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BULLETIN NO. 07-08

TO: ALL NEW JERSEY LICENSED LIFE INSURANCE COMPANIES  
AND FRATERNAL BENEFIT SOCIETIES

FROM: STEVEN M. GOLDMAN, COMMISSIONER

RE: INDIVIDUAL LIFE INSURANCE AND ANNUITY FORM FILINGS

The purpose of this Bulletin is to inform insurers that the Department of Banking and Insurance ("Department") is in the process of proposing amendments to N.J.A.C. 11:4-41, Standards for Individual Life Insurance Policy Forms, and N.J.A.C. 11:4-43, Individual Annuity Contract Form Standards. These changes will facilitate form filings by removing requirements for certifications and numerical demonstrations while maintaining standards for specific policy transactions. Other changes are being made to reflect current market trends in product development and new statutes. Pending adoption of the amendments, effective immediately, the Department will not enforce the form review criteria listed below:

- The prohibition on a right to examine period in a life insurance form for longer than one year, as described in N.J.A.C. 11: 4-41.3(b)1i and ii.
- The requirement for a numerical demonstration of a retrospective calculation for misstatements of age and sex, as referenced in N.J.A.C.

11:4-41.3(b)5iv, while maintaining the criteria in N.J.A.C. 11: 4-41.3 (b) 5iii(1) for compliance.

- The requirement referenced in N.J.A.C. 11:4-41.3(b)7v(3) that any submission of a form providing day to day coverage under an automatic premium loan shall contain a numerical demonstration that the method of calculating such coverage is actuarially sound. The standards in N.J.A.C. 11: 4-41.3 (b)7v(2) will remain in effect.
- The requirements referenced in N.J.A.C. 11:4-41.3(b)9iv and N.J.A.C. 11:4-43.3(e) that submissions of forms that permit premium payment by credit card include a certification from an officer of the insurer that the premium will be considered paid when the credit card facility is billed. The Department will continue to enforce all remaining requirements other than the certification requirement.
- The prohibition referenced in N.J.A.C. 11:4-41.3(b)9viii of point to point periodic testing for a no lapse guarantee in a Universal Life type form. When measured on a periodic basis the guarantee may now terminate when funding does not meet a specified level, subject to the grace period required by N.J.S.A. 17B: 25-3.
- The quote referenced in N.J.A.C. 11: 4-41.3 (b)9viii(2) of the amount necessary to continue coverage at the end of the no lapse period.
- The requirement referenced in N.J.A.C. 11:4-43.4(c) that, if an immediate annuity provides a commutation privilege for the owner, the commutation interest rate shall be one percent of the rate used in calculating the single premium.

- The requirements referenced in N.J.A.C. 11: 4-43.5 (b), (e) and (f). These requirements are no longer necessary in view of the formulas in the Indexed Standard Nonforfeiture Law for Individual Deferred Annuities.

Questions on this Bulletin may be directed to the Life Bureau by FAX (609-633-0527) or phone (609-292-5427 x 50340). Please reference the Bulletin in the inquiry.

4/13/07  
Date

/s/ Steven M. Goldman  
Steven M. Goldman  
Commissioner

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