

**CHAPTER 4
ACTUARIAL SERVICES**

Authority

N.J.S.A. 17:1C-6e.

Source and Effective Date

R.2001 d.7, effective November 30, 2000.
See: 32 N.J.R. 3546(a), 33 N.J.R. 101(a).

Executive Order No. 66(1978) Expiration Date

Chapter 4, Actuarial Services, expires on November 30, 2005.

Chapter Historical Note

Chapter 4, Actuarial Services, was adopted and became effective prior to September 1, 1969.

Subchapter 2, Replacement of Life Insurance Policy, was adopted as R.1972 d.21, effective April 1, 1972.

Subchapter 7, Procedure for the Regulation of Consent to Higher Rate Filings, was adopted as R.1973 d.82, effective April 15, 1973. See: 4 N.J.R. 220(a), 5 N.J.R. 113(b).

Subchapter 8, Charitable Annuities, was adopted as R.1974 d.258, effective September 20, 1974. See: 6 N.J.R. 315(a), 6 N.J.R. 399(c).

Subchapter 11, Life Insurance Solicitation, was adopted as R.1976 d.329, effective October 18, 1976. See: 8 N.J.R. 336(a), 8 N.J.R. 517(a).

Subchapter 13, Group Student Health Insurance, was adopted as R.1977 d.309, effective August 22, 1977. See: 9 N.J.R. 343(c), 9 N.J.R. 438(d).

Subchapter 14, Home Health Care Insurance Coverage, was adopted as R.1977 d.476, effective December 15, 1977. See: 9 N.J.R. 479(f), 10 N.J.R. 16(d).

Subchapter 15, Alcoholism Benefits, was adopted as R.1978 d.165, effective May 22, 1978. See: 10 N.J.R. 162(a), 10 N.J.R. 257(a).

Subchapter 20, Blindness; Partial Blindness or other Physical or Mental Impairments; Unfair Discrimination, was adopted as R.1979 d.434, effective December 6, 1979. See: 11 N.J.R. 384(a), 11 N.J.R. 627(f).

Subchapter 16, Minimum Standards for Individual Health Insurance, Subchapter 17, Health Insurance Solicitation, and Subchapter 18, Individual Health Insurance Rate Filings, were adopted as new rules by R.1980 d.176, effective April 21, 1980. See: 11 N.J.R. 348(a), 12 N.J.R. 342(c).

Pursuant to Executive Order No. 66(1978), Subchapter 16, Minimum Standards for Individual Health Insurance, Subchapter 17, Health Insurance Solicitation, and Subchapter 18, Individual Health Insurance Rate Filings, were readopted as R.1980 d.343, effective August 5, 1980. See: 12 N.J.R. 420(c), 12 N.J.R. 538(b).

Subchapter 21, Limited Death Benefits Forms, was adopted as R.1980 d.265, effective June 18, 1980. See: 12 N.J.R. 279(b), 12 N.J.R. 423(c).

Subchapter 2, Replacement of Life Insurance Policy, was repealed and Subchapter 2, Replacement of Life Insurance Policy, was adopted as new rules by R.1982 d.16, effective February 1, 1982, operative June 1, 1982. See: 13 N.J.R. 18(e), 14 N.J.R. 158(d).

Pursuant to Executive Order No. 66(1978), Subchapter 15, Alcoholism Benefits, expired on May 22, 1983.

Subchapter 22, Individual Life Insurance: Use of Gender Blended Mortality Tables, was adopted as R.1984 d.478, effective November 5, 1984. See: 16 N.J.R. 1452(a), 16 N.J.R. 3040(a).

Pursuant to Executive Order No. 66(1978), Subchapter 6, Reserve Standards for Individual Health Insurance Policies, was readopted as R.1984 d.512, effective November 5, 1984. See: 16 N.J.R. 2225(a), 16 N.J.R. 3039(a).

Subchapter 23, Medicare Supplement Policies and Contracts, was adopted as R.1985 d.70, effective February 19, 1985, operative June 19, 1985. See: 16 N.J.R. 2945(a), 17 N.J.R. 460(a).

