

(b) The certificate or notice of proposed insurance shall be on a form filed with the Commissioner together with the refund formula applicable thereto and acknowledged in writing and not disapproved by him.

(c) If a payment for insurance is collected from the debtor, the amount thereof may not exceed the amount permitted by N.J.A.C. 11:2-3.19, and no such certificate of group insurance or notice of proposed insurance shall be delivered unless the schedule of premiums is also filed with the Commissioner and acknowledged in writing by him.

Amended by R.1996 d.3, effective January 2, 1996.
 See: 27 N.J.R. 3278(b), 28 N.J.R. 152(b).
 Recodified from 11:2-3.10 and amended by R.1996 d.206, effective May 20, 1996.
 See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).
 Former section, "Maintenance of statistics", recodified to 11:2-3.21.

11:2-3.16 Disapproval by Commissioner

(a) The Commissioner may disapprove any form filed with him pursuant to the provisions of N.J.A.C. 11:2-3.14 and 3.15 for the following reasons:

1. The benefits provided are not reasonable in relation to the premium charge; or
2. It contains provisions which are unjust, unfair, inequitable, misleading, deceptive, or which encourage misrepresentation.

(b) The issuance or use by an insurer of any form so disapproved is unlawful.

Amended by R.1996 d.3, effective January 2, 1996.
 See: 27 N.J.R. 3278(b), 28 N.J.R. 152(b).
 Recodified from 11:2-3.11 and amended by R.1996 d.206, effective May 20, 1996.
 See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).
 Former section, "Issuance of policies", recodified to 11:2-3.22.

11:2-3.17 Standards for premium rates

(a) The fact that standards are set forth in this section does not indicate that premium charges in excess of those standards will furnish cause for disapproval of policy forms, as described in N.J.A.C. 11:2-3.16.

(b) The standards set forth in this section are derived from studies made by the Department, and are provided to serve as a guide to insurers in preparing filings for credit life insurance and credit accident and health insurance on the term plan.

(c) The benefits to be provided in connection with forms filed with the Commissioner in accordance with N.J.A.C. 11:2-3.14 shall be deemed prima facie reasonable in relation to the premium charge if the schedule of rates filed with such forms does not exceed the standards set forth in this section.

(d) This section shall not preclude an insurer from filing rates which exceed the standards set forth if the filing conforms to the requirements of N.J.S.A. 17B:29-7 and 8.

(e) In determining whether any filing shall be disapproved, the Commissioner will give consideration to available mortality and morbidity data pertaining to the class or classes of debtors to be insured; previous experience, if any, on the debtors of a particular creditor, including the experience of any subsidiary or affiliate of such creditor; available age data and a reasonable rate of expense.

(f) Standards for premium rates for credit life insurance shall be as follows:

1. If premiums are paid monthly on outstanding balances, the monthly premium rate per \$1,000 of insurance in force is \$0.62.
2. If premiums are paid in one sum for the entire duration of the indebtedness:

Single Premium Rates (Discounted for Interest and Mortality) Per \$100 of Initial Insured Indebtedness Repayable in Indicated Number of Equal Monthly Installments	
6	\$0.22
12	0.40
24	0.75
36	1.09
48	1.42
60	1.74
72	2.05
84	2.35
96	2.64
108	2.92
120	3.19

Joint premium rates shall be 150 percent of the single premium rates shown above.

3. For the purpose of computing the average amount of insurance in force on all debtors of a creditor in (f)1 and 2 above, there shall be included the insurance in force on all debtors of any subsidiary or affiliate of the creditor whether provided by one or more insurers, unless the Commissioner determines that it is inequitable to do so.

4. As an alternative to the standards set forth in (f)1 and 2 above, an insurer may, where age data applicable to the insured persons are available, determine premium rates based on such age data and computed in a manner consistent with (f)1 and 2 above.

5. Standards for premium rates for indebtedness repayable in installments other than as indicated in this subsection shall be the equivalent of the standards set forth in (f)1 and 2 above.

6. The standards for premium rates set forth in (f)1 and 2 above are applicable to the type of credit life insurance contract customarily offered for sale. Standards for premium rates in the case of forms which vary in any

material respect from this standard type of credit life insurance contract shall reflect such variations to the extent that there is a measurable difference in the cost of the coverage provided.

