

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 855

Short Title: Life Insurance Sales Amendments.

(Public)

Sponsors: Senator Barker.

Referred to: Judiciary III.

April 12, 1989

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND THE LAW RELATING TO DISCLOSURE OF LIFE
3 INSURANCE POLICIES.

4 The General Assembly of North Carolina enacts:

5 Section 1. Article 22A of Chapter 58 of the General Statutes is amended by
6 adding the following new section to read:

7 "**§ 58-213.13. Disclosure of prearrangement insurance policy provisions.**

8 (a) As used in this section:

9 (1) 'Prearrangement' means an agreement by or for an individual before
10 that individual's death relating to the purchase or provision of specific
11 funeral or cemetery merchandise or services; but does not mean the
12 furnishing of a cemetery lot, crypt, niche, mausoleum, grave marker,
13 or monument.

14 (2) 'Prearrangement insurance policy' means a life insurance policy,
15 annuity policy, or other insurance policy, issued by a licensed
16 insurance company which policy, whether by assignment or otherwise,
17 has for a purpose the funding of a prearrangement, where the insured is
18 the person for whose service the policy proceeds are to be paid.

19 (b) The following information shall be adequately disclosed by the insurance
20 agent at the time an application is made, prior to accepting the applicant's initial
21 premium or deposit, for a prearrangement:

22 (1) The fact that a prearrangement insurance policy is involved or being
23 used to fund a prearrangement;

- 1 (2) The nature of the relationship among the insurance agent or agents, the
2 provider of the funeral or cemetery merchandise or services, the
3 administrator, and any other person;
- 4 (3) The relationship of the prearrangement insurance policy to the funding
5 of the prearrangement and the nature and existence of any guarantees
6 relating to the prearrangement;
- 7 (4) The effect on the prearrangement of (i) any changes in the
8 prearrangement insurance policy, including but not limited to, changes
9 in the assignment, beneficiary designation, or use of the policy
10 proceeds; (ii) any penalties to be incurred by the insured as a result of
11 failure to make premium payments; and (iii) any penalties to be
12 incurred or monies to be received as a result of cancellation or
13 surrender of the prearrangement insurance policy;
- 14 (5) A list of the merchandise and services that are applied or contracted
15 for in the prearrangement; and all relevant information concerning the
16 price of the merchandise and services, including an indication that the
17 purchase price is either guaranteed at the time of purchase or to be
18 determined at the time of need;
- 19 (6) All relevant information concerning what occurs and whether any
20 entitlements or obligations arise if there is a difference between the
21 policy proceeds and the amount actually needed to fund the
22 prearrangement; and
- 23 (7) Any penalties or restrictions, including geographic restrictions or the
24 inability of the provider to perform, on the delivery of merchandise,
25 services, or the prearrangement guarantee."
- 26 Sec. 2. This act shall become effective July 1, 1989.