Pursuant to Executive Order No. 66(1978), Subchapter 20, Blindness; Partial Blindness or Other Physical or Mental Impairments; Unfair Discrimination, was readopted as R.1985 d.161, effective April 1, 1985. See: 17 N.J.R. 168(a), 17 N.J.R. 820(a).

Pursuant to Executive Order No. 66(1978), Subchapter 16, Minimum Standards for Individual Health Insurance, Subchapter 17, Health Insurance Solicitation, and Subchapter 18, Individual Health Insurance Rate Filings were readopted as R.1985 d.221, effective April 15, 1985. See: 17 N.J.R. 554(a), 17 N.J.R. 1129(a).

Subchapter 21 was readopted as R.1985 d.325, effective June 3, 1985. See: 17 N.J.R. 891(a), 17 N.J.R. 1660(a).

Subchapter 24, Smoker and Nonsmoker Mortality Tables, was adopted as R.1985 d.617, effective December 2, 1985. See: 17 N.J.R. 2348(a), 17 N.J.R. 2907(a).

Subchapter 26, Annuity Mortality Tables, was adopted as R.1985 d.616, effective December 2, 1985. See: 17 N.J.R. 2349(a), 17 N.J.R. 290(a).

Subchapter 15, Alcoholism Benefits, was adopted as R.1986 d.228, effective June 16, 1986. See: 18 N.J.R. 607(a), 18 N.J.R. 1302(a).

Subchapter 19, Optional Coverage for Pregnancy and Childbirth Benefits, was adopted as R.1988 d.455, effective September 19, 1988. See: 20 N.J.R. 43(a), 20 N.J.R. 2377(c).

Subchapter 28, Group Coordination of Benefits, was adopted as new rules by R.1988 d.499, effective October 17, 1988. See: 20 N.J.R. 1773(b), 20 N.J.R. 2581(a).

Subchapter 29, Homeowners Comparison Survey, was adopted as R.1989 d.50, effective January 17, 1989. See: 20 N.J.R. 2181(a), 21 N.J.R. 164(a).

Subchapter 31, Term Life Insurance Comparison Survey, was adopted as R.1989 d.122, effective February 21, 1989. See: 20 N.J.R. 2990(a), 21 N.J.R. 566(a).

Subchapter 32, Health Service Corporation Notice of Increased Rates, was adopted as R.1989 d.522, effective October 2, 1989. See: 21 N.J.R. 973(b), 21 N.J.R. 3173(c).

Subchapter 33, Excess Interest Reserve Adjustment, was adopted as R.1989 d.523, effective October 2, 1989. See: 21 N.J.R. 1308(a), 21 N.J.R. 3175(c).

Subchapter 34, Long-Term Care Insurance, was adopted as R.1989 d.571, effective November 6, 1989. See: 21 N.J.R. 1964(a), 21 N.J.R. 3465(a).

Subchapter 25, Medicare Supplement Interim Standards, was adopted as R.1990 d.214, effective April 16, 1990. See: 22 N.J.R. 320(a), 22 N.J.R. 1266(b).

Pursuant to Executive Order No. 66(1978), Chapter 4 was readopted as R.1991 d.3, effective November 30, 1990, Subchapter 1, Contracts on a Variable Basis, was repealed by R.1991 d.3, effective January 7, 1991. See: 22 N.J.R. 1689(a), 23 N.J.R. 111(a).

Subchapter 35, Annual Medicare Supplement Policy Survey, was adopted as R.1991 d.122, effective March 4, 1991. See: 22 N.J.R. 1226(b), 23 N.J.R. 698(a).

Petition for Rulemaking. See: 23 N.J.R. 2546(c), 23 N.J.R. 3827(a).

Subchapter 25, Medicare Supplement Interim Standards, was repealed by R.1993 d.26, effective January 4, 1993. See: 24 N.J.R. 12(a), 25 N.J.R. 141(a).

Subchapter 37, Selective Contracting Arrangements of Insurers, was adopted as R.1994 d.45, effective January 18, 1994. See: 25 N.J.R. 4554(b), 26 N.J.R. 381(a).

