

March 16, 2005

H 655. BETTER INSURANCE/ANNUITY DISCLOSURE. TO REORGANIZE ARTICLE 60 OF CHAPTER 58 OF THE GENERAL STATUTES AND AMEND CURRENT DISCLOSURE REQUIREMENTS FOR SOLICITATION OF LIFE INSURANCE PRODUCTS AND ANNUITIES; REQUIRE INSURERS TO NOTIFY EMPLOYEES OF THE EXISTENCE OF EMPLOYER-OWNED LIFE INSURANCE POLICIES WITHIN THIRTY DAYS AFTER THE EFFECTIVE DATE OF COVERAGE; AND REQUIRE GROUP ANNUITY INSURERS TO ISSUE INDIVIDUAL CERTIFICATES OF COVERAGE TO EACH ANNUITANT. As title indicates, designates current sections of article as Part 1, entitled the "Life Insurance Disclosure Act," and adds three additional parts. Amends GS 58-60-5(b) in Part 1 to clarify that the part applies to preneed funeral contracts or prearrangement disclosures. Amends GS 58-60-10(7) to require that insurer notify insured of material revisions to the insurer's right to change any nonguaranteed factor.

Part 2. Home Service Disclosure Act. Enacts new Part 2 to require that insurers disclose certain information when marketing insurance products through home or business visits by agents, including the policyholder's right to change premium payments, the amount of premium savings derived from different payment methods, and the procedure for making premium payments. Requires that insurer give policyholder a receipt for premium payments and that premiums be remitted to insurer's home or district office within 10 days after receipt. Specifies information that must be included on receipt. Requires that insurer deliver policy to insured and obtain signed receipt confirming delivery of policy and other information required by section. Provides that insurance companies must adopt procedures for auditing home insurance sales and conduct periodic audits. Requires that all disclosures comply with readability standards set forth in Article 38 of GS Chapter 58.

Part 3. Small Face Amount Life Insurance Disclosure Act. Enacts new Part 3 to require that insurers issuing small face amount policies (defined as a policy with an initial face amount of \$15,000 or less) provide insureds with a copy of the NAIC Disclosure for Small Face Amount Life Insurance Policies Model Act and respond to questions from insureds about disclosure statement. Part does not apply to certain listed insurance products, including variable life insurance, annuity contracts, and group life insurance plans.

Part 4. Annuity Disclosure Act. Enacts new Part 4 to require that purchasers of certain individual and group annuity contracts be given disclosure document which includes the insurer's name and address, a description of the contract and benefits, the amount charged, including any fees, and information on the current guaranteed rate. Requires that if annuity application is not received during face-to-face meeting, insurer must send applicant a buyer's guide no later than five days after completed application is received, and that applicant may return the contract without penalty during a free-look period of no less than 15 days.

Enacts new GS 58-58-75(b) to require that employee who is insured for the benefit of an employer must receive written notice of this fact within 30 days after the effective date of coverage, and new GS 58-58-75(d) to provide that life insurance purchased to finance employer-provided pension and welfare plans may cover only the lives of certain employees and retirees. Enacts new GS 58-58-145(b) to require that insurer issue individual certificates to annuitants. Makes technical corrections. Effective January 1, 2006, and applies to documents issued or renewed on or after that date.

Intro. by Holliman.

Ref. to Insurance

GS 58

April 25, 2005

H 655. BETTER INSURANCE/ANNUITY DISCLOSURE. Intro. 3/16/05. House committee substitute makes the following changes to 1st edition. Modifies proposed GS 58-58-75(b) to give the employer the option to provide employee with written notice of the employer's submission of an application to purchase life or physical ability insurance on employee for employer's benefit or notice to employee of coverage after insurance coverage becomes effective. Makes technical changes.

June 29, 2005

H 655. BETTER INSURANCE/ANNUITY DISCLOSURE. Intro. 3/16/05. Senate committee substitute makes the following changes to 2nd edition. Modifies proposed GS 58-60-100 to require that if an insurer issues a small face amount policy and the cumulative policy premiums paid may exceed the policy's face amount, the insurer must prominently disclose, on or before policy delivery, the amount of time until the cumulative premiums paid may exceed the face amount (was, required that insurer provide insured with disclosure in Appendix A of the NAIC Disclosure for Small Face Amount Life Insurance Policies Model Act). Also requires that insurer prominently disclose the available premium payment plan and product alternatives (or disclose that no alternatives are available). Deletes provision allowing insurer to limit disclosures if the cumulative premiums may exceed the face amount for certain demographic or benefit combinations. Modifies proposed GS 58-58-145 to require that the insurer of a group annuity contract issue the policyholder a certificate for each annuitant (or to the annuitant directly) within 30 days of the annuitant's enrollment (was, within 30 days of the effective date of the annuity contract).

July 13, 2005

H 655. BETTER INSURANCE/ANNUITY DISCLOSURE. Intro. 3/16/05. Senate amendment makes the following changes to 3rd edition. Deletes proposed Part 2 of Article 60 of GS Chapter 58 (Home Service Disclosure Act). Makes technical changes.

August 1, 2005

SL 2005-234 (H 655). BETTER INSURANCE/ANNUITY DISCLOSURE. *AN ACT TO REORGANIZE ARTICLE 60 OF CHAPTER 58 OF THE GENERAL STATUTES AND AMEND CURRENT DISCLOSURE REQUIREMENTS FOR SOLICITATION OF LIFE INSURANCE PRODUCTS AND ANNUITIES; REQUIRE INSURERS TO NOTIFY EMPLOYEES OF THE EXISTENCE OF EMPLOYER-OWNED LIFE INSURANCE POLICIES WITHIN THIRTY DAYS AFTER THE EFFECTIVE DATE OF COVERAGE; AND REQUIRE GROUP ANNUITY INSURERS TO ISSUE INDIVIDUAL CERTIFICATES OF COVERAGE TO EACH ANNUITANT.* Summarized in *Daily Bulletin* 3/16/05, 4/25/05, 6/29/05, and 7/13/05. Enacted July 29, 2005. Effective January 1, 2006.