

iii. If a policy contains an elimination period in excess of six months, provides a premium waiver disability benefit which becomes operative not later than six months after commencement of total disability regardless of whether or not income indemnity is then payable, or provides for full reinstatement without evidence of insurability during a continuous period of total disability if the policy has lapsed after the sixth month of the elimination period;

iv. Has a maximum period of time for which benefits are payable during disability of at least six months except in the case of a policy covering disability arising out of normal pregnancy or childbirth in which case the period for such disability may be one month;

v. If the policy terminates benefits at a specified age, provides a minimum benefit period of at least one year or the length of the benefit period if less than one year;

vi. Where a policy provides that periodic payments are reduced if the insured is not gainfully employed away from the home, provides a benefit which is at least 50 percent of the full periodic payment and for return of the pro rata unearned premium for the period the insured is not so employed.

Paragraph (g)1 above does not apply to business buyout coverage.

2. Elimination periods which do not comply with (g)1ii above may be used on a supplemental basis as an additional benefit to an individual disability income policy which otherwise complies with (g)1ii, if the insurer submits the following to the Department:

i. A specimen copy of that part of the policy which illustrates how the supplemental premium rates will be shown; and

ii. A certification by an officer of the insurer that:

(1) Every individual disability income policy issued by the company will contain an elimination period/benefit period combination which complies with (g)1ii above;

(2) Supplemental individual disability income benefits which are not in compliance with (g)1ii above will only be used to provide additional coverage on an individual disability income policy issued by the insurer which has an elimination period/benefit period combination which is in compliance with (g)1ii above;

(3) The part of the coverage that complies with (g)1ii above represents at least 50 percent of the benefits provided by the policy; and

(4) Any changes made after issue will meet the requirements in (g)2ii(1) through (3) above to ensure that compliance with (g)ii will be maintained.

3. A cash value or premium refund benefit may be included in disability income protection coverage if the following conditions are met:

i. The insurer must submit copies of sales or advertising literature and a statement of the class or type of insureds to whom the policy will be sold;

ii. The benefit is only included in a policy which is noncancellable or guaranteed renewable;

iii. The benefit payable is not reduced by an amount greater than the aggregate of claims paid under the policy;

iv. If the cash value or premium refund benefit depends on the policy being in force for a given term, and if the insured dies or otherwise terminates coverage prior to the end of the term, an appropriate benefit is provided. The benefit should be related to the number of years the cash value of premium refund provision has been in force and to the cash value or premium refund which would have been provided at the end of the given term. Some variation by issue age may be allowed.

4. A social insurance benefit may be included in disability income protection coverage if the following conditions are met:

i. Social insurance benefit is defined as a disability income benefit which is payable when the insured is not receiving disability benefits under government mandated programs including, but not limited to, Federal Social Security, Workers' compensation or occupational disability laws, automobile no-fault insurance;

ii. The amount payable for total disability is a fixed dollar amount;

iii. The insurer submits to the department the underwriting rules and benefit limits applicable to the benefit and any promotional material that will be presented to the proposed insured;

iv. Experience on policies that include the benefit is kept and reported separately from policies without the benefit.

(h) "Hospital confinement indemnity coverage" is a health insurance policy which provides daily benefits on an indemnity basis for a period of not less than 31 days during one period of hospital confinement for each person covered under the policy and which:

1. Provides a daily benefit of not less than \$40; and
2. Contains no elimination period greater than three days.

(i) "Accident only coverage" is a health insurance policy which provides coverage, singly or in combination, for death, dismemberment, disability, or hospital and medical care caused by accident. Accidental death and double dismem-

berment amounts under such a policy shall be at least \$1,000 and a single dismemberment amount shall be at least \$500.

(j) "Medicare supplement coverage" is a health insurance policy sold to a Medicare eligible person, which is designed primarily to supplement Medicare, or is advertised, marketed, or otherwise purported to be a supplement to Medicare and which meets the minimum benefit standards and other requirements set forth in N.J.A.C. 11:4-23.

