

Kansas Administrative Regulations
Agency 40. Insurance Department
Article 2. Life Insurance

40-2-13 Life insurance policies; promissory notes and installment contracts; college students; requirements.

In addition to the provisions of K.S.A. 40-283a, the following requirements shall apply to premium financing arrangements between an insurer or agent and the insured for the first premium payable on any life insurance policy sold to any college student.

(a) Each premium financing arrangement shall be set out in the application over the applicant's signature and shall include the total amount of the loan, the amount of any down payment made to an agent at the time of sale, and the unpaid balance.

(b) If a note or installment contract is used to finance less than the full first year premium, the balance shall be paid by the applicant when the application is taken.

(c) A copy of the note or installment contract and any assignment shall be attached to the policy. In lieu of attachment, the policy may contain a provision or endorsement which describes the financing arrangement.

(d) Upon delivery, a policy receipt or acceptance form shall be executed which states that:

(1) The policy has been issued as represented; and

(2) The insured acknowledges and understands the provisions and obligations of the financial indebtedness incurred.

(e) The receipt or acceptance form required by subsection (d) above shall be registered in the home office by a number corresponding to the policy number.

(1) The receipt shall be sent with the policy at time of delivery only; and

(2) the receipt or acceptance forms shall not be made available as supplies to field representatives or agents, but shall be furnished from the home office in transmittal of the policy to the writing agent.

(f) Promissory notes shall not be sold or transferred by the payee (agent). Commissions on the sale shall not be paid to the agent until the policy receipt or acceptance form has been received in the home or executive office of the company.

(g) The note purchaser, assignee, or company shall notify the notemaker (insured) and all comakers regarding the purchase or transfer of the note, after the purchase or transfer, inviting any questions about the note or the policy which is used as collateral security for the note.

(h) If, at the time the policy receipt or acceptance form is presented with the policy to the applicant for signature and the applicant decides that he or she does not desire the plan, the policy shall be returned to the company with a signed request for release. The policy and note shall be canceled, the applicant shall be released from liability, and when applicable, the down payment shall be refunded.

(i) If a sales presentation is made for an amount of insurance greater than that sold, an appropriate explanation shall be given to the insured when the policy is delivered.

(Authorized by K.S.A. 40-103; implementing K.S.A 40-283a; effective Jan. 1, 1972; amended Feb. 15, 1977; amended May 1, 1986.)