

Subchapter 11, Life Insurance Solicitation, was repealed and Subchapter 11, Life Insurance Disclosure, was adopted as new rules by R.2008 d.71, effective April 7, 2008 (operative July 6, 2008). See: 39 N.J.R. 4065(a), 40 N.J.R. 1882(a).

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- 11:4-57.2 Definitions

SUBCHAPTER 1. NEW JERSEY INSOLVENT HEALTH
MAINTENANCE ORGANIZATION ASSISTANCE
ASSOCIATION

11:4-30.13 Severability

If any provision of this subchapter, or its application to any person or circumstances, is held invalid, the remainder of this subchapter and its application to other persons or circumstances shall not be affected.

11:4-30.14 (Repealed)

Repealed by R.2000 d.170, effective April 17, 2000.
See: 32 N.J.R. 167(a), 32 N.J.R. 1396(a).
Section was "Effect on previously filed forms".

**SUBCHAPTER 31. TERM LIFE INSURANCE
COMPARISON SURVEY**

11:4-31.1 Purpose and scope

(a) This subchapter requires annual submission of data by insurers to the Department of Banking and Insurance, relevant to premium information on annual, renewable, convertible term life insurance policies so that the Department may compile an annual Term Life Insurance Comparison Guide for use by the general public.

(b) This subchapter applies to every insurer authorized to provide and sell life insurance policies in the State of New Jersey.

(c) This subchapter applies to all policies for annual, renewable, convertible term life insurance which were issued on or after January 1, 1988.

Amended by R.2001 d.7, effective January 2, 2001.
See: 32 N.J.R. 3546(a), 33 N.J.R. 101(a).

11:4-31.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

"Annual, renewable, convertible term life insurance" means term insurance issued which provides renewal privileges, which has conversion privileges, and which provides premium increases on an attained age basis. This definition does not apply to indeterminate premium contracts, wherein the premium may be changed by the company subject to contractual maximums, nor does it apply to term contracts with re-entry options, wherein the insured may qualify for reduced premiums upon submission of satisfactory evidence of insurability.

"Commissioner" means the Commissioner of the Department of Banking and Insurance of the State of New Jersey.

"Department" means the Department of Banking and Insurance of the State of New Jersey.

"Insurer" means any legal entity authorized to write life insurance in the State of New Jersey who issues individual term life insurance in this State.

"Standard risk," means a usual and customary underwriting classification assigned to those insureds who do not smoke and who are expected to experience normal rates of mortality.

Amended by R.2001 d.7, effective January 2, 2001.
See: 32 N.J.R. 3546(a), 33 N.J.R. 101(a).

11:4-31.3 Coverage option survey

(a) Every insurer shall complete and file with the Department a premium survey requesting information on annual, renewable, convertible individual term life insurance policies with a face amount of \$100,000 as set forth below:

1. Insurers shall use the forms prescribed and provided by the Commissioner, which appear as Appendices A, B, and C of this subchapter, and are incorporated herein by reference as part of this subchapter.

2. The insurer shall provide the total number of individual annual term life insurance policies containing renewal and conversion privileges issued between January 1 through December 31 of the calendar year for which the survey is being conducted, inclusive of those dates.

i. The requested aggregate information shall include policies which become available for purchase by proposed insureds during the reported survey period.

ii. The requested aggregate information shall include policies which become unavailable to proposed insureds during the reported survey period.

3. The insurer shall provide the premium rates which apply to male and female insureds in age groups of 25, 35, 45 and 50 years, only for policies which are current and available for purchase by proposed insureds as of December 31st of the survey period being reported.

4. The insurer shall provide the annual dividend rate, if any, which applies to male and female insureds in each age group only for policies which are current and available for purchase by proposed insureds as of December 31st of the survey period being reported.