Subchapter 9, Personal Lines Insurance: Prospective Loss Costs Filing Procedures, was adopted as R.1995 d.406, effective August 7, 1995. See: 27 N.J.R. 1356(b), 27 N.J.R. 2931(a).

Subchapter 30, Accelerated Death Benefits, was adopted as R.1995 d.521, effective September 18, 1995. See: 27 N.J.R. 2046(a), 27 N.J.R. 3613(c).

Subchapter 40, Life/Health/Annuity Forms, was adopted as R.1995 d.569, effective November 6, 1995. See: 27 N.J.R. 2857(a), 27 N.J.R. 2867(a), 27 N.J.R. 4317(a).

Administrative correction. See: 27 N.J.R. 4728(a).

Pursuant to Executive Order No. 66(1978), Chapter 4, Actuarial Services, was readopted as R.1996 d.4, effective November 30, 1995, and Subchapter 5, Amendment to Instructions to Life and Accident and Health Annual Statement Blank, Subchapter 10, Expense Experience, Subchapter 32, Health Service Corporation Notice of Increased Rates, Subchapter 35, Annual Medicare Supplement Policy Survey, and Exhibits A and B of the Appendix to Subchapters 16 and 23 were repealed by R.1996 d.4, effective January 2, 1996. See: 27 N.J.R. 3557(a), 28 N.J.R. 165(a).

Subchapter 47, Actuarial Requirements for Flexible-Factor Policy Forms, was adopted as new rules by R.1996 d.83, effective February 5, 1996. See: 27 N.J.R. 3750(a), 28 N.J.R. 1215(a).

Subchapter 44, Standards for Contracts on a Variable Basis, was adopted as new rules by R.1996 d.149, effective March 18, 1996. See: 27 N.J.R. 3743(a), 28 N.J.R. 1546(a).

Subchapter 45, Periodic Reports, was adopted as new rules by R.1996 d.150, effective March 18, 1996. See: 27 N.J.R. 3744(a), 28 N.J.R. 1548(a).

Subchapter 43, Individual Annuity Contract Form Standards, was adopted as new rules by R.1996 d.181, effective April 1, 1996. See: 27 N.J.R. 3740(a), 28 N.J.R. 1885(a).

Subchapter 48, Unfair Discrimination, was adopted as new rules by R.1996 d.182, effective April 1, 1996. See: 27 N.J.R. 3756(a), 28 N.J.R. 1887(a).

Subchapter 23A, Medicare Supplement—Under 50 Coverage, and Subchapter 23B, Medicare Supplement—Age 50 through 64 Coverage were adopted as new rules by R.1996 d.195, effective April 15, 1996. See: 27 N.J.R. 3719(a), 28 N.J.R. 1987(a).

Subchapter 42, Group Life, Group Health and Blanket Insurance: General Standards for Contract Provisions, was adopted as new rules by R.1996 d.196, effective April 15, 1996. See: 27 N.J.R. 3735(a), 28 N.J.R. 2003(a).

Subchapter 41, Standards for Individual Life Insurance Policy Forms, was adopted as new rules by R.1996 d.197, effective April 15, 1996. See: 27 N.J.R. 3727(a), 28 N.J.R. 1992(a).

Subchapter 25, Funeral Insurance Policies, was adopted as new rules by R.1996 d.328, effective July 15, 1996. See: 28 N.J.R. 1656(a), 28 N.J.R. 3671(a).

Subchapter 49, Mandated Diabetes Benefits, was adopted as new rules by R.1997 d.86, effective February 18, 1997. See: 28 N.J.R. 4340(a), 29 N.J.R. 562(a).

Subchapter 46, Synthetic Guaranteed Investment Contract Forms, was adopted as new rules by R.1997 d.332, effective August 4, 1997. See: 29 N.J.R. 1472(a), 29 N.J.R. 3452(b).

Subchapter 50, Reimbursement of Inmate Health Care Costs, was adopted as new rules by R.1997 d.513, effective December 1, 1997. See: 29 N.J.R. 2232(a), 29 N.J.R. 5066(a).

Subchapter 52, Life Insurance Illustrations, was adopted as new rules by R.1998 d.338, effective July 6, 1998. See: 30 N.J.R. 47(a), 30 N.J.R. 2495(a).

