

NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE
OFFICE OF PROPERTY/CASUALTY
20 WEST STATE STREET
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.1998 d.86, effective February 2, 1998.
See: 29 N.J.R. 4069(a), 30 N.J.R. 552(c).
Changed deductible to \$500.00 and changed address.
Administrative change.
See: 30 N.J.R. 1317(a).

APPENDIX C

Company Name: _____

Affiliated with Group (name): _____

Price Comparison Survey

Period Ending: _____

C. Condominium Coverage: Policy Form HO-6, owner occupied only, contents amount \$40,000, personal liability \$300,000, medical payments \$1,000, smoke detector, \$500.00 deductible and five miles or less to a fire station and within 1,000 feet of a hydrant or useable suction point with contents amount written on a replacement cost basis. Price as of December 31, of the reporting year.

If Your Policy Differs From Above, Please Explain: _____

List Any Dividends Your Company Offers: _____

Identify any special eligibility criteria your company may have; for example, certain groups or professional associations, referrals from present policyholders, etc.: _____

Table with columns: Location, County of, Annual Premium. Lists cities like Bayonne, Camden, Clifton, etc., and their corresponding counties and premium rates.

Table with columns: Location, Annual Premium. Lists counties like Atlantic, Bergen, Burlington, etc., and their corresponding premium rates.

As of January 1, 19____, _____ (company name) had _____ New Jersey condominium policies in force.

As of December 31, 19____, _____ (company name) had _____ New Jersey condominium policies in force.

Signature of Officer or Senior Manager

Phone Number: _____

PLEASE RETURN TO:

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SUBCHAPTER 30. ACCELERATED DEATH BENEFITS

11:4-30.1 Purpose

The purpose of these rules is to regulate the content, filing and disclosure of information to individual policy

owners and group certificate holders with respect to accelerated death benefit provisions of life insurance policies.

11:4-30.2 Application and scope

These rules shall apply to all accelerated death benefit provisions of individual and group life insurance policies delivered or issued for delivery in this State on and after September 18, 1995.

11:4-30.3 Definitions

The following terms, when used in this subchapter, shall have the following meanings:

“Accelerated death benefits” means the advance settlement of death proceeds payable under a life insurance contract:

1. To the policy owner or certificate holder, during the lifetime of the insured, when the insured is reasonably expected to have a drastically limited life span;
2. Which reduce the death benefit otherwise payable under the contract through a total or partial surrender of the contract or imposition of a lien upon the death benefits; and
3. Which are payable upon the occurrence of a single qualifying event resulting in the payment of a benefit amount fixed at the time of acceleration.

“Commissioner” means the Commissioner of the Department of Banking and Insurance, State of New Jersey.

“Department” means the Department of Banking and Insurance.

“Qualifying event” means a medical condition which is reasonably expected to result in a drastically limited life span for the insured, such limitation to be specified in the contract; for example, a remaining life span of 24 months. A qualifying event also includes those conditions which result in a limited life span and which are reasonably expected to require continuous confinement in an eligible institution, as defined in the contract, until the death of the insured; and any other qualifying events which the Commissioner may approve.

Amended by R.2000 d.170, effective April 17, 2000.
See: 32 N.J.R. 167(a), 32 N.J.R. 1396(a).
Inserted “Department”.

11:4-30.4 Permitted forms of accelerated death benefit provisions

Accelerated death benefit provisions will be permitted in the form of either a total or partial surrender of the policy or a lien on the death benefits.

11:4-30.5 Partial surrender

(a) Under the partial surrender approach, the insured in the case of group insurance or the policy owner in the case of individual insurance is permitted to accelerate the payment of a portion of the death benefit, which portion is specified in the contract, through a partial surrender of the contract. The cash value is reduced by the same percentage as the death benefit. The premium in individual life policies is reduced to the premium that would apply had the contract been issued at the reduced amount of death benefit. The premium in group life policies is reduced to reflect the remaining amount of insurance in effect.

(b) The following requirements apply to accelerated death benefit options which utilize the partial surrender approach.

1. The amount of the accelerated death benefit may be applied to repayment of an outstanding policy loan but only up to the amount of the outstanding policy loan multiplied by the percentage of the death benefits which have been accelerated. For example, where a policy owner or certificate holder has a death benefit of \$100,000 with an outstanding policy loan of \$20,000 and seeks to accelerate the payment of \$25,000 or 25 percent of the death benefit, the \$25,000 may be applied to repay up to 25 percent of the outstanding policy loan of \$20,000. Thus, of the \$25,000 accelerated payment, \$5,000 may be applied to repayment of the policy loan and \$20,000 may be paid to the policy owner or certificate holder.

2. Under the partial surrender method, the premium is reduced to the premium that would apply had the contract been issued at the reduced amount and may be further reduced according to some defined formula, or become paid-up.

3. The insurer may pay the policy owner or certificate holder a present value of the death benefit which is being accelerated. The present value calculation shall be based on any actuarial discount appropriate to the policy design. The interest rate or interest rate methodology used in the calculation shall be based on sound actuarial principles and disclosed in the contract and actuarial memorandum. The maximum interest rate shall not exceed the greater of:

- i. The current yield on 90-day treasury bills; or
- ii. The current maximum statutory adjustable policy loan interest rate.

11:4-30.6 Lien

(a) Under the lien approach, the payment to the policy owner or certificate holder of the accelerated death benefit is treated as a lien on the death benefits of the contract. Expense charges may be added to the lien. Due and unpaid premiums may be included in the lien after the automatic premium loan, if available, is exercised. Access to cash value may be restricted to the excess of the cash value over the sum of the lien and any other outstanding policy loans.