5. The insurer shall provide the projected premium and dividend rates which apply to male and female insureds in each age group for the sixth and eleventh policy year of the individual policy, but only for those policies which are current and available for purchase by proposed insureds as of December 31st of the survey period being reported.

6. Information for each current policy for which premium and/or dividend rates are to be reported for a particular survey period is to be submitted on separate sets of forms (Appendices A, B and C), and identified by its policy plan number.

(b) Survey forms shall be filed with the Department not later than the 31st day of March next following the survey period, which shall be that immediately preceding calendar year. Completed coverage option survey forms shall be submitted to:

Office of Public Affairs
New Jersey Department of Banking and Insurance
PO Box 325
Trenton, NJ 08625-0325

Amended by R.1996 d.4, effective January 2, 1996.
See: 27 N.J.R. 3557(a), 28 N.J.R. 165(a).
Amended by R.2001 d.7, effective January 2, 2001.
See: 32 N.J.R. 3546(a), 33 N.J.R. 101(a).

In (b), rewrote the first sentence.

11:4-31.4 Survey forms

(a) Insurers shall file all requested aggregate information for annual, renewable, convertible term life policies during the survey period as specified in the upper portion of the form in Appendix A.

(b) Insurers shall file current policy plan information for the first policy year as specified in the lower portion of the form in Appendix A.

(c) Insurers shall file current projected policy plan information for the sixth and eleventh year of the policy, as specified in the forms in Appendices B and C.

APPENDIX A

NJ DEPARTMENT OF BANKING AND INSURANCE
TERM LIFE QUESTIONNAIRE

COMPANY _____

PERSON FILING FORM (TITLE) _____

PHONE _____

NUMBER OF INDIVIDUAL ANNUAL RENEWABLE TERM POLICIES IN FORCE IN NJ (AS OF DECEMBER 31, 19 ____)

TOTAL INDIVIDUAL ANNUAL RENEWABLE TERM PREMIUM WRITTEN 19____ (INCLUDE ONLY NEW BUSINESS, NOT RENEWAL, ON AN ANNUALIZED BASIS) IN NJ?

DOES COMPANY PAY ANNUAL DIVIDENDS? _____

HOW IS THE POLICY SOLD? AGENTS ___ DIRECT MAIL ___

OTHER (EXPLAIN) _____

A.M. BEST CO. RATING _____

(FOR THE ABOVE DATA, PLEASE PROVIDE COMPANY AGGREGATES FOR THE TERM JAN. 1 TO DEC. 31 OF THE REPORTING YEAR.)

PLEASE PROVIDE PREMIUM RATES FOR A \$100,000 FACE AMOUNT, ANNUAL, RENEWABLE, CONVERTIBLE TERM LIFE POLICY FOR THE FIRST POLICY YEAR. RATES SHOULD INCLUDE EXPENSE CHARGES AND REFLECT THE EXACT PREMIUM AS PAID BY A CONSUMER. DO NOT LIST RATES PER \$1,000. POLICY PLAN (FORM) NUMBER _____

Table with columns: ISSUE AGE, UNDER-WRITING, MALE STANDARD Premium Dividend, FEMALE STANDARD Premium Dividend. Rows for ages 25, 35, 45, 50.

PLEASE ANSWER BY USING APPROPRIATE LETTER

(A) MEDICAL EXAM _____

(B) QUESTIONNAIRE _____

(C) OTHER, EXPLAIN _____

(For data above and on forms B & C, please provide data for only those policy plans still in effect on Dec. 31 of the reporting year. Use a separate set of forms for each policy plan.)

PLEASE RETURN TO:

OFFICE OF PUBLIC AFFAIRS

NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE

PO BOX 325

TRENTON, NJ 08625-0325

Amended by R.1996 d.4, effective January 2, 1996.
See: 27 N.J.R. 3557(a), 28 N.J.R. 165(a).
Amended by R.2001 d.7, effective January 2, 2001.
See: 32 N.J.R. 3546(a), 33 N.J.R. 101(a).

