

Directive No. 38

FUNERAL SERVICE POLICIES

September 22, 1977

Act No. 116 of the 1977 Legislature has mandated that all funeral service policies issued on or after January 1, 1978 contain a provision that if a beneficiary thereunder does not avail himself of the contractual services set forth therein, a cash payment of 100% of the face amount of the policy shall be paid.

Language now contained in funeral benefit policies to the effect that should the beneficiary not avail himself of the funeral benefits for any reason, the company will pay 75% in cash, will have to be modified to provide for the 100% payment required by Act 116 of 1977.

We realize that many companies will probably have a supply of forms that are currently being used, and that will not comply with Act 116.

Therefore, to help reduce the cost of each insurer complying with this new law we will allow the present contracts in use to be changed by the use of a rubber stamp endorsement *but only until such time as the present supply of forms is exhausted*. When the forms are reprinted, the necessary changes should be made a part of the new form.

The following language is suggested as being suitable for the endorsement to the present forms: "Notwithstanding any provision in this policy to the contrary, the _____ company will pay 100% of the face value hereof to the beneficiary if the funeral services and merchandise are not furnished".

(Signature of President or Secretary)

THIS ENDORSEMENT, OR SOMETHING SUBSTANTIALLY SIMILAR THERETO, MUST BE EITHER PRINTED OR RUBBER STAMPED ON THE INSURANCE POLICY ITSELF. A *SEPARATE* ENDORSEMENT CANNOT BE APPROVED FOR USE AS SUCH ATTACHMENTS ARE OFTEN LOST.

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LOUISIANA INSURANCE REGULATIONS

The effect of this new law may mean that the tables contained in the policy showing the automatic option will have to be changed. IT IS THEREFORE REQUIRED THAT A SPECIMEN COPY OF EACH FUNERAL SERVICE POLICY WHICH IS INTENDED TO BE ISSUED ON OR AFTER JANUARY 1, 1978 BE SUBMITTED TO THE OFFICE OF THE COMMISSIONER OF INSURANCE WITH A CERTIFICATE FROM AN ACTUARY ATTESTING THAT SUCH POLICY COMPLIES WITH ACT 116 OF 1977.

Sherman A. Bernard
COMMISSIONER OF INSURANCE