

Part 2 Chapter 3: (LA&H 73-5) Minimum Burial Rate Schedule (and Supplement)

Rule 3.01: Introduction

TO: All Persons and Associations Operating Under the Burial Insurance Laws
of the State of Mississippi

FROM: Evelyn Gandy
Commissioner of Insurance

SUBJECT: Rules and Regulations in Connection With House Bill No. 424,
Mississippi Legislature, Regular Session, 1973.

IMPORTANT: Policies issued and in force prior to January 1, 1974 (or subject to reinstatement by that date) are not covered by rules and regulations herein, nor are such policies subject to the new law as to form and/or rate.

Source: *Miss. Code Ann.* § 83-37-35 (Rev. 2011)

3.01.1 Section 1

As of January 1, 1974, all policy forms and rates now approved and in use are hereby DISAPPROVED, and no policy form or rate can be used after January 1, 1974, without approval of the Department of Insurance under the provisions of the new law.

3.01.2 Section 2

No two or more burial associations, partnerships, corporations, etc. under the same ownership, management or agency shall have competitive rates for the same or comparable benefits, regardless of location of servicing funeral home.

3.01.3 Section 3

No rate will be approved which is lower than the minimum rates shown on the attached schedule, which lists the long-established minimum rates approved by the Insurance Department many years ago. Rates above those shown on the attached schedule will be considered when supporting information clearly shows rates to be neither inadequate nor excessive.

3.01.4Section 4

Associations, partnerships, corporations, etc. writing policies of varying amounts with varying rates may use a standard policy form, provided the completed policy contains the inserted figures relative to name, ages, benefits and rate for each person insured. Further, in the event a standard form is to be used for more than \$150.00 benefit, additional rate schedule must be printed in the policy form. (For example, a policy issued providing benefits ranging \$150.00, \$300.00 and \$450.00, may leave the total benefit in the blank, but the policy form must contain the schedule of rates applicable to all three benefits).

3.01.5 Section 5

Submission of policy forms and rates can begin upon receipt of this notice. Each form must have in the lower left hand corner some means of identification such as a number, a letter and a date. (For example, A-9-73, which would indicate the form A was submitted in September 1973). Please attach a rate card to each form placing the same identification on the rate card. Submit one copy each of the form and rate with a letter of transmittal, in duplicate. Said letter of transmittal must contain a detailed description of the form(s) submitted, including type of contract, form number, etc., and the date you will begin using the new form(s), if prior to January 1, 1974. The form and rate will be retained in the Department, and the copy of the letter of transmittal will be returned to the association with the stamp of approval of the Department.

Source: *Miss. Code Ann.* §§ 83-37-17; 83-37-35 (Rev. 2011)

Rule 3.02Effective Date

These rules and regulations shall become effective November 6, 1973.

PROMULGATED AND ADOPTED, THIS THE 6TH day of November, 1973.

Source: *Miss. Code Ann.* § 24-43-3.113 (Rev. 2010)

Rule 3.03: Minimum Burial Rate Schedule

Age	\$150 Benefit	\$300 Benefit	\$450 Benefit
1 week to 5 years, inclusive	.10	.20	.30
6 years to 15 years, inclusive	.15	.30	.45

16 years to 20 years, inclusive	.20	.40	.60
21 years to 44 years, inclusive	.25	.50	.75
45 years to 55 years, inclusive	.30	.60	.90
56 years to 60 years, inclusive	.50	1.00	1.50
61 years to 65 years, inclusive	.75	1.50	2.25
66 years to 70 years, inclusive	1.00	2.00	3.00
71 years to 75 years, inclusive	1.50	3.00	4.50
76 years to 80 years, inclusive	2.00	4.00	6.00
81 years to 85 years, inclusive	5.00	10.00	15.00

Source: Miss. Code Ann. § 83-37-35 (Rev. 2011)

Rule 3.04: Supplement

TO: All Persons and Associations Operating Under the Burial Insurance Laws of the State of Mississippi

FROM: Evelyn Gandy
Commissioner of Insurance

The Insurance Department has been asked by a number of burial association owners to give consideration to several changes and modifications which they desire and purpose to have made to the rules and regulations which were issued and mailed to you from this office on November 6, 1973. Careful study and thorough consideration have been given to these subjects which are more fully reviewed and discussed as follows:

- A. Minimum Rate Schedule- Nothing contain in our regulation of November 6, 1973, was intended to convey the impression that the Commissioner of Insurance had established a mandatory standard rate to be used by any association whose policyholders services, funeral benefits and plan of operation under the revised law justify the charging of a higher premium. Instead, this schedule merely lists and sets forth the lowest or minimum rate which would be approved by the Insurance Department for any association.

Our study shows that a substantial number of associations are presently using this minimum rate and can justify its continued usage. Further, no advantage has been found for this or any other so-called minimum rate schedule except the doubtful value of possibly discouraging willful intent to twist business from one association to another. The Insurance Department holds the view that any such unethical practice can and will be properly dealt with under other related insurance statuses.