APPENDIX B

NJ DEPARTMENT OF BANKING AND INSURANCE
TERM LIFE QUESTIONNAIRE

PLEASE PROVIDE PREMIUM RATES FOR A \$100,000 FACE AMOUNT, ANNUAL, RENEWABLE, CONVERTIBLE TERM LIFE POLICY FOR THE *SIXTH* POLICY YEAR. RATES SHOULD INCLUDE EXPENSE CHARGES AND REFLECT THE EXACT PREMIUM AS PAID BY A CONSUMER. DO NOT LIST RATES PER \$1,000.

(B) QUESTIONNAIRE _____

(C) OTHER, EXPLAIN _____

PLEASE RETURN TO:

OFFICE OF PUBLIC AFFAIRS

NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE

PO BOX 325

TRENTON, NJ 08625-0325

ISSUE AGE	UNDER-WRITING	MALE STANDARD		FEMALE STANDARD	
		Premium	Dividend	Premium	Dividend
25	_____	_____	_____	_____	_____
35	_____	_____	_____	_____	_____
45	_____	_____	_____	_____	_____
50	_____	_____	_____	_____	_____

PLEASE ANSWER BY USING APPROPRIATE LETTER

(A) MEDICAL EXAM _____

Amended by R.1996 d.4, effective January 2, 1996.
See: 27 N.J.R. 3557(a), 28 N.J.R. 165(a).
Amended by R.2001 d.7, effective January 2, 2001.
See: 32 N.J.R. 3546(a), 33 N.J.R. 101(a).

APPENDIX C

NJ DEPARTMENT OF BANKING AND INSURANCE
TERM LIFE QUESTIONNAIRE

PLEASE PROVIDE PREMIUM RATES FOR A \$100,000 FACE AMOUNT, ANNUAL, RENEWABLE, CONVERTIBLE TERM LIFE POLICY FOR THE *ELEVENTH* POLICY YEAR. RATES SHOULD INCLUDE EXPENSE CHARGES AND REFLECT THE EXACT PREMIUM AS PAID BY A CONSUMER. DO NOT LIST RATES PER \$1,000.

PO BOX 325

TRENTON, NJ 08625-0325

Amended by R.1996 d.4, effective January 2, 1996.
See: 27 N.J.R. 3557(a), 28 N.J.R. 165(a).
Amended by R.2001 d.7, effective January 2, 2001.
See: 32 N.J.R. 3546(a), 33 N.J.R. 101(a).

ISSUE AGE	UNDER-WRITING	MALE STANDARD		FEMALE STANDARD	
		Premium	Dividend	Premium	Dividend
25	_____	_____	_____	_____	_____
35	_____	_____	_____	_____	_____
45	_____	_____	_____	_____	_____
50	_____	_____	_____	_____	_____

PLEASE ANSWER BY USING APPROPRIATE LETTER

(A) MEDICAL EXAM _____

(B) QUESTIONNAIRE _____

(C) OTHER, EXPLAIN _____

PLEASE RETURN TO:

OFFICE OF PUBLIC AFFAIRS

NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE

SUBCHAPTER 32. VALUATION OF LIFE INSURANCE POLICIES

11:4-32.1 Purpose and scope

(a) The purpose of this subchapter is to provide:

1. Tables of select mortality factors and rules for their use;
2. Rules concerning a minimum standard for the valuation of plans with non-level premiums or benefits; and
3. Rules concerning a minimum standard for the valuation of plans with secondary guarantees.

(b) The method for calculating basic reserves defined in this subchapter will constitute the Commissioners' Reserve Valuation Method for policies to which this subchapter is applicable.