(g) Standards for premium rates for credit accident and health insurance shall be as follows:

1. If premiums are paid in one sum for the entire duration of the indebtedness, the following rates per \$100.00 of initial indebtedness repayable in indicated number of equal monthly installments:

Number of Equal Monthly Installment	Single Premium Rates per \$100.00 of Initial Indebtedness	
	Column I	Column II
6	\$1.28	\$1.4
12	1.71	1.9
24	2.05	2.2
36	2.26	2.5
48	2.49	2.7
60	2.66	2.9
72	2.80	3.1
84	2.95	3.2
96	3.11	3.4
108	3.24	3.6
120	3.35	3.7

2. The premium rates set forth in (g)1 above are for contracts providing benefits commensurate with the amount of insured indebtedness payable after the 14th day of disability retroactive to the first day of disability, and shall be applicable as follows:

i. Column 1 shall be applicable for such contracts which contain a provision excluding or denying claim for disability resulting from preexisting condition for which the debtor received medical diagnosis or treatment within six months before the effective date of coverage. There shall be no other provision in the contract which excludes or restricts liability in the event of disability caused in a certain specified manner, except as further provided in this paragraph.

ii. Column II shall be applicable for such contracts which contain a provision that no claim for disability shall be reduced or denied on the ground that an illness, disease or physical condition of a debtor, not excluded from coverage at the time the debtor's insurance becomes effective by name or specific description in an amendment or rider signed by the debtor, had existed prior to the effective date of the debtor's coverage, but contain no other provision which excludes or restricts liability in the event of disability caused in a certain specified manner, except as further provided in this paragraph.

iii. Any contract to which either Column I or Column II rates apply may, however, contain provisions excluding or restricting coverage in the event of pregnancy, intentionally self-inflicted injuries, foreign travel or residence, travel or flight in nonscheduled aircraft, war or military service.

3. Standards for premium rates for indebtedness repayable in installments other than as indicated in (g)1 above shall be consistent with the above standards.

4. If premium rates are payable other than in one sum, an insurer may determine such rates on a basis consistent with the above rates, taking into consideration interest and mortality.

5. The standards for premium rates set forth in (g)1 and 2 above are applicable to the two forms of credit accident and health insurance described which are illustrative of the kinds of coverage that may be issued. Nothing in this subsection, however, shall preclude an insurer from filing other forms of credit accident and health insurance for the consideration of the Commissioner. Standards for premium rates for contracts providing benefits on a basis different from those described in this subsection shall be consistent with the standards set forth in this subsection.

6. Single premium rates with respect to seven-day, retroactive only, and 14-day and 30-day retroactive and non-retroactive credit accident and health insurance are set forth in the Appendix to this subchapter.

(h) Standards for premium rates for contracts combining credit life and credit accident and health coverage in one policy shall be consistent with the standards set forth in (f) and (g) above.

(i) When individual and group coverages permitted by N.J.A.C. 11:2-3.3 are offered in combination with credit involuntary unemployment insurance, credit personal property insurance, or both, under separate and distinct policies, the total combined premium amount or rate to be charged to the debtor shall be reduced by five percent or by a greater percentage at the discretion of the insurer.

(j) Commencing with the policy anniversary date of a group policy which occurs on or after the effective date of this subchapter, the insurer shall use certificates of group insurance and notices of proposed insurance as required by this subchapter with a premium rate for the coverage provided which does not exceed the applicable schedules filed with the Commissioner.

(k) An insurer may from time to time revise its schedule of premium rates for policies of credit life insurance and credit accident and health insurance and shall file such revised schedules with the Commissioner.

Amended by R.1990 d.44, effective January 16, 1990 (operative date March 18, 1990).

See: 21 N.J.R. 3052(a), 22 N.J.R. 233(a), 22 N.J.R. 392(a).

In (f)1: deleted tables for insurance amounts and monthly premium rates and added text, "the monthly . . . is \$0.62."

In (f)2: deleted tables for insurance amounts and single premium rates and added revised table for "single premium rates . . ."

In (g)1: revised table of monthly installments and single premium rates by changing rates for monthly installments ranging from 6 to 36 months and adding rates for installments from 48 to 120 months.

