



ADMINISTRATIVE RULES OF MONTANA



6.6.1018 REQUIRED DISCLOSURES

- (1) In addition to any disclosures required for life insurance by statute or rule, the funeral insurance issuer shall develop clear and conspicuous written disclosures regarding the following information:
 - (a) the information contained in 33-20-1501(3), MCA;
 - (b) whether the cumulative premium paid may exceed the face amount of the funeral insurance policy or certificate and, if so, the length of time until the cumulative premium paid exceeds the face amount of the policy or certificate;
 - (c) the nature of the relationship among the soliciting producer, the provider of the funeral goods and services, and any other person identified in a preneed funeral arrangement who will or may profit from the transaction;
 - (d) whether a sales commission, or other form of compensation, is being paid in connection with the sale of the funeral insurance and the identity of the persons to whom it will be paid;
 - (e) that the funeral insurance issuer, insurance producer, or specialized funeral insurance producer may not require that the applicant, or insured, designate a specific beneficiary, including, but not limited to a funeral director, mortician, mortuary, or undertaker;
 - (f) the relationship of the funeral insurance to the funding of the preneed funeral arrangement and the nature and existence of any guarantees in relation to the preneed funeral arrangement;
 - (g) an itemized list of the funeral goods and services which are applied or contracted for in the preneed funeral arrangement and all relevant information concerning the price of the same and whether the price is guaranteed or to be determined at the time of need;
 - (h) the impact on the preneed funeral arrangement of:
 - (i) changes in the funeral insurance policy, including, but not limited to, changes in the assignment, beneficiary designation, or use of the proceeds;
 - (ii) penalties to be incurred by the policyholder as a result of failure to make premium payments; and
 - (iii) penalties to be incurred or monies to be received as a result of cancellation or surrender of the funeral insurance.
 - (i) an explanation of any entitlements or obligations which arise if there is a difference between the funeral insurance proceeds and the amount actually needed to fund the preneed funeral arrangement;

- (j) any penalties or restrictions, regarding either geographic restrictions, or the inability of the provider of the funeral goods and services identified in the preneed funeral arrangement to perform, on the delivery of funeral goods and services, or the guaranteed elements in the preneed funeral arrangement;
 - (k) if known, whether the provider of funeral goods and services making or entering a preneed funeral arrangement will accept assignments of funeral insurance and preneed funeral arrangements sold by any other properly licensed person;
 - (l) that after the death of an individual who at any time received Medicaid benefits, a funeral director, mortician, mortuary, undertaker, or other person, including but not limited to the decedent's spouse, heir, devisee, or personal representative, who is the beneficiary of funeral insurance in excess of \$5,000 in value designated to pay for the disposition of the Medicaid recipient's remains and for related expenses shall, after paying for the disposition and related expenses, pay all remaining funds to the Department of Public Health and Human Services within 30 days following the receipt of the funeral insurance death benefit. The funds must be paid to the Department of Public Health and Human Services regardless of any provision in a written contract, insurance policy, or other agreement entered into on or after January 1, 2008, directing a different disposition of the funds. Funds paid to the department under these rules are not considered to be property of the deceased Medicaid recipient's estate, and the provisions of 53-6-167, MCA, do not apply to recovery of the funds by the department;
 - (m) that the funeral goods and services may also be purchased prior to death by making payment directly to a provider of funeral goods and services, licensed under Title 37, chapter 19, MCA, who would hold the funds in trust for the benefit of the purchaser under Title 37, chapter 19, MCA;
 - (n) that a discount from the price of funeral goods and services will not be offered, or provided, as an inducement to purchase or assign funeral insurance; and
 - (o) that cancellation of a preneed funeral arrangement will not cancel, or otherwise invalidate the funeral insurance policy.
- (2) If any of the disclosures in (1) cannot be determined until the time of application, the life insurance producer or specialized funeral insurance producer shall complete the disclosure information specific to that funeral insurance transaction.
 - (3) The funeral insurance issuer will provide the disclosures in (1) to the applicant at the time application is made and prior to accepting any premium. Receipt of these disclosures must be acknowledged in writing by the applicant.
 - (4) The disclosures and a copy of the written acknowledgment must also be provided when the funeral insurance policy or certificate is delivered.

Authorizing statute(s): 33-1-313, 33-20-1503, MCA

Implementing statute(s): 33-20-1501, 33-20-1502, 33-20-1503, MCA

History: NEW, 2008 MAR p. 118, Eff. 2/1/08.