(c) This subchapter shall apply to all life insurance policies, with or without nonforfeiture values, issued on or after January 1, 2000, subject to the following exceptions:

1. This subchapter shall not apply to any individual life insurance policy issued on or after January 1, 2000 if the policy is issued in accordance with and as a result of the exercise of a reentry provision contained in the original life insurance policy of the same or greater face amount, issued before January 1, 2000, that guarantees the premium rates of the new policy. This subchapter also shall not apply to subsequent policies issued as a result of the exercise of such a provision, or a derivation of the provision, in the new policy.

2. This subchapter shall not apply to any universal life policy that meets all the following requirements:

- i. The secondary guarantee period, if any, is five years or less;
- ii. The specified premium for the secondary guarantee period is not less than the net level reserve premium for the secondary guarantee period based on the 1980 CSO valuation tables as defined at N.J.A.C. 11:4-32.2 and the applicable valuation interest rate; and
- iii. The initial surrender charge is not less than 100 percent of the first year annualized specified premium for the secondary guarantee period.

3. This subchapter shall not apply to any variable life insurance policy that provides for life insurance, the amount or duration of which varies according to the investment experience of any separate account or accounts.

4. This subchapter shall not apply to any variable universal life insurance policy that provides for life insurance, the amount or duration of which varies according to the investment experience of any separate account or accounts.

5. This subchapter shall not apply to a group life insurance certificate unless the certificate provides for a stated or implied schedule of maximum gross premiums required in order to continue coverage in force for a period in excess of one year.

6. For policies issued after December 31, 1995 and prior to the operative date of this subchapter, where the methods and assumptions described in this subchapter would produce lower reserves than were previously required, an insurer may, with the approval of the Commissioner, adopt lower reserves, but in no case lower than the reserves calculated in accordance with the methods and assumptions described in this subchapter. The Commissioner shall grant approval when the insurer has provided documentation satisfactory to the Commissioner that the reserves established by the insurer make adequate provision for obligations to policyholders. Such documentation shall be accompanied by an actuarial certification as to the adequacy of the methods and assumptions proposed.

(d) Calculation of the minimum valuation standard for policies with guaranteed non-level gross premiums or guaranteed non-level benefits (other than universal life policies), or both, shall be in accordance with the provisions of N.J.A.C. 11:4-32.4.

(e) Calculation of the minimum valuation standard for flexible premium and fixed premium universal life insurance policies, that contain provisions resulting in the ability of a policyholder to keep a policy in force over a secondary guarantee period, shall be in accordance with the provisions of N.J.A.C. 11:4-32.5.

Administrative correction.
See: 32 N.J.R. 477(a).

11:4-32.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Appointed actuary” means any individual who is appointed or retained in accordance with the requirements set forth at N.J.A.C. 11:1-21A.3(f) to provide the actuarial opinion and memorandum as required by N.J.A.C. 11:4-32.3(b)4i.

“Basic reserves” means reserves calculated in accordance with N.J.S.A. 17B:19-8b.

“Commissioner” means the Commissioner of the Department of Banking and Insurance.

“Contract segmentation method” means the method of dividing the period from issue to mandatory expiration of a policy into successive segments, with the length of each segment being defined as the period from the end of the prior segment (from policy inception, for the first segment) to the end of the latest policy year as determined below. All calculations are made using the 1980 CSO valuation tables as defined in this section, incorporated herein by reference, (or any other valuation mortality table adopted by the NAIC after January 1, 2000 and promulgated by the Commissioner for this purpose), and, if elected, the optional minimum mortality standard for deficiency reserves stipulated at N.J.A.C. 11:4-32.3(b).