Subchapter 32, Valuation of Life Insurance Policies, was adopted as new rules by R.1999 d.442, effective December 20, 1999 (operative January 1, 2000, except as provided in N.J.A.C. 11:4-32.6). See: 31 N.J.R. 2845(a), 31 N.J.R. 4268(c).

Pursuant to Executive Order No. 66(1978), Chapter 4, Actuarial Services, was readopted as R.2001 d.7, effective November 30, 2000. See: Source and Effective Date.

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Source and Effective Date

R.2001 d.122, effective April 2, 2001.
Sec: 32 N.J.R. 3907(a), 33 N.J.R. 1109(a).

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**SUBCHAPTER 1. NEW JERSEY INSOLVENT
HEALTH MAINTENANCE ORGANIZATION
ASSISTANCE ASSOCIATION**

Authority

N.J.S.A. 17:1-8.1; 17:1-15e; and 17B:32B-1 et seq.

11:4-3.5 Guaranteed annual endowments

Guaranteed annual endowments shall not be included as benefits in policies entitled to participate in dividends.

11:4-3.6 Severability

If any provision of this regulation or the application thereof to any person or circumstance is held invalid, the remainder of the regulation and the application of such provision to other persons or circumstances shall not be affected thereby.

11:4-3.7 Effective date

The effective date of this regulation shall be August 1, 1963.

SUBCHAPTER 4. PASSBOOKS USED IN CONNECTION WITH COUPON POLICIES OR POLICIES CONTAINING GUARANTEED ANNUAL ENDOWMENT BENEFITS

11:4-4.1 General provisions

(a) Passbooks resembling those used for savings deposits in banks shall not be used in connection with policies to which this regulation applies which contain guaranteed annual endowment benefits.

(b) No reference shall be made in any material used in connection with such policies to "passbook" or "premium deposit" or other language which might give the impression to an applicant or person insured that the transaction involves premium deposits of a savings nature.

(c) The practice of using such books is determined to be an unfair method of competition and unfair or deceptive act or practice in the business of insurance in that it is a "statement misrepresenting the terms of any policy issued or to be issued or the benefits or advantages promised thereby" as defined at N.J.S.A. 17B:30-3.

Amended by R.1996 d.4, effective January 2, 1996.
See: 27 N.J.R. 3557(a), 28 N.J.R. 165(a).

11:4-4.2 Unfair practice

The use of such books as described at N.J.A.C. 11:4-4.1(a) is determined to be an unfair method of competition and unfair or deceptive act or practice pursuant to N.J.S.A. 17B:30-18, and such books shall not be used in connection with policies to which this regulation applies.

Amended by R.1996 d.4, effective January 2, 1996.
See: 27 N.J.R. 3557(a), 28 N.J.R. 165(a).

11:4-4.3 Scope

(a) This practice shall be discontinued with respect to policies to which this regulation applies because it conflicts with N.J.S.A. 17B:25-5 which requires "that the policy constitute the entire contract between the parties".

(b) The reference to such language as "deposits" in such books, but not in the policy itself, is in conflict with the required provision that the policy constitute the entire contract.

Amended by R.1996 d.4, effective January 2, 1996.
See: 27 N.J.R. 3557(a), 28 N.J.R. 165(a).

11:4-4.4 Severability

If any provision of this regulation or the application thereof to any person or circumstance is held invalid, the remainder of the regulation and the application of such provision to other persons or circumstances shall not be affected thereby.

11:4-4.5 Effective date

The effective date of this regulation shall be August 1, 1963.

SUBCHAPTER 5. (RESERVED)

SUBCHAPTER 6. RESERVE STANDARDS FOR INDIVIDUAL HEALTH INSURANCE POLICIES

11:4-6.1 Purpose

Pursuant to N.J.S.A. 17B:19-5, the Commissioner of the Department of Banking and Insurance is authorized to promulgate rules establishing the minimum reserve standards and mortality, morbidity or other contingency bases which must be utilized by health insurers to calculate policy and loss reserves. This subchapter establishes such regulations.

