

11 NCAC 12 .1103 GENERAL REQUIREMENTS

No insurer shall participate in any consolidation unless it complies with the following requirements:

- (1) The offer of new coverage must be made on a timely basis:
 - (a) In a loan transfer consolidation, the offer of new coverage to the prospective insured must be made as soon as reasonably possible. If the offer of new coverage is not made at least 30 days before the proposed effective date of the new coverage, the insurer shall notify the debtor, in writing, that he has the right to an unconditional refund of all premiums paid since the transfer date provided he exercises the right, in writing, within 30 days after the date of the notification.
 - (b) In all other consolidations, the offer of new coverage shall be made to the prospective insured at least 30 days before the proposed effective date of the new coverage.
- (2) A group certificate or individual policy shall be delivered to each debtor insured under the new plan. In addition to all other applicable requirements of General Statute Chapter 58, the group certificate or individual policy shall include the following information:
 - (a) The name or names of the single or joint insureds;
 - (b) Identification of the insured mortgage;
 - (c) The amount of insurance under the new plan;
 - (d) The premium for the new coverage;
 - (e) The effective date of the new coverage; and
 - (f) The beneficiary for the new coverage. If the insured had the right to name a beneficiary under the old contract, the insured shall retain this right under the new contract.
- (3) No group certificate or individual policy evidencing the new coverage shall include a contestability clause or, in the case of mortgage life insurance, a provision excluding suicide.
- (4) All group mortgage life insurance certificates issued in connection with any consolidation shall include a conversion privilege permitting an insured debtor to convert, without evidence of insurability, to an individual policy of decreasing term insurance within 30 days after the date the insured debtor's group coverage is terminated for reasons other than the nonpayment of premiums. The initial amount of coverage under the individual policy shall be an amount equal to the amount of coverage terminated under the group policy and shall decrease over a term that corresponds with the scheduled term of the insured debtor's mortgage loan. The premium for the individual policy shall be the same premium the insured debtor was paying under the group policy.
- (5) Except for offers of new coverage made pursuant to 11 NCAC 12 .1104 and .1106, the new coverage shall be effectuated for the prospective insured only after the new insurer receives an application that has been signed by the prospective insured.
- (6) Except as provided in 11 NCAC 12 .1104 and .1105, the new insurer must calculate premiums for the new coverage on the basis of its own rates, the prospective insured's then attained age, if applicable, and the amount of insurance offered.

History Note: *Authority G.S. 58-2-40; 58-2-210;*
 Eff. February 1, 1992;
 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 1,
 2018.