

11 NCAC 12 .0602 DEFINITION OF REPLACEMENT

When used in the rules in this Section, "replacement" means a transaction in which a new policy or contract is to be purchased, and it is known or should be known to the proposing producer, or to the proposing insurer if there is no producer, that by reason of the transaction, an existing policy or contract has been or is to be:

- (1) lapsed, forfeited, surrendered, or partially surrendered, assigned to the replacing insurer or otherwise terminated;
- (2) converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of nonforfeiture benefits or other policy values;
- (3) amended so as to effect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid;
- (4) reissued with any reduction in cash value; or
- (5) used in a financed purchase.

History Note: *Authority G.S. 58-2-40; 58-3-115; 58-58-1; 58-58-40;*
 Eff. October 1, 1985;
 Amended Eff. August 1, 2004;
 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 1,
 2018.