

## **11 NCAC 04 .0315           ISSUANCE OF CONTRACTS**

The Commissioner shall consider an unfair trade practice the failure by an insurer to adhere to any of the following procedures with respect to the issuance of life, accident, health, or disability policies pursuant to G.S. 58-63-15:

- (1) Policies to Cover Newborn Infants. No health application or requirements of insurability shall be used to circumvent the requirements of North Carolina General Statute 58-51-30.
- (2) Rating of Guaranteed Issue Coverages. There shall be no rating of policies where guaranteed issue at a specified rate is to the public. When only guaranteed issue is presented for sale, the insurer shall disclose in writing to any applicant subjected to individual rating because the applicant did not qualify for guaranteed issue, the fact that his or her rate deviates from the specified rate for the guaranteed issue coverage. This Item shall not apply to individual policies issued to employees under a contract between their employer and his or her insurer.
- (3) Replacement of Existing Coverage. With respect to individual accident, health and disability coverages, when an insurer's agent, by misrepresenting the new policy as a supplement or addition to the existing policy, induces an insured to consent to the replacement of his or her existing policy with a new policy, new waiting periods shall be decreased by the amount of time coverage was afforded under the existing policy.
- (4) Continuous Coverage Under Credit Life, Accident and Health Policies. In a series of credit life or credit accident and health insurance transactions where the insured, the lender, and the insurer are the same and there is no lapse in coverage between transactions, the waiting periods of the insurance agreements shall run from the date of the first insurance contract, at least to the extent of the amount and term of the indebtedness outstanding at the time of renewal or refinancing.

*History Note:*     *Authority G.S. 58-2-40; 58-3-125; 58-3-150; 58-33-75; 58-51-30; 58-63-40; 58-65-40; 58-67-50; 58-67-65; 58-67-150;*  
*Eff. December 15, 1979;*  
*Amended Eff. April 8, 2002; April 1, 1989; December 15, 1979;*  
*Readopted Eff. December 1, 2021.*