

**INSURANCE**

**DEPARTMENT OF BANKING AND INSURANCE**

**OFFICE OF LIFE AND HEALTH**

**Advertisement of Life Insurance and Annuities; Disclosure and Suitability**

**Requirements for Annuities Directly Solicited to Consumers**

**Proposed Amendment: N.J.A.C. 11:2-23.5**

**Proposed New Rules: N.J.A.C. 11:4-59**

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

Authority: N.J.S.A. 17:1-8.1, 17:1-15e and 17B:25-34 et seq.

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

Proposal Number: PRN 2010-130

Submit comments by September 4, 2010 to:

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The agency proposal follows:

## Summary

N.J.S.A. 17B:25-34 et seq. (the Act) was approved on September 19, 2008 and became effective on April 1, 2009. The Act prescribes marketing, information disclosure, and product suitability requirements for all current and future issues of individual fixed deferred and immediate annuity contracts solicited directly to consumers. Among other things, the Act requires the Commissioner of Banking and Insurance (Commissioner) to approve an annuities buyer's guide and the standard form of an annuity contract disclosure statement to be used by an insurance producer, agent, representative or member of a fraternal benefit society not required to be licensed as an insurance producer, or an insurer in the solicitation, negotiation or sale of an annuity. The Act also requires those selling these products to make reasonable efforts to obtain and record information about the suitability of the product for the solicited consumer and the consumer's acknowledgement of the information recorded. The Department of Banking and Insurance (Department) issued Bulletin No. 09-06 on March 9, 2009, and Bulletin No. 09-12 on April 20, 2009, to provide guidance regarding the implementation of the Act pending promulgation of these rules.

The Department now proposes new rules to codify the requirements and implement the provisions of the Act set forth above.

Proposed N.J.A.C. 11:4-59.1 sets forth the purpose and scope of the proposed new rules.

Proposed N.J.A.C. 11:4-59.2 sets forth the definitions of terms used in the subchapter.

Proposed N.J.A.C. 11:4-59.3 provides that for purposes of complying with N.J.S.A. 17B:25-37b with respect to the providing of a buyer's guide regarding annuities to a consumer, the person or entity required to provide such information shall do so within the

timeframes set forth in N.J.S.A. 17B:25-37d(1) or (2), as applicable, and shall utilize the Buyer's Guide to Fixed Deferred Annuities, or however otherwise designated, approved by the National Association of Insurance Commissioners (NAIC) and in use at the time the Buyer's Guide is required to be provided, with modification to reflect the 10-day cancellation period for consumers set forth in N.J.S.A. 17B:25-39 and the maximum 15-day cancellation period applicable under N.J.S.A. 17B:25-37d(3) when the buyer's guide and disclosure statement are not timely provided to consumers. The proposed new rule also provides that the buyer's guide approved for use shall be posted on the Department's website.

Proposed N.J.A.C. 11:4-59.4 sets forth the requirements for the annuity contract disclosure statement required to be distributed to a consumer pursuant to N.J.S.A. 17B:25-37c. Specifically, the proposed new rule provides that the disclosure statement shall be provided within the timeframe set forth in N.J.S.A. 17:25-37d(1) or (2), as applicable, and shall contain the information and be in the form set forth in the Appendix to the subchapter, incorporated therein by reference. In addition, the proposed new rule provides that the disclosure statement form to be used in connection with an annuity shall be filed with the Department as part of the filing of an annuity form pursuant to N.J.A.C. 11:4-40. For contract forms previously approved, the insurer shall file a copy of a disclosure statement that complies with the rule that is to be utilized with such form no later than 180 days from the effective date of these rules. Failure to timely file a disclosure statement that complies with the rule for use with a previously approved annuity form shall result in such approved form being deemed withdrawn.

Proposed N.J.A.C. 11:4-59.5 provides that for purposes of complying with N.J.S.A. 17B:25-38b, an insurance producer, representative or member of a fraternal benefit society

not required to be licensed as an insurance producer, or an insurer shall, prior to selling an annuity negotiated with a consumer, make reasonable efforts to obtain and record the information required by N.J.S.A. 17B:25-38b(2). In addition, the proposed new rule sets forth additional information to be used for purposes of determining suitability of the annuity for a consumer pursuant to N.J.S.A. 17B:25-38b(2)(d), which shall include, but not be limited to: age; annual income; financial status; financial experience and investment objectives; and intended use of the annuity. These factors are included in the most recent draft amendments to the NAIC Suitability and Annuity Transactions Model Regulation under the definition of “suitability information” and are reasonable and appropriate to determine the suitability of a recommendation to purchase the annuity.

