

## Chapter 63. Regulation 17—Reinstatement of Policies

### §6301. Policy Directive Number Four to Non-Profit Funeral Associations

A. All insurance policies which were written before December 31, 1956 are subject to the following paragraph contained in R.S. 22:336:

"A policyholder in good health and not over 70 years of age who has permitted his policy to lapse may rejoin upon terms fixed in the by-laws of the association and signing a statement in regard to his health as in the original application. Policyholders whose policies have lapsed and who are over 70 and under 90 years of age may reinstate only in the old age group."

B. Therefore, if a policyholder who was issued an assessment plan policy allows his policy to lapse, he may reinstate it upon the terms fixed in the by-laws of the association, or according to the provisions of his policy, but only if he or she is under 70 years of age when reinstatement is applied for. If a policyholder is over 70 years of age, he may be reinstated only in the old age group.

C. All policies issued on the industrial plan, after December 31, 1956, are subject to the provisions of R.S. 22:259(6), which reads as follows:

"A provision that the policy may be reinstated at any time within one year from the due date of the premium in default unless the cash surrender value has been paid, or the extension period expired, upon the production of evidence of insurability including good health satisfactory to the insurer and the payment of all overdue premiums and any unpaid loans or advances made by the insurer against the policy with interest at a rate not exceeding six percent payable annually."

D. Thus, if the policy in question is one issued after December 31, 1956, it may be reinstated upon the terms of the above Paragraph (6), or the terms of the insurance contract, if such contract contains more favorable language.

E. Any reinstatement of an insurance contract which is not accomplished according to the portions of the Insurance Code quoted above, is a violation of law.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:336 and 22:259 (6).

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, December 3, 1958.

## Chapter 65. Regulation 18— Non-Profit Funeral Service Associations, Reinstatement of Lapsed Policies

### §6501. Policy Directive Number Five to Non-Profit Funeral Service Associations

A. It has come to the attention of the Insurance Department that some non-profit funeral service associations are now reinstating policies which have been lapsed for many years. This is contrary to the insurance laws.

B. A survey of the non-profit association's charters and by-laws, if by-laws are on file with the Secretary of State, reveals that the most favorable reinstatement provisions allow reinstatement of lapsed policies within 90 days from date of lapse, provided all past due assessments are paid. In most cases the by-laws are silent with regard to reinstatement.

C. Lapsed policies may be reinstated only in accordance with the by-laws of the association. A policyholder whose policy has lapsed and who is over the age of 70 and under the age of 90 may reinstate only in the old age group. In the absence of the charter or by-laws pertaining to reinstatement, no lapsed policies may be reinstated.

D. All changes in the charter or by-laws of non-profit funeral service associations must be approved by the Commissioner of Insurance. No amendments to by-laws concerning reinstatement of lapsed policies will be approved, which allows for reinstatement after 90 days from date of lapse.

E. All non-profit funeral service associations must cease reinstating lapsed policies which are issued on the assessment plan except in accordance with their present by-laws. This directive is effective May 1, 1960.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, April 28, 1960.

## Chapter 67. Regulation 19—Inclusion of Burial Plots, Vaults, etc., as Part of Funeral Service—Change in Reserve Basis

### §6701. Policy Directive Number Six to All Insurance Issuing Funeral Policies

A. The provisions of House Bill 322 will become effective on or about August 1, 1962. This bill amends Section 253 of the Insurance Code by adding Subsection A thereto:

ALL POLICIES, ENDORSEMENTS OR RIDERS NOW IN YOUR POSSESSION WHICH INCLUDE PAYMENT OR FURNISHING OF BURIAL LOT, TOMBSTONE, MARKER, PLOT, TOMB, VAULT OR COPING ARE NOW DISAPPROVED. SUCH CONTRACTS MUST BE RESUBMITTED TO THE INSURANCE DEPARTMENT FOR APPROVAL IN ACCORDANCE WITH THIS DIRECTIVE.

B. For your information, the new Section 253 of the Insurance Code will read as follows:

Section 253—Funeral Described: Cost Provision

Every funeral policy shall state, in dollars, the value of the funeral and shall specify therein those things which shall constitute the funeral to be furnished, and shall provide for a stated cash payment which shall not be less than seventy-five per cent of the value of the funeral as stated in the policy in lieu of such funeral in the event it is impossible or impractical to furnish such services as set forth in the policy.

A. Every funeral policy which includes among its benefits the payment for a burial lot, tombstone, marker, plot, tomb, vault or coping shall state in dollars the value of the said