

House Bill 1078 (AM)

By: Representatives Hugley of the 133rd, Heard of the 89th, Lord of the 121st, Stanley of the 49th and Taylor of the 134th

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 26 of Title 33 of the Official Code of Georgia Annotated, relating to
2 industrial life insurance, so as to provide that policyholders who are 65 years of age and older
3 shall have the option to provide an additional contact person who shall be notified by the
4 insurer prior to the lapse, termination, or cancellation of any industrial life insurance policy
5 in the same manner as the policyholder; to provide limitations on the amount of premiums
6 that may be collected; to provide for applicability; to provide for related matters; to repeal
7 conflicting laws; and for other purposes.

8 **BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:**

9 **SECTION 1.**

10 Chapter 26 of Title 33 of the Official Code of Georgia Annotated, relating to industrial life
11 insurance, is amended by striking paragraph (6) of subsection (a) of Code Section 33-26-2,
12 relating to required and prohibited provisions generally, and inserting in lieu thereof a new
13 paragraph (6) to read as follows:

14 "(6) POLICY LOANS. A provision that after three full years' premiums have been paid and
15 after the policy has a cash surrender value and while no premium is in default beyond the
16 grace period for payment, the insurer will loan on the execution of a proper note or loan
17 agreement by the owner of the policy and on proper assignment of the policy and on the
18 sole security thereof, at a specified rate of interest, a sum equal to or, at the option of the
19 owner of the policy, less than the cash value of the policy at the end of the current policy
20 year and of any dividend additions thereto. The policy shall further provide that the
21 company may deduct from such loan value or from the proceeds of the loan any existing
22 indebtedness on or secured by the policy not already deducted in determining such cash
23 value, including interest due or accrued and any unpaid balance of the premium for the
24 current policy year, and that the company may collect interest in advance of the loan to
25 the end of the current policy year. The policy shall reserve to the insurer the right to
26 defer the granting of a loan, other than for the payment of any premium to the insurer, for

1 six months after the application therefor. The policy may also provide that if interest on
 2 any indebtedness is not paid when due it shall then be added to the existing indebtedness
 3 and shall bear interest at the same rate. The policy may provide that if and when the total
 4 indebtedness on the policy, including interest due or accrued, equals or exceeds the
 5 amount of the loan value thereof, then the policy shall terminate and become void, but
 6 not until at least 30 days' notice shall have been mailed by the insurer to the last known
 7 address of the insured or policy owner; of the individual identified by the policy owner
 8 or insured as an additional contact, if any; and of any assignee of record at the home
 9 office of the insurer. The policy, at the insurer's option, may provide for an automatic
 10 premium loan, subject to an election of the party entitled to elect. No condition other
 11 than as provided in this paragraph shall be exacted as a prerequisite to any such loan.
 12 This paragraph shall not apply to term insurance or to term insurance benefits provided
 13 by rider or supplemental policy provisions or to any policy with a loan value of less than
 14 \$25.00;".

15 **SECTION 2.**

16 Said chapter is further amended by adding a new subsection (e) to Code Section 33-26-2,
 17 relating to required and prohibited provisions generally, to read as follows:

18 "(e) Policyholders or insureds who are 65 years of age and older shall have the option to
 19 provide the name and address of a person as an additional contact to the insurer who shall
 20 also be notified by the insurer in writing by mail to the last known address of such person
 21 prior to the lapse, termination, or cancellation of any industrial life insurance policy by the
 22 insurer."

23 **SECTION 3.**

24 Said chapter is further amended by adding a new Code Section 33-26-6.2 to read as follows:

25 "33-26-6.2.

26 (a) No insurer shall issue a policy which allows for the collection or payment of premiums
 27 which in the aggregate will be greater than 150 percent of the face amount of the policy.

28 (b) This Code section shall apply to industrial whole life policies, which are policies which
 29 may be kept in force for a person's whole life and which pay a benefit upon the person's
 30 death, whenever such death occurs, or policies which may have a designated age certain,
 31 as specified in the policy, when premium payments would cease."

32 **SECTION 4.**

33 All laws and parts of laws in conflict with this Act are repealed.