The proposed new rule also reflects the requirement in N.J.S.A. 17B:25-38b(2)(e) that the consumer shall sign a form acknowledging receipt of notice that the solicitation, negotiation and sale of the annuity and its suitability are subject to the regulatory oversight of the Department and of information on how to contact the Department’s consumer assistance services. The rule further provides that this signed acknowledgement may be a supplement to the suitability form, both of which shall be retained by the insurance producer, non-licensed society agent, representative or member or the insurer who is selling the annuity product to the consumer.

Moreover, the rule provides procedures when a consumer refuses to provide the relevant information to determine the suitability of the product solicited and/or refuses to sign the suitability form and/or acknowledgment, and provides that the consumer shall be provided copies of the forms that they signed or on which the consumer’s refusal to sign the form was noted.

Proposed N.J.A.C. 11:4-59.6 reflects the requirements in N.J.S.A. 17B:25-38c(1), (2) and (3) that insurers shall establish and maintain a system of supervision, or contract with a third party to establish and maintain a system to ensure compliance with the consumer suitability requirements set forth in N.J.S.A. 17B:25-38b, including retention of the acknowledgment of the receipt of the notices by consumers and periodic review of information and written procedures as necessary to detect and prevent violations of N.J.S.A. 17B:25-38b. This includes analyzing recent annuity applications to identify potentially unsuitable transactions and, based on such results, making additional inquiries and/or taking corrective action. It also includes analyzing data related to past annuity transactions including data that identifies trends indicative of potentially unsuitable transactions, such as age, complaints against producer, number of lapses, withdrawals, surrenders, and replacements. Based on such results, insurers shall make additional inquiries and/or take corrective action.

Proposed N.J.A.C. 11:4-59.7 sets forth penalties for violations of the subchapter.

An amendment is proposed to N.J.A.C. 11:2-23.5, which addresses disclosure requirements applicable to annuities, to add new subsection (p) to cross-reference proposed new N.J.A.C. 11:4-59 therein.

A 60-day comment period is provided for this 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 new rules and amendment will have a positive social impact by implementing the intent of the Legislature as set forth in the Act to prescribe standards and

procedures regarding annuity products directly solicited to consumers. That intent was to: prevent the fraudulent and misleading marketing of annuity products by insurers, brokers and agents; provide standards for the disclosure of information about annuity products so that consumers understand the basic features of these products; ensure that annuity products ultimately issued to consumers are suitable to their insurance needs and financial objectives; and enhance oversight of annuity products, including enforcement against violations, through the Department.

### **Economic Impact**

Insurance producers, agents, representatives or members of fraternal benefit societies not required to be licensed as insurance producers, and insurers will be required to bear any costs associated with providing the Buyer's Guide and disclosure statements required pursuant to these proposed new rules, and with obtaining and recording information regarding the suitability of the products to the consumer's needs as required by N.J.S.A. 17B:25-38b(2). These costs are directly imposed by the Act and not these rules. Professional services required to comply with these rules include legal and financial services. The Department believes that those parties required to provide and obtain information as set forth in the proposed new rules currently possess the requisite expertise to comply with those proposed requirements and that additional professional services should not be required.

The Department does not believe that the proposed new rules and amendment will impose significant additional costs, as the documents to be provided and information to be obtained are set forth in the proposed new rules and reflect the national standard adopted by the NAIC.

As noted above, the purpose of the proposed new rules and amendment is to implement the intent of the Legislature as set forth in the Act. The consumer protection benefits to be achieved by these notifications and determinations of suitability, as set forth in the Social Impact above, outweigh any additional costs that may be imposed upon entities and individuals required to provide or obtain such information. Interested parties are invited to submit any data that would support a cost-benefit analysis other than that set forth above.

### **Federal Standards Statement**

A Federal standards analysis is not required because the proposed new rules and amendment are not subject to any Federal requirements or standards.

### **Jobs Impact**

The Department does not anticipate that any jobs will be generated or lost as a result of the proposed new rules and amendment.

The Department invites commenters to submit any data or studies on the potential jobs impact of the proposed new rules and amendment together with their comments on other aspects of the proposal.