R.1984 d.512, eff. November 5, 1984.
See: 16 N.J.R. 2225(a), 16 N.J.R. 3039(a).
Amended by R.2001 d.7, effective January 2, 2001.
See: 32 N.J.R. 3546(a), 33 N.J.R. 101(a).

11:4-6.2 Scope

This subchapter applies to all insurers authorized to write health insurance in this State.

R.1984 d.512, eff. November 5, 1984.
See: 16 N.J.R. 2225(a), 16 N.J.R. 3039(a).

11:4-6.3 Definitions

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

“1959 Accidental Death Benefits Table” is the minimum standard for accidental death benefits adopted by the National Association of Insurance Commissioners.

“Active life reserve” is the pro rata unearned premium reserve and the additional reserve required to fund the current cost of the future health benefits.

“Claim reserve” is the present value of amounts not yet due on claims and reserves for future contingent benefits.

“1964 Commissioner’s Disability Table” is the minimum standard for total disability due to accident or sickness adopted by the National Association of Insurance Commissioners.

“Health Insurance” is defined at N.J.S.A. 17B:17-4.

“1974 Hospital Table” is the minimum standard for hospital expense benefits adopted by the National Association of Insurance Commissioners to replace the 1956 Inter-Company Hospital Table.

“1956 Inter-Company Hospital Table” is the minimum standard for hospital expense benefits adopted by the National Association of Insurance Commissioners.

“1956 Inter-Company Surgical Table” is the minimum standard for surgical expense benefits adopted by the National Association of Insurance Commissioners.

“Mortality table” is a table used to determine life expectancy.

“Morbidity table” is a table used to determine health expectancy.

“1974 Surgical Table” is the minimum standard for surgical expense benefits adopted by the National Association of Insurance Commissioners to replace the 1956 Inter-Company Surgical Table.

R.1984 d.512, eff. November 5, 1984.
See: 16 N.J.R. 2225(a), 16 N.J.R. 3039(a).

11:4-6.4 Active life reserve-general

(a) Active life reserves are required for all in-force policies and are in addition to any reserves required in connection with claims.

(b) This subchapter contains minimum standards for active life reserves. Higher, adequate reserves shall be established by the insurer in any case where experience indicates that these minimum standards do not place a sound value on the liabilities under the policy.

As amended, R.1984 d.512, eff. November 5, 1984.

See: 16 N.J.R. 2225(a), 16 N.J.R. 3039(a).

This section was recodified from 6.1(a)-(c) with substantive changes.

11:4-6.5 Types of individual health insurance policies

(a) Type A are policies which are guaranteed renewable for life or to a specified age such as 60 or 65, at guaranteed premium rates.

(b) Type B are policies which are guaranteed renewable for life or to a specified age, such as 60 or 65, but under which the insurer reserves the right to change the scale of premiums.

(c) Type C are policies in which the insurer has reserved the right to cancel or refuse renewal for one or more reasons, but has agreed implicitly or explicitly that, prior to a specified time or age, it will not cancel or decline renewal solely because of deterioration of health after issue; however, policies shall not be considered of this type if the insurer has reserved the right to refuse renewal provided the right is to be exercised at the same time for all policies in the same category, unless premiums are based on the level premium principle.

(d) Type D are all other individual policies.

(e) The definitions set forth in (a) through (d) above do not classify “franchise” as a type of policy. Such policies are frequently written under an agreement limiting the insurer’s right to cancel or refuse renewal. Usually the right is reserved to refuse renewal of all policies in the group or other categories such as those ceasing to be members of the association, and this would place such policies in Type D in accordance with the last clause under (c) above. However, if premiums are based on the level premium principle or if the renewal undertaking for the individual meets the requirements for Type A, B or C, the franchise policy should be so classified for reserve purposes.

(f) A policy may have guarantees qualifying it as Type A, B or C until a specified age or duration after which the guarantees, or lack of guarantees, may qualify it as Type A, B, C or D. In such case, the policy in each period shall be considered for reserve purposes according to the type to which it then belongs.

(g) Where all of the benefits of a policy, as provided by rider or otherwise are not of the same Type A, B, C or D, each benefit shall be considered for reserve purposes according to the type to which it belongs.

