

DISCLOSURES PROVIDED WITH LIFE AND ANNUITY CONTRACTS

This Bulletin is directed to all life insurance companies doing business in this state. SEA 307 (P.L. 227-2015) compels certain new requirements and disclosures. This Bulletin seeks to clarify the scope of the new law.

Effective July 1, 2015, IC 27-1-12-46 states that it applies to “a life insurance policy or certificate . . . the proceeds of which **may be designated** for use in the purchase of funeral services or merchandise upon the death of the insured . . .” (emphasis added). The Department understands that any life insurance or annuity policy or certificate (a “Policy”) could potentially be designated for use in the purchase of funeral services or merchandise.

The Department does not believe the Legislature intended for the requirements of the new law to apply to every Policy issued after June 30, 2015. Therefore, the Department interprets the new law as applying to situations where:

- 1) The policy specifically states that the proceeds may be used in the purchase of funeral services or merchandise upon the death of the insured;
- 2) Markets the policy for use in the purchase of funeral services or merchandise upon the death of the insured;
- 3) Instructs, trains, or otherwise encourages its agents to sell the policy for use in the purchase of funeral services or merchandise upon the death of the insured; or
- 4) The issuer of the Policy knows or reasonably should know that a policy will be designated for use in the purchase of funeral services or merchandise upon the death of the insured.

Questions have arisen as to whether these disclosures need to be filed with the Department. If the newly required language is included in the policy, companies should file the policy language changes via the SERFF system. If the newly required language is provided in a notice and reflects the language outlined in IC 27-1-12-46, the notice is not required to be filed with the Department. If the disclaimer notice uses language other than that prescribed in IC 27-1-12-46, it should be submitted to the Department’s Legal Division for review.

Questions regarding this Bulletin should be directed to Kate Kixmiller, Deputy Commissioner for Company Compliance, at kkixmiller@idoi.IN.gov or (317) 232-3495.

INDIANA DEPARTMENT OF INSURANCE



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