION**

### **Insurance Company**

Issuing Insurer must be currently eligible to write business in the State of New Jersey and have a current A.M. Best Rating of A- and with a Financial Size Category of VIII or a Demotech, Inc. Financial rating of A (Exceptional).

*Note – Any issuing Insurer with Ratings Under Review by A.M. Best with Negative Implications and/or Long Term Negative Implications may be subject to further requirements and review by the NJHMFA.*

### **Coverage Requirements**

All policies providing General Liability and Umbrella/Excess Liability coverages as related to the borrower, the credit enhancer of, the underwriter and/or the institutional investor in the conduit securities, loan(s) or other investment vehicle(s) must indicate the New Jersey Housing and Mortgage Finance Agency (hereinafter “NJHMFA”) as Additional Insured. The limits and scope of coverages shall be as required by the credit enhancer, the underwriter and/or the institutional investor and be acceptable to the NJHMFA.

### **Insurance Professional/Agent**

- Insurance Professional/Agent must provide a written statement on letterhead to the NJHMFA that the insurance coverages being provided meets or exceeds the NJHMFA minimum insurance requirements. This written statement is not to be construed as a Certificate of Insurance as defined under the New Jersey Certificates of Insurance Act (NJS.A 17:29A-54 et seq.).
- Insurance Professional/Agent must provide a Certificate of Insurance (ACORD 25 – Certificate of Liability Insurance) showing the Insurance Professional/Agent’s Errors and Omissions Coverages (E & O). All applicable information on the ACORD 25 must be completed and information noted must reflect actual terms and conditions as contained in the underlying policies and be in conformity with the New Jersey Certificates of Insurance Act (NJS.A 17:29A-54 et seq.). ACORD 25 to indicate NJHMFA as the Certificate Holder as follows:

New Jersey Housing and Mortgage Finance Agency  
ATTN: Insurance Division  
PO Box 18550  
Trenton, NJ 08650-2085

- NJHMFA requires that the Insurance Professional/Agent have unimpaired E & O coverage limits of at least \$5,000,000 on the underlying policy and a deductible not exceeding \$50,000. If the Producer (Insurance Professional/Agent) and the Insured (Insurance Professional/Agent) are the same or related party as disclosed on the respective Certificate of Insurance, further evidence of E & O Coverage is to be provided through submission of a copy of the respective Policy Declaration Pages.
- *Note – In instances where an Insurance Professional/Agent has an E & O Deductible in excess of \$50,000, NJHMFA may, upon request, consider acceptance of same subject to the review by NJHMFA of the most recent Certified Financial Statements of the respective Insurance Professional/Agent to determine the financial wherewithal of the Insurance Professional/Agent to fund a Deductible in excess of \$50,000.*

### **Cancellation/Non-Renewal**

Notice is to be provided to the NJHMFA via Certified Mail as follows:

New Jersey Housing and Mortgage Finance Agency  
 ATTN: Insurance Division  
 PO Box 18550  
 Trenton, NJ 08650-2085

### **Evidence of Insurance**

- ACORD 25 forms “Certificate of Liability Insurance” may be utilized to provide evidence of General Liability, Excess/Umbrella Liability and E & O coverages as are applicable. All applicable information on the ACORD 25 must be completed and information noted must reflect actual terms and conditions as contained in the underlying policies and be in conformity with the New Jersey Certificates of Insurance Act (NJSA 17:29A-54 et seq.).
- ACORD 25 “Certificate of Liability Insurance” forms are to indicate NJHMFA as the Certificate Holder as follows:

New Jersey Housing and Mortgage Finance Agency  
 ATTN: Insurance Division  
 PO Box 18550  
 Trenton, NJ 08650-2085

*A note about required NAIC numbers for use on the ACORD 25 forms – The National Association of Insurance Commissioners assigns an “NAIC” number to each domestic insurer domiciled in the United States. This NAIC Number is to be indicated on the appropriate ACORD form(s) for each insurer providing coverages. If a foreign carrier is providing the insurance coverages, the specific name of the carrier must be provided as well as the specific AM Best Number assigned to same. In the instances where a foreign carrier operates through and provides coverages utilizing a syndicate system, the specific name of each of the syndicates must be provided as well as the specific syndicate number and AM Best Number assigned to same. In all instances, any and all foreign carriers must meet all NJHMFA Insurance Requirements.*

**Copies of Policy Endorsements which effectuate the Additional Insured status of the NJHMFA must be provided.**

**Evidence of insurance approvals as issued by the applicable credit enhancer, underwriter and/or institutional investor of the respective transaction, in form and content satisfactory to the NJHMFA must be provided.**

*The New Jersey Housing and Mortgage Finance Agency (NJHMFA) reserves the right to specify alternative insurance requirements on a case by case basis so long as such alternative insurance requirements are substantively consistent with the intent of NJHMFA's insurance requirements hereinabove, as NJHMFA shall determine in its sole discretion, and shall not, in any instance, be in conflict with or in violation of any and all applicable State Statutes and/or Administrative Code Regulations.*