### **Agriculture Industry Impact**

The proposed new rules and amendment will not have any impact on the agriculture industry in New Jersey.

### **Regulatory Flexibility Analysis**

The proposed new rules and amendment will apply to “small businesses,” as that term is defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The proposed amendment merely cross-references the proposed new rules. To the extent that the proposed new rules apply to small businesses, they will apply to New Jersey resident insurance producers, New Jersey resident representatives or members of a fraternal benefit society not required to be licensed as an insurance producer, and New Jersey domestic insurers, as applicable. The new rules’ compliance requirements are described in the Summary above. The economic impact on small businesses is described in the Economic Impact set forth above. As set forth therein, the Department does not believe that any additional costs will be significant or burdensome. No differentiation in compliance requirements is provided based on business size. As noted above, the proposed new rules implement the requirements of the Act related to providing a buyer’s guide, disclosure statement and determination of suitability for the issuance of an annuity product to a consumer. The requirements of and the goals to be achieved by the Act, as noted in the Social Impact, do not vary based on business size. Also, as noted in the Economic Impact above, no additional professional services should be required in order to comply with the proposed new rules.

### **Smart Growth Impact**

The proposed new rules and amendment 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 new rules and amendment will not have an impact on housing affordability in this State in that the proposed new rules and amendment relate to the selling of annuities to consumers in this State.

### **Smart Growth Development Impact**

The proposed new rules and amendment will not have an impact on smart growth in this State and there is an extreme unlikelihood that the rules would evoke a change in housing production in Planning Areas 1 or 2 or within designated centers under the State Development and Redevelopment Plan in New Jersey in that the proposed new rules and amendment relate to the selling of annuities to consumers in this State.

**Full text** of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

## **CHAPTER 2**

### **INSURANCE GROUP**

#### **SUBCHAPTER 23. ADVERTISEMENT OF LIFE INSURANCE AND ANNUITIES**

11:2-23.5 Disclosure requirements

(a) – (o) (No change.)

(p) **On transactions involving the sale of annuities that are subject to the provisions of N.J.S.A. 17B:25-34 et seq., insurers and producers shall comply with all**

such provisions and with N.J.A.C. 11:4-59 regarding disclosure and suitability requirements for such annuities.

## CHAPTER 4

### ACTUARIAL SERVICES

#### SUBCHAPTER 59. DISCLOSURE AND SUITABILITY REQUIREMENTS FOR ANNUITIES DIRECTLY SOLICITED TO CONSUMERS

##### 11:4-59.1 Purpose and scope

(a) The purpose of this subchapter is to set forth the information to be acquired to determine the suitability of an annuity for a consumer and to prescribe disclosure requirements to be utilized in connection with the sale, solicitation or negotiation of annuities directly to consumers, as required by N.J.S.A. 17B:25-34 et seq. This subchapter also implements N.J.S.A. 17B:25-38c(1) by establishing minimum requirements for the system of supervision to be utilized by insurers and producers to ensure compliance with the suitability requirements prescribed by N.J.S.A. 17B:25-38b.

(b) This subchapter shall apply to any annuity, both immediate and deferred, directly solicited to a consumer, except as specifically excluded pursuant to N.J.S.A. 17B:25-37a and 17B:25-38a.

##### 11:4-59.2 Definitions

Words and terms as defined in the Act at N.J.S.A. 17B:25-35, when used in this subchapter, shall have the meanings as defined in the Act, unless the context clearly indicates otherwise or as further defined by this subchapter. The following words and

terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Act” means N.J.S.A. 17B:25-34 et seq.

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

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

“NAIC” means the National Association of Insurance Commissioners.

### **11:4-59.3 Buyer’s guide**

(a) Pursuant to N.J.S.A. 17B:25-37d, an insurance producer, agent, representative or member of a fraternal benefit society not required to be licensed as an insurance producer pursuant to N.J.S.A. 17:44B-32, or an insurer shall provide a consumer who applies for an annuity a copy of a buyer’s guide regarding the sale of annuities.

1. Pursuant to N.J.S.A. 17B:25-37d(1), the buyer’s guide shall be provided no later than five business days after receipt of the application.

2. Pursuant to N.J.S.A. 17B:25-37d(2), if the direct response solicitation occurs via the Internet, the requirement in (a)1 above shall be satisfied by:

i. Making the buyer’s guide available, in printable form, to consumers on the issuing insurer’s Internet website, and providing notice to the consumer of its availability; and

ii. Allowing consumers to request, through the issuing insurer’s Internet website, a mailed copy of the buyer’s guide, provided that the insurer

provides the documents to the consumer no later than five business days after receipt of the application.