The length of a particular contract segment shall be set equal to the minimum of the value t for which G_t is greater than R_t (if G_t never exceeds R_t the segment length is deemed to be the number of years from the beginning of the segment to the mandatory expiration date of the policy), where G_t and R_t are defined as follows:

$$G_t = \frac{GP_{x+k+t}}{GP_{x+k+t-1}}$$

where:

- x = original issue age;
- k = the number of years from the date of issue to the beginning of the segment;

8. The first page of every policy shall contain, in at least 14 point type but not less than the size of type used for policy captions, and in capital letters, a prominent statement, as follows: "THIS IS A LIMITED POLICY (OR CERTIFICATE). IT PAYS BENEFITS FOR (NAME OF SPECIFIED DISEASES) ONLY AND DOES NOT PROVIDE COVERAGE FOR ANY OTHER MEDICAL CONDITIONS. YOU SHOULD MAINTAIN SEPARATE COMPREHENSIVE HEALTH COVERAGE. READ THIS POLICY CAREFULLY WITH THE OUTLINE OF COVERAGE."

9. Application forms shall include a question to determine whether the applicant has other coverage providing benefits for hospital and medical services and supplies. If the applicant does not respond affirmatively to such question, the policy shall not be issued.

10. Every policy shall be issued only to persons who are covered by insurance that provides benefits for hospital and medical services and supplies.

11. No policy shall provide for a reduction of benefits upon attainment of any age or other condition, or upon the occurrence of any event(s).

12. No policy shall provide for a probationary or waiting period during which no coverage is provided under the policy.

13. Every policy shall have a notice prominently printed on the first page or attached thereto stating in substance that the insured shall have the right to return the policy within 30 days of its delivery and to have the premium or subscription charge or fees refunded if, after examination of the policy, the insured is not satisfied for any reason.

11:4-53.4 Standards for specified disease coverage

(a) Specified disease policies shall provide the following minimum benefits:

1. A fixed-sum benefit of at least \$100.00 for each day of hospital confinement for at least 365 days; and
2. A fixed-sum benefit equal to at least one-half of the benefit for hospital confinement, for each day of hospital or non-hospital outpatient surgery or other medically appropriate outpatient treatment, including but not limited to chemotherapy and radiation therapy, for at least 365 days.

(b) Benefits for confinement in a skilled nursing home or for home health care are optional. If a policy provides these benefits, the policy shall provide a fixed sum benefit of at least one-fourth of the daily benefit amount payable for hospital confinement for each day of skilled nursing home confinement for at least 100 days, and for each day of home health care for at least 100 days.

(c) A lump sum payment at least equal to \$1,000 may be made to cover non-medical costs such as travel, lodging, household costs, and other living expenses.

(d) Benefit payments shall begin with the first day of care or confinement after the effective date of coverage if the care or confinement is for a covered disease even though the diagnosis of the covered disease is made at some later date.

(e) No policy shall contain any requirement that the covered person under the policy must incur an expense in order for benefits to be paid.

11:4-53.5 Standards for critical illness coverage

(a) The total benefit amounts available under the policy shall only be available in increments of \$1,000. As long as the policy clearly indicates, in cases of clearly identifiable forms of diseases with significantly lower treatment costs, lesser amounts may be provided, but in no event shall amounts be less than 25 percent of the largest benefit amount under the policy.

(b) The benefit shall be payable upon initial and medically appropriate diagnosis of a specified disease covered by the policy. There shall be no requirement that the insured survive for any period of time in order for the benefit to be payable.

11:4-53.6 Loss ratio standards

(a) In order to assure that benefits are reasonable in relation to the premium charged, the minimum loss ratio for specified disease and critical illness policies shall be as follows:

1. For group policies, at least 75 percent;
2. For individual policies, at least 60 percent.

(b) With respect to filings of rate revisions for previously approved policy forms, benefits shall be deemed reasonable in relation to premiums if both the anticipated loss ratio and the aggregate loss ratio satisfy these loss ratio standards.

(c) Carriers shall include with the initial submission of rates for a new policy an actuarial memorandum which shall include the following:

1. The anticipated loss ratio;
2. The specific formulas and methodology used in calculating gross premiums;
3. An explanation and documentation supporting the premium assumptions;
4. The objective basis for rate differentials; and
5. A certification signed by the carrier's actuary that the information contained in the actuarial memorandum

is appropriate and that the benefits provided are reasonable in relation to the premiums charged.