Amended by R.1996 d.3, effective January 2, 1996.

See: 27 N.J.R. 3278(b), 28 N.J.R. 152(b).

Recodified from 11:2-3.12 and amended by R.1996 d.206, effective May 20, 1996.

See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).

Former section, "Payment of claims", recodified to 11:2-3.23.

Amended by R.1998 d.41, effective January 5, 1998 (operative July 7, 1998).

See: 29 N.J.R. 2777(a), 30 N.J.R. 235(a).

In (f)2, substituted "\$100" for "\$100,000" in the table title and added the concluding paragraph to the table; rewrote (g)2i; inserted a new (i); and recodified former (i) and (j) as (j) and (k).

11:2-3.18 Joint credit accident and health insurance

(a) Joint credit accident and health insurance covers two insured individuals who are jointly obligated in connection with an indebtedness and pays benefits in the event that either insured becomes disabled. Joint credit accident and health coverage is permitted on either a split basis or a full basis. Split basis and full basis coverage may not be provided under the same policy form.

(b) Split basis joint credit accident and health insurance provides coverage for each insured for a specified percentage of the payment, with the sum of the insured amounts equaling the entire payment. The rates for split basis coverage shall equal the rates for a single insured covered for the entire payment.

(c) Full basis joint credit accident and health insurance provides coverage for each insured for the full payment, provided that only one benefit is payable if both insureds become disabled. The rates for full basis coverage shall be no greater than 185 percent of the rates for a single insured covered for the full payment. Any policy or certificate form providing full basis coverage shall state that only one payment will be made even if both insureds are disabled.

New Rule, R.1996 d.206, effective May 20, 1996.

See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).

Former section, "Existing insurance; choice of insurer", recodified to 11:2-3.24.

11:2-3.19 Maximum payments by debtors

(a) The amount collected from a debtor for credit life or credit accident and health insurance shall not exceed the premium charged by the insurer; provided, that if the amount collected from a debtor is determined in a single sum but the premium charged by the insurer is not, the amount so collected from a debtor shall not exceed the lesser of:

1. The single premium rate set forth in N.J.A.C. 11:2-3.17 or such higher single premium rate consistent with such premiums to be charged by the insurer pursuant to that section; and

2. The aggregate of the premiums to be charged by the insurer.

(b) The amount determined in accordance with either (a)1 or 2 above shall be computed as of the time the amount collected from the debtor is determined.

(c) Nothing in this subchapter shall be construed to legalize any charge now illegal under any statute or rule of law governing credit transactions.

Amended by R.1996 d.3, effective January 2, 1996.

See: 27 N.J.R. 3278(b), 28 N.J.R. 152(b).

Recodified from 11:2-3.13 and amended by R.1996 d.206, effective May 20, 1996.

See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).

Former section, "Separability", recodified to 11:2-3.25.

11:2-3.20 Refunds

(a) Each individual policy or group certificate of credit life insurance and credit accident and health insurance for which a payment is collected from the debtor shall provide that, in the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund due of premium or of an amount collected from the debtor for insurance shall be paid or credited promptly to the insured debtor.

(b) If a creditor collects a payment from a debtor for credit life insurance and credit accident and health insurance and such insurance does not become effective, the creditor shall immediately give written notice to such debtor and shall promptly refund to or credit to the account of the debtor the amount collected from him for such insurance.

(c) The filing requirement set forth in N.J.A.C. 11:2-3.14 will be considered satisfied if such refund formulas are set forth in the individual policy or certificate of group insurance filed for the coverages to which such refund formulas relate and the filing of said forms has been acknowledged and not disapproved by the Commissioner.

(d) For credit life insurance issued on a gross basis and for credit accident and health insurance, the refund formula designated as the "sum of digits" formula and more commonly known as the "Rule of 78" is acceptable. For credit life insurance issued on a net basis, the refund formula shall be an exact actuarial formula based on the amount of net coverage and shall be set out in the individual policy or group certificate and filed with the Commissioner for approval. The Rule of 78 is not an acceptable refund formula for credit life insurance issued on a net basis. Nothing in this subsection shall preclude insurers from filing other refund formulas which produce a just, fair and equitable result.