As amended, R.1984 d.512, eff. November 5, 1984.

See: 16 N.J.R. 2225(a), 16 N.J.R. 3039(a).

Recodified with substantive changes from 6.1(e) and Notes (a)-(c).

11:4-6.6 Reserve standards for policies of Type A, B or C

(a) The maximum interest rate for reserves shall be the maximum rate permitted by law in the valuation of currently issued life insurance.

(b) The mortality assumptions used for reserves shall be according to a table permitted by law in the valuation of currently issued life insurance.

(c) Morbidity or other contingency:

1. The minimum standard for total disability due to accident or sickness, shall be the 1964 Commissioner's Disability Table.

2. For policies issued prior to January 1, 1986, minimum standard for hospital expense benefits shall be the 1956 Inter-Company Hospital Table. For policies issued after December 31, 1985, the minimum standard for hospital expense benefits shall be the 1974 Hospital Table.

3. For policies issued prior to January 1, 1986, the minimum standard for surgical expense benefits shall be the 1956 Inter-Company Surgical Table. For policies issued after December 31, 1985, the minimum standard for surgical expense benefits shall be the 1974 Surgical Table.

4. The minimum standard for accidental death benefits shall be the 1959 Accidental Death Benefits Table.

5. As to all other benefits, the insurer shall adopt a standard which will produce reserves that place a sound value on the liabilities under such benefit.

(d) Negative reserves on any benefit may be offset against positive reserves for other benefits in the same policy, but the mean reserve on any policy shall never be taken as less than one-half the valuation net premium.

(e) The minimum reserve shall be on the basis of a two-year preliminary term.

(f) The reserve method shall be the mean reserves diminished by appropriate credit for valuation net deferred premiums. In no event, however, shall the aggregate reserve for all policies valued on the mean reserve basis, diminished by any credit for deferred premiums, be less than the gross pro rata unearned premiums under such policies.

(g) Provided the reserve on all policies to which the method or basis is applied is not less in the aggregate than the amount determined according to the applicable standards specified above, an insurer may use any reasonable assumptions as to the interest rate, mortality rates, or the rates of morbidity or other contingency, and may introduce an assumption as to the voluntary termination of policies. Also, subject to the preceding condition, the insurer may employ methods other than the methods stated above in determining a sound value of its liabilities under such policies, including but limited to the following:

1. The use of mid-terminal reserves in addition to either gross or net pro rata unearned premium reserves;

2. Optional use of either the level premium, the one-year preliminary term, or the two-year preliminary term method;

3. Prospective valuation on the basis of actual gross premiums with reasonable allowance for future expenses;

4. The use of approximations such as those involving age groupings, groupings of several years of issue, average amounts of indemnity;

5. The computation of the reserve for one policy benefits as a percentage of, or by other relation to, the aggregate policy reserves, exclusive of the benefit or benefits so valued;

6. The use of a composite annual claim cost for all or any combination of the benefits included in the policies valued.

(h) For statement purposes the net reserve liability may be shown as the excess of the mean reserve over the amount of net unpaid and deferred premiums, or, regardless of the underlying method of calculation, it may be divided between the gross pro rata unearned premium reserve and a balancing item for the "additional reserve."

As amended, R.1984 d.512, eff. November 5, 1984.

See: 16 N.J.R. 2225(a), 16 N.J.R. 3039(a).

Recodified from 6.1(f) with substantive changes.

11:4-6.7 Reserve standards for policy Type D

The minimum reserve standard for policy Type D shall be the gross pro rata unearned premium.

R.1984 d.512, eff. November 5, 1984.

See: 16 N.J.R. 2225(a), 16 N.J.R. 3039(a).

11:4-6.8 Claim reserves—present value of amounts not yet due on claims

(a) Reserves are required for claims on all health insurance policies, whether of Type A, B, C or D, providing benefits for continuing loss, such as loss of time or hospitalization.

(b) As to claim reserve standards for total disability due to accident or sickness, the following rules shall apply:

1. The maximum interest rate for reserves shall be the maximum rate permitted by law in the valuation of life insurance issued on the date of the health insurance.