3. If the buyer's guide is not provided in accordance with (a)1 or 2 above, as applicable, the consumer shall have a period of not less than 15 days after receipt of any annuity purchased, or longer if provided by the terms of the annuity, to cancel the annuity and receive from the insurer a prompt refund of any account value of the annuity, including any contract fees or other charges, by mailing or otherwise surrendering the annuity together with a written request for cancellation. This cancellation period shall run concurrently with the cancellation period provided by N.J.S.A. 17B:25-39.

(b) For purposes of complying with N.J.S.A. 17B:25-37b, such a person or entity shall utilize the Buyer's Guide to Fixed Deferred Annuities, or however otherwise designated, approved by the NAIC and in use at the time the buyer's guide is required to be provided, modified to reflect the 10-day cancellation period for consumers set forth at N.J.S.A. 17B:25-39 and the 15-day cancellation period set forth in N.J.S.A. 17B:25-37d(3) and (a)3 above. The buyer's guide approved for use shall be posted on the Department's website at: [www.njdobi.org](http://www.njdobi.org).

#### **11:4-59.4 Disclosure statement**

(a) Pursuant to N.J.S.A. 17B:25-37d, an insurance producer, agent, representative or member of a fraternal benefit society not required to be licensed as an insurance producer pursuant to N.J.S.A. 17:44B-32, or an insurer shall provide to a

consumer who applies for an annuity a copy of the annuity contract disclosure statement.

(b) The annuity contract disclosure statement required for distribution, pursuant to (a) above shall, at a minimum, contain the information and be in the form set forth in N.J.S.A. 17B:25-37c and in the Appendix to this subchapter, incorporated herein by reference.

(c) Persons or entities required to utilize the disclosure statement may include such additional information as they deem appropriate, provided such additional information is not inconsistent with any law of this State or administrative rule of the Department or any information required to be disclosed as set forth in the Appendix.

(d) The disclosure statement form to be used in connection with an annuity shall be filed with the Department as part of the filing of the annuity form pursuant to N.J.A.C. 11:4-40. For contract forms previously approved, the insurer shall file a copy of a disclosure statement that complies with this section that is to be utilized with such form no later than (180 days from the effective date of these rules). Failure to timely file a disclosure statement that complies with this section for use with a previously approved annuity form shall result in such previously filed and approved form being deemed withdrawn.

(e) Pursuant to N.J.S.A. 17B:25-37d(1), the disclosure statement shall be provided to the consumer no later than five business days after receipt of the application.

(f) Pursuant to N.J.S.A. 17B:25-37d(2), if a direct response solicitation occurs via the Internet, the requirements of this section shall be satisfied by:

1. Making the disclosure statement available, in printable form, to consumers on the issuing insurer's Internet website, and providing notice to the consumer of its availability; and

2. Allowing consumers to request, through the issuing insurer's Internet website, a mailed copy of the disclosure statement, provided that the insurer provides the document to the consumer no later than five business days after receipt of the application.

(g) If the disclosure statement is not provided in accordance with (e) or (f) above, as applicable, the consumer shall have a period of not less than 15 days after receipt of any annuity purchased, or longer if provided by the terms of the annuity, to cancel the annuity and receive from the insurer a prompt refund of any account value of the annuity, including any contract fees or other charges, by mailing or otherwise surrendering the annuity together with a written request for cancellation. This cancellation period shall run concurrently with the cancellation period provided by N.J.S.A. 17B:25-39.

#### **11:4-59.5 Suitability standards**

(a) Pursuant to N.J.S.A. 17B:25-38b(1), an insurance producer, or an agent, representative or member of a fraternal benefit society not required to be licensed as an insurance producer pursuant to N.J.S.A. 17:44B-32, or an insurer, if no producer or non-licensed society agent, representative or member is involved, shall not negotiate or sell an annuity to a consumer unless such person or entity has reasonable grounds for believing that the annuity is suitable for the consumer, on the basis of facts disclosed by

the consumer as to the consumer's investments, other insurance products, financial situation and objectives. For purposes of complying with N.J.S.A. 17B:25-38b, the insurance producer, agent, representative or member of a fraternal benefit society not required to be licensed as an insurance producer pursuant to N.J.S.A. 17:44B-32, or the insurer shall, prior to selling an annuity negotiated and/or solicited to a consumer, make reasonable efforts to obtain and record the information required by N.J.S.A. 17B:25-38b(2).