(e) When credit involuntary unemployment insurance is included in the combined coverages and the debtor notifies the insurer in writing that he or she is or has become ineligible for credit involuntary unemployment insurance coverage by reason of being or becoming voluntarily unemployed, or by reason of being or becoming self-employed, and states the date on which that ineligibility commenced,

or a claim is denied under the credit involuntary unemployment insurance coverage because the debtor became ineligible for that coverage, the insurer shall promptly remit a refund of the portion of the premium applicable to the credit involuntary unemployment insurance coverage during the period of ineligibility.

(f) In no event need a refund or credit be made if the amount thereof is less than \$1.00.

(g) An insurer shall promptly refund to an individual policyholder and refund or credit to a group policyholder any refund of premium due on termination of insurance prior to the scheduled maturity date of the indebtedness, and a group policyholder or creditor shall promptly refund or credit to the debtor any refund due pursuant to this section.

Amended by R.1996 d.3, effective January 2, 1996.

See: 27 N.J.R. 3278(b), 28 N.J.R. 152(b).

Recodified from 11:2-3.14 and amended by R.1996 d.206, effective May 20, 1996.

See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).

Rewrote (d) and deleted former (e) and (f) relating to refund formulas.

Amended by R.1998 d.41, effective January 5, 1998 (operative July 7, 1998).

See: 29 N.J.R. 2777(a), 30 N.J.R. 235(a).

Inserted a new (e); and recodified former (e) and (f) as (f) and (g).

11:2-3.21 Maintenance of statistics

(a) Each insurer writing credit life insurance and credit accident and health insurance shall maintain statistics, subject to call by the Commissioner from time to time, on a policy-year basis for group policies and on a calendar-year basis for individual policies with respect to each creditor on whose debtors term insurance is provided, showing on an accrual basis, separately for credit life insurance and credit accident and health insurance and separately for direct business and reinsurance assumed, the following:

1. Gross premiums received;
2. Refunds of premium on terminated insurance;
3. Increase in unearned premium reserve;
4. Earned premiums;
5. Claims paid;
6. Increase in claim reserve;
7. Claims incurred;
8. Reserve increases other than the increases described in (a)3 and 6 above;
9. Commissions;
10. Fees and other allowances;
11. Dividends and experience rating refunds;
12. Mean amount of life insurance in force; and

13. Mean number of individual policies in force during the calendar year.

(b) With respect to credit accident and health insurance, each insurer shall keep a record for each creditor or which, in addition to the statistics set forth in (a) above, shall show the nature of the benefits payable, the applicable waiting period and the rate at which premiums are charged therefor.

Amended by R.1996 d.3, effective January 2, 1996.

See: 27 N.J.R. 3278(b), 28 N.J.R. 152(b).

Recodified from 11:2-3.15 by R.1996 d.206, effective May 20, 1996.

See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).

11:2-3.22 Issuance of policies

All policies of credit life insurance and credit accident and health insurance shall be delivered or issued for delivery in this State only by an insurer authorized to do an insurance business therein, and shall be issued only through holders of licenses or authorizations issued by the Commissioner.

Recodified from 11:2-3.16 by R.1996 d.206, effective May 20, 1996.

See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).

11:2-3.23 Payment of claims

(a) All claims shall be promptly reported to the insurer or its designated claim representative, and the insurer shall maintain adequate claim files. All claims shall be settled as soon as possible and in accordance with the terms of the insurance contract.

(b) All claims shall be paid either by draft drawn upon the insurer or by check of the insurer to the order of the claimant to whom payment of the claim is due pursuant to the policy provisions, or upon direction of such claimant to one specified.

(c) No plan or arrangement shall be used whereby any person, firm or corporation other than the insurer or its designated claim representative shall be authorized to settle or adjust claims.

(d) The creditor shall not be designated as claim representative for the insurer in adjusting claims; provided, that a group policyholder may, by arrangement with the group insurer, draw drafts or checks in payment of claim due to the group policyholder subject to audit and review by the insurer.

(e) The insurer shall make periodic audits of claim payments made on its behalf by claim representatives or group policyholders.

Recodified from 11:2-3.17 by R.1996 d.206, effective May 20, 1996.

See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).