(k) "Limited benefit health coverage" is any health insurance policy which provides benefits that are less than the minimum standards for benefits required under N.J.A.C. 11:4-16.6(d), (e), (f), (g), (h), (i) and (j). Such policies may be delivered or issued for delivery in this State only if the outline of coverage required by N.J.A.C. 11:4-16.8(m) or (n) is completed and delivered as required by N.J.A.C. 11:4-16.8(b).

Amended by R.1988 d.453, effective September 19, 1988.

See: 20 N.J.R. 172(a), 20 N.J.R. 2377(b).

Deleted text from (d)1ii and inserted new.

Amended by R.1988 d.587, effective December 19, 1988 (operative January 1, 1989).

See: 20 N.J.R. 2510(a), 20 N.J.R. 3155(c).

Subsection (j) substantially amended.

Amended by R.1991 d.121, effective March 4, 1991.

See: 22 N.J.R. 771(a), 23 N.J.R. 690(c).

In (J)3.viii.: revised internal citations and references.

Amended by R.1991 d.345, effective July 1, 1991.

See: 23 N.J.R. 1264(a), 23 N.J.R. 2014(a).

Added reference to "Medicare supplement policies" in (c)1.

Added "other requirements set forth in N.J.A.C. 11:4-23," in (j).

Deleted (j)1, 2, 3.

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.1996 d.179, effective April 1, 1996.

See: 27 N.J.R. 3715(b), 28 N.J.R. 1881(c).

In (g) provided for noncomplying elimination periods.

11:4-16.7 Application forms

(a) Application forms shall not include provisions, statements or questions that:

1. Pertain to race, creed, color, national origin or ancestry of the proposed insured;
2. Change the terms of the policy to which it is attached;
3. State that the applicant has not withheld any information or concealed any facts; or
4. Require the applicant to agree that an untrue or false answer material to the risk shall render the contract void.

(b) If the insurer makes any changes or amendments to the application, signed acceptance by the applicant is required.

(c) Factual-type questions shall be used whenever possible to ascertain the past and present health of a proposed insured. If opinion-type questions are used, the application shall provide that the answers are stated to the best of the applicant's knowledge and belief.

(d) Questions concerning alcohol and drug abuse shall be based on specific criteria such as treatment, driving records, work attendance records, etc. Questions such as "Do you use alcohol or drugs to excess" shall not be used.

(e) Application forms shall include a means for identifying the coverage or policy for which application is made.

11:4-16.8 Required disclosure provisions

(a) General disclosure requirements are as follows:

1. Each individual policy of health insurance shall include a renewal, continuation, or nonrenewal provision. The language or specifications of such provision must be consistent with the type of contract issued. Such provision shall be appropriately captioned, shall appear on the first page of the policy, and shall clearly state the duration where limited, of renewability and the duration of the term of coverage for which the policy is issued and for which it may be renewed.

2. Except for riders or endorsements by which the insurer effectuates a request made in writing by the policyholder, exercises a specifically reserved right under the policy, or is required to reduce or eliminate benefits to avoid duplication of Medicare benefits, all riders or endorsements added to a policy after the date of issue or at reinstatement or renewal which reduce or eliminate benefits or coverage in the policy shall require signed acceptance by the insured. After the date of policy issue, any rider or endorsement which increases benefits or coverage with a concomitant increase in premium during the policy term, shall be agreed to in a written instrument signed by the insured, except if the increased benefits or coverage is required by law.

3. Where riders or endorsements which reduce or eliminate coverage are attached to the policy at issue, the policy shall contain on the first page or specification page either a prominent warning or the full text of the rider or endorsement.

4. Where a separate additional premium is charged for benefits provided in connection with riders or endorsements, such premium charge shall be set forth in the policy.

5. The words "guaranteed renewable" shall not be used in a policy unless the insurer's right to change premium rates is clearly stated in the caption of the renewal provision or in the brief description of the policy.