

INSURANCE

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

OFFICE OF LIFE AND HEALTH

Term Life Insurance Comparison Survey

**Minimum Standards for Specified Disease and Critical Illness Coverages –
Advertising**

Proposed Repeal: N.J.A.C. 11:4-31

Proposed Amendment: N.J.A.C. 11:4-53.7

Authorized By: Douglas A. Wheeler, Director, Division of Insurance, Department of
Banking and Insurance.

Authority: N.J.S.A. 17:1-8.1, 17:1-14 and 17:1-15(e)

Calendar Reference: See Summary below for explanation of exception to calendar
requirement.

Proposal Number: PRN 2010-175

Submit comments by October 15, 2010 to:

Robert J. Melillo, Chief
Legislative and Regulatory Affairs
Department of Banking and Insurance
20 West State Street
PO Box 325
Trenton, NJ 08625-0325

Fax: 609-292-0896

Email: legsregs@dobi.state.nj.us

The agency proposal follows:

Summary

The Department is proposing to repeal in its entirety N.J.A.C. 11:4-31. This subchapter requires insurers to annually submit data to the Department relevant to premium information on annual, renewable, convertible term life insurance policies for the purpose of enabling the Department to compile an annual Term Life Insurance Comparison Guide for use by the general public. This type of insurance was the most competitive term insurance product at the time the Department adopted these rules. However, very few companies continue to sell this product, and the Department receives very few survey responses. Accordingly, the Department proposes to repeal this subchapter.

The Department is further proposing to amend N.J.A.C. 11:4-53.7 to delete subsections (a) and (c). These provisions require carriers that provide specified disease and critical illness coverage in this State to file with the Department copies of all advertisements that are accessible to New Jersey consumers, and permit the Department to disapprove an advertisement that violates the Unfair Trade Practices and Discrimination Act, N.J.S.A. 17B:30-1 et seq., or the Department's rules governing advertisement of health insurance. Since the adoption of these provisions, the Department has experienced very few instances of disapproval of these advertisements,

and therefore proposes to delete these requirements. However, the Department is retaining N.J.A.C. 11:4-53.7(b) as the section text. This provision requires all advertisements of specified disease and critical illness coverage to comply with the Department's rules governing advertisement of health insurance at N.J.A.C. 11:2-11 and any other disclosure and advertising rules that may apply to carriers.

A 60-day comment period is provided for the notice of proposal, and, therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, the proposal is not subject to the provisions of N.J.A.C. 1:30-3.1 and 3.2 governing rulemaking calendars.

Social Impact

The proposed repeal eliminating the need for carriers to submit to the Department term life insurance premium data will have a neutral social impact because the type of product for which this data was intended to be used is rarely sold in this State and very few carriers currently submit the data. Likewise, the proposed amendments eliminating the need for carriers to submit to the Department advertisement materials for specified disease and critical illness insurance prior to their dissemination will have a neutral social impact because the Department has rarely disapproved submitted advertisements for these products.

Economic Impact

The repeal and amendments will have a favorable economic impact on carriers transacting business in this State. The costs for submitting to the Department the term life insurance premium comparison surveys and the advertisements for specified disease and critical illness coverage will be saved by affected carriers. Consequently,

no cost/benefit analysis is required. The Department invites interested parties to submit any data or studies concerning the economic impact of these proposed repeal and amendments, together with their written comments on other aspects of the repeal and amendments.

Federal Standards Statement

A Federal standards analysis is not required because there are no Federal standards or requirements applicable to the proposed repeal and amendments.

Jobs Impact

The Department does not believe that the repeal and amendments will cause any jobs to be generated or lost. The Department invites interested parties to submit any data or studies concerning the jobs impact of the repeal and amendments, together with their written comments on other aspects of the repeals.

Agriculture Industry Impact

The Department does not expect the proposed repeal and amendments to have any impact upon the State agriculture industry.

Regulatory Flexibility Analysis

There are no provisions in the proposed repeal and amendments that are excessively onerous to "small businesses" as that term is defined in N.J.S.A. 52:14B-17. These repeal and amendments will impose no new reporting or recordkeeping or other compliance requirements. Future annual costs of compliance will decrease due to the elimination of the requirements that carriers submit to the Department term life insurance premium data and advertisements of specified disease and critical illness

coverage. These repeal and amendments have no differing standards for small businesses because the elimination of these requirements is not based upon the size of the carrier selling these types of products. The quantity of Departmental resources required to be expended to review and process these submissions is not determined by the size of the carrier. In fact, it is not uncommon for the Department to expend more time and resources to review such submissions from smaller carriers than that required for the review of submissions from larger carriers.

Smart Growth Impact

The proposed repeal and amendments will not have an impact on the achievement of smart growth or the implementation of the State Development and Redevelopment Plan.

Housing Affordability Impact

The proposed repeal and amendments will not have an impact on housing affordability because the proposed repeal and amendments address insurance carriers' premium data and advertising materials.

Smart Growth Development Impact

The Department believes that there is an extreme unlikelihood that the repeal and amendments would evoke a change in the housing production in Planning Areas 1 and 2 or 5 within the designated centers under the State Development and Redevelopment Plan in New Jersey because the proposed repeal and amendments address insurance carrier premium data and advertising materials.

Full text of the rules proposed for repeal may be found in the New Jersey Administrative Code at N.J.A.C. 11:4-31.

Full text of the proposed amendment follows (deletions indicated in brackets [thus]):

11:4-53.7 Advertising

[(a) Every carrier delivering or issuing for delivery specified disease and critical illness policies or certificates in this State shall file with the Commissioner a copy of all advertisements to which residents of this State shall have access, and through which the carrier intends, or by implication purports to the reasonable targeted consumer its intent, to make its specified disease or critical illness product(s) available for purchase or enrollment in this State, whether through written, radio, television or other electronic media, at least 30 days prior to the date on which the advertisement is to be used in this State, or made accessible to residents of this State.]

[(b)] All advertisements shall comply with the standards set forth at N.J.A.C. 11:2-11 (the Department's Rules Governing Advertisement of Health Insurance) and any other disclosure and advertising rules which may be applicable to carriers.

[(c) The Commissioner may disapprove an advertisement at any time if the advertisement is not in compliance with this section or is in violation of N.J.S.A. 17B:30-1 et seq. (the Trade Practices and Discriminations Act). An advertisement which has been disapproved by the Commissioner shall not be utilized until disapproval is withdrawn by the Commissioner.]