(b) The certificate or notice of proposed insurance shall be on a form filed with the Commissioner together with the refund formula applicable thereto and acknowledged in writing and not disapproved by him.

(c) If a payment for insurance is collected from the debtor, the amount thereof may not exceed the amount permitted by N.J.A.C. 11:2-3.19, and no such certificate of group insurance or notice of proposed insurance shall be delivered unless the schedule of premiums is also filed with the Commissioner and acknowledged in writing by him.

Amended by R.1996 d.3, effective January 2, 1996.
 See: 27 N.J.R. 3278(b), 28 N.J.R. 152(b).
 Recodified from 11:2-3.10 and amended by R.1996 d.206, effective May 20, 1996.
 See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).
 Former section, "Maintenance of statistics", recodified to 11:2-3.21.

11:2-3.16 Disapproval by Commissioner

(a) The Commissioner may disapprove any form filed with him pursuant to the provisions of N.J.A.C. 11:2-3.14 and 3.15 for the following reasons:

1. The benefits provided are not reasonable in relation to the premium charge; or
2. It contains provisions which are unjust, unfair, inequitable, misleading, deceptive, or which encourage misrepresentation.

(b) The issuance or use by an insurer of any form so disapproved is unlawful.

Amended by R.1996 d.3, effective January 2, 1996.
 See: 27 N.J.R. 3278(b), 28 N.J.R. 152(b).
 Recodified from 11:2-3.11 and amended by R.1996 d.206, effective May 20, 1996.
 See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).
 Former section, "Issuance of policies", recodified to 11:2-3.22.

11:2-3.17 Standards for premium rates

(a) The fact that standards are set forth in this section does not indicate that premium charges in excess of those standards will furnish cause for disapproval of policy forms, as described in N.J.A.C. 11:2-3.16.

(b) The standards set forth in this section are derived from studies made by the Department, and are provided to serve as a guide to insurers in preparing filings for credit life insurance and credit accident and health insurance on the term plan.

(c) The benefits to be provided in connection with forms filed with the Commissioner in accordance with N.J.A.C. 11:2-3.14 shall be deemed prima facie reasonable in relation to the premium charge if the schedule of rates filed with such forms does not exceed the standards set forth in this section.

(d) This section shall not preclude an insurer from filing rates which exceed the standards set forth if the filing conforms to the requirements of N.J.S.A. 17B:29-7 and 8.

(e) In determining whether any filing shall be disapproved, the Commissioner will give consideration to available mortality and morbidity data pertaining to the class or classes of debtors to be insured; previous experience, if any, on the debtors of a particular creditor, including the experience of any subsidiary or affiliate of such creditor; available age data and a reasonable rate of expense.

(f) Standards for premium rates for credit life insurance shall be as follows:

1. If premiums are paid monthly on outstanding balances, the monthly premium rate per \$1,000 of insurance in force is \$0.62.
2. If premiums are paid in one sum for the entire duration of the indebtedness:

Single Premium Rates (Discounted for Interest and Mortality) Per \$100 of Initial Insured Indebtedness Repayable in Indicated Number of Equal Monthly Installments	
6	\$0.22
12	0.40
24	0.75
36	1.09
48	1.42
60	1.74
72	2.05
84	2.35
96	2.64
108	2.92
120	3.19

Joint premium rates shall be 150 percent of the single premium rates shown above.

3. For the purpose of computing the average amount of insurance in force on all debtors of a creditor in (f)1 and 2 above, there shall be included the insurance in force on all debtors of any subsidiary or affiliate of the creditor whether provided by one or more insurers, unless the Commissioner determines that it is inequitable to do so.

4. As an alternative to the standards set forth in (f)1 and 2 above, an insurer may, where age data applicable to the insured persons are available, determine premium rates based on such age data and computed in a manner consistent with (f)1 and 2 above.

5. Standards for premium rates for indebtedness repayable in installments other than as indicated in this subsection shall be the equivalent of the standards set forth in (f)1 and 2 above.

6. The standards for premium rates set forth in (f)1 and 2 above are applicable to the type of credit life insurance contract customarily offered for sale. Stan-

dards for premium rates in the case of forms which vary in any material respect from this standard type of credit life insurance contract shall reflect such variations to the extent that there is a measurable difference in the cost of the coverage provided.