2. The reserve shall be established in accordance with the 1964 Commissioner's Disability Table, except that for unreported claims and resisted claims and, at the option of the insurer, claims with a duration of disablement of less than two years, reserves may be based on the individual insurer's experience or other assumptions designed to place a sound value on the liabilities. Reserves based on such experience or assumptions shall be verified by the development of each year's claims over a period of years.

3. For policies with an elimination period, the duration of disablement shall be considered as dating from the time that benefits would have begun to accrue had there been no elimination period.

4. A new disability connected directly or indirectly with a previous disability which had a duration of at least one year and terminated within six months of the new disability shall be considered a continuation of the previous disability.

(c) As to reserve standards for all other claim reserves, the following rules shall apply:

1. The maximum interest rate for reserves shall be the maximum rate permitted by law in the valuation of life insurance issued on the date of the health insurance.

2. The reserve shall be based on the individual insurer's experience or other assumptions designed to place a sound value on the liabilities. The results shall be verified by the development of each year's claims over a period of years along the lines of Schedule O.

(d) As to valuation procedures, the insurer may employ suitable approximations and estimates, including but not limited to groupings and averages, in computing claim reserves.

R.1984 d.512, eff. November 5, 1984.

See: 16 N.J.R. 2225(a), 16 N.J.R. 3039(a).

Section recodified from 6.2; Old 6.8 was repealed.

11:4-6.9 Loss of time policies

In the case of loss of time policies containing a change or changes in the premium or benefits after a fixed duration of coverage prior to the terminal age, the reserves shall be calculated along the principles set forth on page 160 of the 1941 Proceedings of the National Association of Insurance Commissioners.

R.1984 d.512, eff. November 5, 1984.

See: 16 N.J.R. 2225(a), 16 N.J.R. 3039(a).

Recodified from 6.3.

11:4-6.10 Tabular reserves, deficiency reserve requirement

Because of the aggregate and average nature of tabular reserves, no deficiency reserves will be required, even though for some ages and plans for some classifications of risks the premiums charged may be less than the tabular net premiums.

R.1984 d.512, eff. November 5, 1984.

See: 16 N.J.R. 2225(a), 16 N.J.R. 3039(a).

Recodified from 6.4.

11:4-6.11 Commissioner's Disability Table

The 1964 Commissioner's Disability Table shall be used without adjustment as the minimum standard for women as well as men.

R.1984 d.512, eff. November 5, 1984.

See: 16 N.J.R. 2225(a), 16 N.J.R. 3039(a).

Recodified from 6.5.

11:4-6.12 Active life reserve factors, elimination period

The active life reserve factors for disability benefits with an elimination period of seven days shall be considered generally appropriate for benefits with a shorter or no elimination period.

R.1984 d.512, eff. November 5, 1984.

See: 16 N.J.R. 2225(a), 16 N.J.R. 3039(a).

Recodified from 6.6.

11:4-6.13 Policy applicability

The reserve standards set forth in this regulation shall apply to policies issued on or after January 1, 1965, and, at the option of the insurer, for prior issues.

R.1984 d.512, eff. November 5, 1984.

See: 16 N.J.R. 2225(a), 16 N.J.R. 3039(a).

Recodified from 6.7.

11:4-6.14 Severability

If any provision of this subchapter or the application thereof to any person or circumstance shall be held invalid, such invalidity shall not affect other provisions or applications of the subchapter which can be given effect without the invalid provision or application and to this end, the provisions of this subchapter are severable.

R.1984 d.512, eff. November 5, 1984.

See: 16 N.J.R. 2225(a), 16 N.J.R. 3039(a).

SUBCHAPTER 7. PROCEDURE FOR THE REGULATION OF CONSENT TO HIGHER RATE FILINGS

11:4-7.1 Filing requirements

(a) Every application must be filed with the Commissioner of the Department of Banking and Insurance within 20 work days after the insured has signed it or within 20 work days of the inception date of the policy, whichever is earlier.

(b) Each application shall show the following information:

1. Name and address of company, and signature by authorized company representative;

Name, address, New Jersey license number and signature of producer;

3. Name and address of insured;

4. Effective date and expiration date of policy;

5. Policy number, if available;