

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 855
Second Edition Engrossed 5/9/89

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 any contract, agreement, or mutual
10 understanding, or any series or combination of contracts, agreements
11 or mutual understandings, whether funded by trust deposits or
12 prearrangement insurance policies, or any combination thereof, which
13 has for a purpose the furnishing or performance of funeral services, or
14 the furnishing or delivery of personal property, merchandise, or
15 services of any nature in connection with the final disposition of a
16 dead human body, to be furnished or delivered at a time determinable
17 by the death of the person whose body is to be disposed of, but does
18 not mean the furnishing of a cemetery lot, crypt, niche, mausoleum,
19 grave marker or monument.

20 (2) 'Prearrangement insurance policy' means a life insurance policy,
21 annuity contract, or other insurance contract, or any series of contracts
22 or agreements in any form or manner, issued by an insurance company
23 authorized by law to do business in this State, which, whether by

1 assignment or otherwise, has for a purpose the funding of a preneed
2 funeral contract or an insurance-funded funeral or burial
3 prearrangement, the insured being the person for whose service the
4 funds were paid.

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

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

10 (2) The nature of the relationship among the insurance agent or agents, the
11 provider of the funeral or cemetery merchandise or services, the
12 administrator, and any other person;

13 (3) The relationship of the prearrangement insurance policy to the funding
14 of the prearrangement and the nature and existence of any guarantees
15 relating to the prearrangement;

16 (4) The effect on the prearrangement of (i) any changes in the
17 prearrangement insurance policy, including but not limited to, changes
18 in the assignment, beneficiary designation, or use of the policy
19 proceeds; (ii) any penalties to be incurred by the insured as a result of
20 failure to make premium payments; and (iii) any penalties to be
21 incurred or monies to be received as a result of cancellation or
22 surrender of the prearrangement insurance policy;

23 (5) All relevant information concerning what occurs and whether any
24 entitlements or obligations arise if there is a difference between the
25 policy proceeds and the amount actually needed to fund the
26 prearrangement; and

27 (6) Any penalties or restrictions, including geographic restrictions or the
28 inability of the provider to perform, on the delivery of merchandise,
29 services, or the prearrangement guarantee."

30 Sec. 2. This act shall become effective July 1, 1989.