(g) Standards for premium rates for credit accident and health insurance shall be as follows:

1. If premiums are paid in one sum for the entire duration of the indebtedness, the following rates per \$100.00 of initial indebtedness repayable in indicated number of equal monthly installments:

Number of Equal Monthly Installments	Single Premium Rates per \$100.00 of Initial Indebtedness	
	Column I	Column II
6	\$1.28	\$1.43
12	1.71	1.90
24	2.05	2.28
36	2.26	2.52
48	2.49	2.76
60	2.66	2.95
72	2.80	3.12
84	2.95	3.29
96	3.11	3.45
108	3.24	3.60
120	3.35	3.72

2. The premium rates set forth in (g)1 above are for contracts providing benefits commensurate with the amount of insured indebtedness payable after the 14th day of disability retroactive to the first day of disability, and shall be applicable as follows:

i. Column 1 shall be applicable for such contracts which contain a provision excluding or denying claim for disability resulting from preexisting condition for which the debtor received medical diagnosis or treatment within six months before the effective date of coverage. There shall be no other provision in the contract which excludes or restricts liability in the event of disability caused in a certain specified manner, except as further provided in this paragraph.

ii. Column II shall be applicable for such contracts which contain a provision that no claim for disability shall be reduced or denied on the ground that an illness, disease or physical condition of a debtor, not excluded from coverage at the time the debtor's insurance becomes effective by name or specific description in an amendment or rider signed by the debtor, had existed prior to the effective date of the debtor's coverage, but contain no other provision which excludes or restricts liability in the event of disability caused in a certain specified manner, except as further provided in this paragraph.

iii. Any contract to which either Column I or Column II rates apply may, however, contain provisions excluding or restricting coverage in the event of pregnancy, intentionally self-inflicted injuries, foreign travel or residence, travel or flight in nonscheduled aircraft, war or military service.

3. Standards for premium rates for indebtedness repayable in installments other than as indicated in (g)1 above shall be consistent with the above standards.

4. If premium rates are payable other than in one sum, an insurer may determine such rates on a basis consistent with the above rates, taking into consideration interest and mortality.

5. The standards for premium rates set forth in (g)1 and 2 above are applicable to the two forms of credit accident and health insurance described which are illustrative of the kinds of coverage that may be issued. Nothing in this subsection, however, shall preclude an insurer from filing other forms of credit accident and health insurance for the consideration of the Commissioner. Standards for premium rates for contracts providing benefits on a basis different from those described in this subsection shall be consistent with the standards set forth in this subsection.

6. Single premium rates with respect to seven-day, retroactive only, and 14-day and 30-day retroactive and non-retroactive credit accident and health insurance are set forth in the Appendix to this subchapter.

(h) Standards for premium rates for contracts combining credit life and credit accident and health coverage in one policy shall be consistent with the standards set forth in (f) and (g) above.

(i) When individual and group coverages permitted by N.J.A.C. 11:2-3.3 are offered in combination with credit involuntary unemployment insurance, credit personal property insurance, or both, under separate and distinct policies, the total combined premium amount or rate to be charged to the debtor shall be reduced by five percent or by a greater percentage at the discretion of the insurer.

(j) Commencing with the policy anniversary date of a group policy which occurs on or after the effective date of this subchapter, the insurer shall use certificates of group insurance and notices of proposed insurance as required by this subchapter with a premium rate for the coverage provided which does not exceed the applicable schedules filed with the Commissioner.

(k) An insurer may from time to time revise its schedule of premium rates for policies of credit life insurance and credit accident and health insurance and shall file such revised schedules with the Commissioner.

Amended by R.1990 d.44, effective January 16, 1990 (operative date March 18, 1990).

See: 21 N.J.R. 3052(a), 22 N.J.R. 233(a), 22 N.J.R. 392(a).

In (f)1: deleted tables for insurance amounts and monthly premium rates and added text, "the monthly . . . is \$0.62."

In (f)2: deleted tables for insurance amounts and single premium rates and added revised table for "single premium rates . . ."

In (g)1: revised table of monthly installments and single premium rates by changing rates for monthly installments ranging from 6 to 36 months and adding rates for installments from 48 to 120 months.

Amended by R.1996 d.3, effective January 2, 1996.

