

Bulletin 25

**(A) INSPECTION PRIVILEGE AND REFUNDS ON HEALTH AND ACCIDENT POLICIES
(B) REFUND REQUESTS ON LIFE INSURANCE POLICIES**

May 8, 1969

All companies writing health and accident and life insurance policies (Class 1 and 2) in the State of Indiana are hereby notified that the official position of the Indiana Department of Insurance on the subject of policy inspection and refund of premiums paid on policies issued in this State will be as follows:

(A) HEALTH AND ACCIDENT POLICIES

1. A free inspection privilege of at least ten days, during which time the policy holder may request for any or no reason a full refund of all moneys paid is deemed to be incorporated into all health and accident policies written in the State of Indiana on and after the effective date of this bulletin.

(a) It is suggested that in future filings, proper phraseology providing for this free inspection period be incorporated in the body or filing back of the policy. However, the Indiana Department of Insurance will interpret all policies sold after the effective date of this bulletin as having this automatic privilege and all companies shall act accordingly if such a refund request is made. Those companies that have been granting a longer inspection period may, of course, continue to offer the more liberal terms.

(B) LIFE INSURANCE POLICIES

The Department of Insurance formerly had an unofficial thirty day rule for refunds on life insurance policies. Experience proved that in many cases this rule was inequitable and unjustified, therefore, effective immediately the position of the Indiana Department of Insurance on life insurance policy refunds will be as follows:

1. No refund need be made on request by a policy holder merely because the policy holder changed his mind if the policy has been issued, delivered and accepted.

2. In any case where material fraud or misrepresentation is established, an individual evaluation of the factors and circumstances surrounding that particular case will be made. Where there is an aggravated or gross case of misconduct or misrepresentation, the Department may suggest a full refund of premiums be made by the company even if a year or more has transpired since the issue and delivery date if the fraud or misrepresentation was discovered by the policy holder in the exercise of reasonable and due diligence under the circumstances.

3. In cases of lesser degree of gravity in the element of fraud or misrepresentation, a net mortality expense factor earned protection which has been provided by the policy may be retrieved and a refund, less such charges, can be made by the company.

4. Selective refunds can be suggested and recommended by the Department of Insurance after investigation but cannot be mandated by the Department as our jurisdiction is primarily the discipline of the companies and their agents' licenses. However, it is felt that all companies will cooperate in such cases where it is to the public interest to rectify a miscarriage of justice.

Oscar H. Ritz
Insurance Commissioner