(b) For purposes of complying with (a) above, the information required pursuant to N.J.S.A. 17B:25-38b(2)(d) for assessing the suitability of the annuity for a consumer shall be recorded on a form that includes, but need not be limited to, the following information:

1. Age;
2. Annual income;
3. Financial status, including the financial resources used for the funding of the annuity;
4. Financial experience and investment objectives;
5. Intended use of the annuity;
6. Financial time horizon;
7. Existing assets, including investment and life insurance holdings;
8. Liquidity needs;
9. Risk tolerance; and
10. Tax status.

(c) Pursuant to N.J.S.A. 17B:25-38b(2)(e), the consumer shall sign a form acknowledging receipt of notice that the solicitation, negotiation and sale of the annuity and its suitability are subject to the regulatory oversight of the Department and of information on how to contact the Department's consumer assistance services. This signed acknowledgement may be a supplement to the suitability form, both of which shall be retained by the insurance producer, non-licensed society agent, representative or member or the insurer who is selling the annuity product to the consumer.

(d) If the consumer refuses to provide the relevant information to determine the suitability of the product solicited, such refusal shall be so noted on the suitability form and the form shall then be signed by the consumer or noted as set forth in (e) below prior to the sale of the product.

(e) If the consumer refuses to sign the form, such refusal shall be noted thereon by the insurance producer, non-licensed society agent, representative or member or by the insurer.

(f) Copies of the signed or notated suitability and acknowledgement forms shall be provided to the consumer.

#### **11:4-59.6 Insurer supervision procedures**

(a) Insurers shall establish and maintain a system of supervision, or contract with a third party to establish and maintain such a system in accordance with N.J.S.A. 17B:25-38c(1), (2) and (3). Any insurance producer or non-licensed society agent, representative or member authorized to act on behalf of the insurer shall adopt the insurer's system of supervision for its own employees and contracted persons who



negotiate and sell annuities, or establish and maintain a system to ensure compliance with the consumer suitability requirements set forth in N.J.S.A. 17B:25-38b. The system of supervision shall include: a written set of procedures concerning the negotiation and sale of annuities; a system establishing responsibility for retention of copies of all suitability forms and acknowledgements of receipt of notices by the consumer; and a process for periodic reviews to detect and prevent violations of N.J.S.A. 17B:25-38b. The periodic reviews should consist of such items as the insurer deems necessary, including, but not limited to:

1. **Producer training and monitoring;**
2. **Post-sale sampling systems to identify and monitor trends for unsuitable sales;**
3. **Analyzing recent annuity applications to identify potentially unsuitable transactions and, based on such results, making additional inquiries and/or taking corrective action; and**
4. **Analyzing data related to past annuity transactions, including data that identifies trends indicative of potentially unsuitable transactions, such as age, complaints against producer, number of lapses, withdrawals, surrenders, and replacements. Based on such results, insurers shall make additional inquiries and/or take corrective action.**

#### **11:4-59.7 Penalties**

**Failure to comply with this subchapter may result in the imposition of penalties as authorized by law, including penalties as authorized pursuant to N.J.S.A. 17B:25-42.**

**APPENDIX**

**ANNUITY DISCLOSURE STATEMENT**

**(a) The issuing insurer's name and address. The form should include the street address, not just a PO Box number. If address is not in state of domicile, both domiciliary address and administrative address should be given.**

**(b) The generic name of the annuity (i.e., Fixed Single Premium Deferred Annuity Disclosure, Flexible Premium Deferred Annuity Disclosure, or Single Premium Immediate Annuity Disclosure).**

- **The insurer's product/marketing name, if any**
- **Annuity form number for which the disclosure will be used, and**
- **The same information for any rider or endorsement to the annuity;**

**(This information should be shown at the top of the page. A company logo may also be inserted.)**

**(c) A statement that the product is a deferred or immediate annuity, accompanied by a definition of an annuity or immediate annuity.**

**1. This statement shall briefly explain each of the major features of the annuity. (Suggested language: (i) This annuity is fixed, which means it earns a guaranteed interest rate during the entire life of the contract; (ii) This annuity is deferred, which means payouts begin at a future date. You don't pay taxes on the**

interest it earns until the money is paid to you; or (iii) This is an immediate annuity which means payouts must begin within 13 months of the issue date.)