See: 27 N.J.R. 3278(b), 28 N.J.R. 152(b).

Recodified from 11:2-3.12 and amended by R.1996 d.206, effective May 20, 1996.

See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).

Former section, "Payment of claims", recodified to 11:2-3.23.

Amended by R.1998 d.41, effective January 5, 1998 (operative July 7, 1998).

See: 29 N.J.R. 2777(a), 30 N.J.R. 235(a).

In (f)2, substituted "\$100" for "\$100,000" in the table title and added the concluding paragraph to the table; rewrote (g)2i; inserted a new (i); and recodified former (i) and (j) as (j) and (k).

Administrative correction.

See: 30 N.J.R. 4390(a).

11:2-3.18 Joint credit accident and health insurance

(a) Joint credit accident and health insurance covers two insured individuals who are jointly obligated in connection with an indebtedness and pays benefits in the event that either insured becomes disabled. Joint credit accident and health coverage is permitted on either a split basis or a full basis. Split basis and full basis coverage may not be provided under the same policy form.

(b) Split basis joint credit accident and health insurance provides coverage for each insured for a specified percentage of the payment, with the sum of the insured amounts equaling the entire payment. The rates for split basis coverage shall equal the rates for a single insured covered for the entire payment.

(c) Full basis joint credit accident and health insurance provides coverage for each insured for the full payment, provided that only one benefit is payable if both insureds become disabled. The rates for full basis coverage shall be no greater than 185 percent of the rates for a single insured covered for the full payment. Any policy or certificate form providing full basis coverage shall state that only one payment will be made even if both insureds are disabled.

New Rule, R.1996 d.206, effective May 20, 1996.

See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).

Former section, "Existing insurance; choice of insurer", recodified to 11:2-3.24.

11:2-3.19 Maximum payments by debtors

(a) The amount collected from a debtor for credit life or credit accident and health insurance shall not exceed the premium charged by the insurer; provided, that if the amount collected from a debtor is determined in a single sum but the premium charged by the insurer is not, the amount so collected from a debtor shall not exceed the lesser of:

1. The single premium rate set forth in N.J.A.C. 11:2-3.17 or such higher single premium rate consistent with such premiums to be charged by the insurer pursuant to that section; and

2. The aggregate of the premiums to be charged by the insurer.

(b) The amount determined in accordance with either (a)1 or 2 above shall be computed as of the time the amount collected from the debtor is determined.

(c) Nothing in this subchapter shall be construed to legalize any charge now illegal under any statute or rule of law governing credit transactions.

Amended by R.1996 d.3, effective January 2, 1996.

See: 27 N.J.R. 3278(b), 28 N.J.R. 152(b).

Recodified from 11:2-3.13 and amended by R.1996 d.206, effective May 20, 1996.

See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).

Former section, "Separability", recodified to 11:2-3.25.

11:2-3.20 Refunds

(a) Each individual policy or group certificate of credit life insurance and credit accident and health insurance for which a payment is collected from the debtor shall provide that, in the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund due of premium or of an amount collected from the debtor for insurance shall be paid or credited promptly to the insured debtor.

(b) If a creditor collects a payment from a debtor for credit life insurance and credit accident and health insurance and such insurance does not become effective, the creditor shall immediately give written notice to such debtor and shall promptly refund to or credit to the account of the debtor the amount collected from him for such insurance.

(c) The filing requirement set forth in N.J.A.C. 11:2-3.14 will be considered satisfied if such refund formulas are set forth in the individual policy or certificate of group insurance filed for the coverages to which such refund formulas relate and the filing of said forms has been acknowledged and not disapproved by the Commissioner.

(d) For credit life insurance issued on a gross basis and for credit accident and health insurance, the refund formula designated as the "sum of digits" formula and more commonly known as the "Rule of 78" is acceptable. For credit life insurance issued on a net basis, the refund formula shall be an exact actuarial formula based on the amount of net coverage and shall be set out in the individual policy or group certificate and filed with the Commissioner for approval. The Rule of 78 is not an acceptable refund formula for credit life insurance issued on a net basis. Nothing in this subsection shall preclude insurers from filing other refund formulas which produce a just, fair and equitable result.