(d) The actuarial memorandum submitted to the Department pursuant to (c) above shall be confidential and shall not be considered a public record or disclosed by the Department to any person.

(e) Carriers shall submit for filing with the Commissioner annually on or before June 30 one report for each policy form for which policies issued in New Jersey remain in force in accordance with the applicable reporting form set forth as Exhibit B in the Appendix to this subchapter, incorporated herein by reference.

(f) If the loss ratio for a policy, based on a substantial volume of reasonably mature business, does not meet the standards set forth in (a) above, the carrier shall be required to explain why the premium should not be regarded as unreasonably high in relation to the benefits provided. After consideration of the explanation and any additional information furnished by the carrier, the Department shall inform the carrier if the benefits provided are considered unreasonable in relation to the premium charged. If within 90 days thereafter the carrier does not reduce the premium or increase the benefits provided in the policy such that the standards set forth in (a) above are met, the Department may take action and/or impose penalties as may be appropriate pursuant to law. Such action may include the Department's requiring that an independent audit of the carrier's loss ratio be conducted at the carrier's expense.

Amended by R.2002 d.7, effective January 7, 2002.
See: 33 N.J.R. 3425(a), 34 N.J.R. 283(a).

Amended minimum loss ratio for individual policies from 65 to 60 percent.

11:4-53.7 Advertising

(a) Every carrier delivering or issuing for delivery specified disease and critical illness policies or certificates in this State shall file with the Commissioner a copy of all advertisements to which residents of this State shall have access, and through which the carrier intends, or by implication purports to the reasonable targeted consumer its intent, to make its specified disease or critical illness product(s) available for purchase or enrollment in this State, whether through written, radio, television or other electronic media, at least 30 days prior to the date on which the advertisement is to be used in this State, or made accessible to residents of this State.

(b) All advertisements shall comply with the standards set forth at N.J.A.C. 11:2-11 (the Department's Rules Governing Advertisement of Health Insurance) and any other disclosure and advertising rules which may be applicable to carriers.

(c) The Commissioner may disapprove an advertisement at any time if the advertisement is not in compliance with this section or is in violation of N.J.S.A. 17B:30-1 et seq. (the Trade Practices and Discriminations Act). An advertisement which has been disapproved by the Commissioner shall not be utilized until disapproval is withdrawn by the Commissioner.

APPENDIX

EXHIBIT A

(a) To comply with N.J.A.C. 11:4-53.3(b)5, specified disease and critical illness policies meeting the definitions of those terms contained in N.J.A.C. 11:4-53.2 shall use the following statements only, except that appropriate policy identification may be included:

COMPANY NAME

SPECIFIED DISEASE COVERAGE ONLY (CRITICAL ILLNESS COVERAGE ONLY)

OUTLINE OF COVERAGE

This policy or certificate is (an individual policy of insurance) (a group policy or certificate). This policy or certificate provides specified disease coverage (critical illness coverage) ONLY. This policy or certificate does NOT provide comprehensive medical or hospital insurance, Medicare supplement insurance, long-term care insurance, nursing home insurance only, home health care insurance only, or nursing home and home care insurance. You may also contact your local social security office or this company and obtain a copy of the Guide to Health Insurance for People with Medicare.

(Accurately list benefits, exclusions, reductions and limitations of the policy or certificate in a manner which does not misrepresent the actual coverage provided.)

This outline of coverage is a very brief summary of your policy or certificate.

The policy or certificate itself sets forth the rights and obligations of both you and the insurance company. It is therefore imperative that you READ YOUR POLICY OR CERTIFICATE carefully.

The anticipated loss ratio for this policy or certificate is *(indicate either 75 percent for group policies, or 60 percent for individual policies)*. This ratio is the portion of future premiums which the company expects to return as benefits, when averaged over all people with this policy or certificate.