2. The disclosure shall state that the account value has premiums and interest credited, and expense charges subtracted. It also shall state that the account value is used to determine annuity, death, and surrender or withdrawal payments.

3. The term flexible premiums must indicate any limits (maximum, minimum, or timing) on premiums.

(d) A summary describing how the annuity earns interest, clearly distinguishing between guaranteed, non-guaranteed, and determinable elements, including any charge, by dollar amount or percentage, and other considerations provided for the annuity, with an explanation of their application under the contract.

1. A detailed description of the crediting interest rate. (The fixed annuity guaranteed interest rate during the entire life of the contract should be disclosed. Also, any initial guaranteed interest rate period, non-guaranteed interest, features such as bonuses or equity-indexed, and indexed guaranteed interest rate should be disclosed.)

2. The amount of surrender charges, if any, and when they are paid.

3. Any other charges or adjustments in the amount received when taking money from an annuity.

4. A separate section stating the amounts of any other fees or charges, such as a market value adjustment, if applicable, contract fees and annual service fees, and when and how they are collected.

5. A statement that describes the expense charges. If there are no explicit expense charges (other than the surrender charges) the statement should so indicate.

**6. Any premium taxes from withdrawals or payouts, including a statement describing the deduction. In addition, the form shall include a statement concerning premium taxes, which shall specifically address the fact that New Jersey currently does not impose a premium tax on annuities.**

**7. Any fixed or variable crediting interest rate and information concerning the method of its calculation and the duration of any rate period.**

**(e) If a table is included, it must contain an explanation with an example using information from the table.**

**(f) Definitions for the terms “owner”, “annuitant” and “beneficiary”.**

**(g) Each income payment option, including whether there is a specified maturity date.**

**(h) A description on payment options and restrictions on withdrawing money.**

**(i) A statement on what happens if the annuitant doesn't choose a payout option.**

**(j) A statement that once payouts begin, the annuitant cannot surrender (cancel) the annuity.**

**(k) Any death benefit and the method of its calculation.**

**1. A detailed description on death options. The different options for a spouse, civil union partner, or other beneficiary must be mentioned, if applicable. The tax implications also shall be explained.**

**2. The Death Benefit section must describe all of the permitted ways that the Death Benefit can be received under Section 72(s) of the Internal Revenue Code, 26 U.S.C §72(s).**

- (l) Different disclosure forms shall be used if the annuity is non-qualified or is used as part of an Individual Retirement Account. Alternatively, a check-off or fill-in box can be used to identify the tax status.**
- (m) Factual statements about the performance of the annuity.**
- (n) The availability of withdrawing from the insurer any portion of the annuity's contract value.**
- (o) Any value reduction on the annuity or benefits provided by the annuity as a result of a withdrawal, if permitted.**
- (p) A brief description of all optional riders, including either the range or maximum fee charged for each option.**
- (q) If no optional benefit riders are offered, a statement that no such riders are available.**
- (r) A summary of the Federal tax status of the annuity, and any tax penalty applicable based upon a withdrawal or surrender. The disclosure should clearly indicate the tax status of the annuity contract.**
- (s) In addition to including wording that a penalty tax of 10 percent may be charged on distributions prior to age 59½, the form shall identify some of the exceptions to this pursuant to the Internal Revenue Service, such as a series of payments, or death.**
- (t) A statement that a tax-deferred annuity can be exchanged for another without paying taxes on earnings.**
- (u) A statement that there is no additional tax advantage to purchasing an annuity as part of a qualified plan, other than the tax advantage provided by the qualified plan itself.**

- (v) At least a 10-day cancellation period to return the annuity for any or no reason and receive a prompt refund of the premium paid, including any contract fees or charges. Also, the disclosure should explain the cancellation procedure.**
- (w) Required statement: “This is a summary document and not part of your contract with the insurer.”**
- (x) A general description of the company as well as all contact information, including an address, phone number, website, and e-mail address (as applicable). The insurer may also include financial strength ratings.**
- (y) A statement that the annuity is subject to regulatory oversight by the New Jersey Department of Banking and Insurance and that consumers may contact the Department at 609-272-7272 or 1-800-446-7467 or at the website [www.njdoib.org](http://www.njdoib.org) for assistance.**