(e) When credit involuntary unemployment insurance is included in the combined coverages and the debtor notifies the insurer in writing that he or she is or has become ineligible for credit involuntary unemployment insurance coverage by reason of being or becoming voluntarily unemployed, or by reason of being or becoming self-employed, and states the date on which that ineligibility commenced,

or a claim is denied under the credit involuntary unemployment insurance coverage because the debtor became ineligible for that coverage, the insurer shall promptly remit a refund of the portion of the premium applicable to the credit involuntary unemployment insurance coverage during the period of ineligibility.

(f) In no event need a refund or credit be made if the amount thereof is less than \$1.00.

(g) An insurer shall promptly refund to an individual policyholder and refund or credit to a group policyholder any refund of premium due on termination of insurance prior to the scheduled maturity date of the indebtedness, and a group policyholder or creditor shall promptly refund or credit to the debtor any refund due pursuant to this section.

Amended by R.1996 d.3, effective January 2, 1996.

See: 27 N.J.R. 3278(b), 28 N.J.R. 152(b).

Recodified from 11:2-3.14 and amended by R.1996 d.206, effective May 20, 1996.

See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).

Rewrote (d) and deleted former (e) and (f) relating to refund formulas.

Amended by R.1998 d.41, effective January 5, 1998 (operative July 7, 1998).

See: 29 N.J.R. 2777(a), 30 N.J.R. 235(a).

Inserted a new (e); and recodified former (e) and (f) as (f) and (g).

11:2-3.21 Maintenance of statistics

(a) Each insurer writing credit life insurance and credit accident and health insurance shall maintain statistics, subject to call by the Commissioner from time to time, on a policy-year basis for group policies and on a calendar-year basis for individual policies with respect to each creditor on whose debtors term insurance is provided, showing on an accrual basis, separately for credit life insurance and credit accident and health insurance and separately for direct business and reinsurance assumed, the following:

1. Gross premiums received;
2. Refunds of premium on terminated insurance;
3. Increase in unearned premium reserve;
4. Earned premiums;
5. Claims paid;
6. Increase in claim reserve;
7. Claims incurred;
8. Reserve increases other than the increases described in (a)3 and 6 above;
9. Commissions;
10. Fees and other allowances;
11. Dividends and experience rating refunds;

12. Mean amount of life insurance in force; and

13. Mean number of individual policies in force during the calendar year.

(b) With respect to credit accident and health insurance, each insurer shall keep a record for each creditor or which, in addition to the statistics set forth in (a) above, shall show the nature of the benefits payable, the applicable waiting period and the rate at which premiums are charged therefor.

Amended by R.1996 d.3, effective January 2, 1996.

See: 27 N.J.R. 3278(b), 28 N.J.R. 152(b).

Recodified from 11:2-3.15 by R.1996 d.206, effective May 20, 1996.

See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).

11:2-3.22 Issuance of policies

All policies of credit life insurance and credit accident and health insurance shall be delivered or issued for delivery in this State only by an insurer authorized to do an insurance business therein, and shall be issued only through holders of licenses or authorizations issued by the Commissioner.

Recodified from 11:2-3.16 by R.1996 d.206, effective May 20, 1996.

See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).

11:2-3.23 Payment of claims

(a) All claims shall be promptly reported to the insurer or its designated claim representative, and the insurer shall maintain adequate claim files. All claims shall be settled as soon as possible and in accordance with the terms of the insurance contract.

(b) All claims shall be paid either by draft drawn upon the insurer or by check of the insurer to the order of the claimant to whom payment of the claim is due pursuant to the policy provisions, or upon direction of such claimant to one specified.

(c) No plan or arrangement shall be used whereby any person, firm or corporation other than the insurer or its designated claim representative shall be authorized to settle or adjust claims.

(d) The creditor shall not be designated as claim representative for the insurer in adjusting claims; provided, that a group policyholder may, by arrangement with the group insurer, draw drafts or checks in payment of claim due to the group policyholder subject to audit and review by the insurer.

(e) The insurer shall make periodic audits of claim payments made on its behalf by claim representatives or group policyholders.

Recodified from 11:2-3.17 by R.1996 d.206, effective May 20, 1996.

See: 27 N.J.R. 3676(a), 28 N.J.R. 2621(a).