§ 3230. Accelerated payment of the death benefit or special surrender value under a life insurance policy. (a) The application for a life insurance policy or policy rider which provides for accelerated payment of death benefits or a special surrender value shall:

(1) contain a notice, prominently displayed, to read as follows: "Receipt of accelerated death benefits may affect eligibility for public assistance programs and may be taxable."; and

(2) include the amount of any additional premium associated with the accelerated payment or, if there is no separately identifiable premium, whether a discount is associated with acceleration.

(b) The application to accelerate benefits shall:

(1) be dated by the insurer upon transmittal and shall be completed and signed by the policy owner not more than thirty days thereafter; and

(2) contain a notice, prominently displayed, to read as follows: "Receipt of accelerated death benefits may affect eligibility for public assistance programs such as medical assistance (medicaid), family assistance and supplemental security income. Receipt of accelerated death benefits in periodic payments may be treated differently than receipt in a lump sum. Prior to applying for accelerated death benefits, policyowners should consult with the appropriate social services agency concerning how receipt will affect the eligibility of the recipient and/or the recipient's spouse or dependents."

(3) contain a notice, prominently displayed, to read as follows: "Receipt of accelerated death benefits may be taxable. Receipt of accelerated death benefits in periodic payments may be treated differently than receipt in a lump sum. Prior to applying for such benefits, policy owners should seek assistance from a qualified tax adviser."; and

(4) contain a statement by the policy owner that such application is voluntary and without coercion on the part of any third party; and

(5) contain a statement of the remaining death benefit available to the beneficiary.

(c) Insurers are prohibited from paying accelerated death benefits or special surrender values to the policy owner or certificate holder for a period of five days from the date on which the information specified in subdivision (d) of this section is transmitted in writing to the policy owner or certificate holder. The policy owner or certificate holder

shall have the right to rescind the request for such payments at any time during the process of application for said benefits.

(d) Within five day of receipt of an application to accelerate benefits an insurer must provide the policy owner with the following:

(1) an illustration demonstrating the effect of the accelerated benefit on the policy's cash value and policy loans;

(2) a numerical computation of the amount of the death benefit which would be payable upon death;

(3) a numerical computation of the amount of the death benefit that would be payable upon acceleration; and

(4) a notice that other means may be available to achieve the intended goal, including a policy loan.

(e) A group life insurance policy which provides for accelerated payment of death benefits or a special surrender value must provide that only the certificateholder has the right to accelerate the benefits.

(f) This section shall apply to all life insurance policies or policy riders or provisions thereof that provide for accelerated payment of death benefits or a special surrender value pursuant to subparagraph (A), (B), (C), (D), (E) or (F) of paragraph one of subsection (a) of section one thousand one hundred thirteen of this chapter.