In view of the foregoing, notice is hereby given that no change has been approved or made in the afore-mentioned minimum rate schedule which has been long-established and accepted by both the Insurance Department and burial insurance industry for many years. However, we emphasize again that each association has the option of using this minimum rate or a higher rate provided that proper justification for whichever rate is proposed is submitted to the Insurance Department.

- B. Standard Provisions- A large number of associations have submitted new policy forms which have completely failed to incorporate or include the new standard provisions which are an absolutely mandatory requirement of the revised burial law after January 1, 1974. For your information and guidance in this regard, we enclose a copy of the required standard provisions which must appear in every burial policy written on and after January 1, 1974.

There is only one exception or change which will be permitted in the Standard Provisions, and this relates to Section 8. If you wish your policy to provide for a 50% pay-off, Section 8 should read:

“If death and/or burial occurs more than fifty (50) miles from any location of the funeral home named herein and should the beneficiary therefore deem it impractical for the association to service this contract, the association shall pay in cash to the member not less than fifty percent (50%) of the face value of the certificate to which the member is entitled or the full return of the premium paid by the member, not to exceed three-fourths percent (3/4%) of the face value of the certificate, whichever amount is larger. If death and/or burial occurs within fifty (50) miles of any location of the funeral home named herein, and the member desires to use a funeral home other than the funeral home named in this contract, the association’s liability shall be the full return of the premium paid by the member not to exceed the face value of the certificate.”

If you wish your policy to provide for a 100% pay-off, then Section 8 should read:

“If death and/or burial occurs more than fifty (50) miles from any location of the funeral home named herein and should the member therefore deem it impractical for the association to service this contract, the association shall pay

in cash to the member not less than one-hundred percent (100%) of the face value of the certificate to which the member is entitled, which shall be in full settlement of the claim. If death and/or burial occurs within fifty (50) miles of any location of the funeral home named herein, and the member desires to use a funeral home other than the funeral home named in this contract, the association's liability shall be the full return of the premiums paid by the member not to exceed the face value of the certificate."

No burial association will be authorized to issue a burial policy on and after January 1, 1974, unless and until it has previously submitted and received the approval of the Commissioner of Insurance of its policy forms and rates which conform and comply with the rules and regulations of our Order dated November 6, 1973, and the above-mentioned authorized changes.

Ordered this the 30th day of November, 1973.

Source: Miss. Code Ann. § 83-37-35 (Rev. 2011)

Rule 3.05: Standard Provisions for Burial Policies

House Bill 424, Mississippi Laws of 1973, requires that all burial policies issued from and after January 1, 1974, contain the following Standard Provisions.

STANDARD PROVISIONS

- A. The association will not be responsible for casket or any other funeral supplies or expenses contracted for by anyone unless authorized by the association, subject to minimum cash settlement hereinafter provided.
- B. When this policy has been maintained in force for not less than two (2) consecutive months, there will be a grace period of thirty (30) days for the payment of any subsequent premium, and during such period of grace, the funeral benefit provided herein shall continue in force, provided all other conditions and stipulations herein contained shall have been complied with by such member or members.
- C. This contract shall lapse, and the association shall not be liable for any benefits hereunder, when any premium payment on same is more than thirty (30) days in arrears, and in such event all premiums paid hereon shall be forfeited to the association.
- D. If the contract is allowed to lapse, it may be reinstated by furnishing the association with satisfactory evidence that all members named hereon are in good health, and by the payment of the premiums required by the association, provided the policy is not over six

(6) months in arrears. Acceptance of premium as of date of lapse shall reinstate the contract as of date premium is applied on lapse period.

- E. No agent has the power on behalf of the association to modify this contract or to extend the time for payment of premium, the entire contract being that contained herein together with the application thereof.
- F. The association reserves the right to investigate within one (1) year from date of application all statements made in the application as to age or condition of health, and should any of the statements made therein be found to be false, the association's liability shall be limited to the return of all premiums paid hereon, and the policyholders shall forfeit all rights to the funeral benefits. All applicants must be in good health when this contract is delivered.
- G. This contract shall be incontestable after one (1) year, except for nonpayment of premiums.
- H. If death and/or burial occurs more than fifty (50) miles from any location of the funeral home named herein and should the beneficiary therefore deem it impractical shall pay in cash to the member not less than fifty percent (50%) of the face value of the certificate to which the member is entitled or the full return of the premium paid by the member, not to exceed three-fourths percent (3/4%) of the face value of the certificate, whichever amount is larger. Provided, however, if premium rates of not less than ten percent (10%) in excess of the rates described herein are requested by the association and approved by the commissioner, the standard provisions contained in this paragraph may provide for a cash settlement up to one hundred percent (100%) of the face value of the contract. If death and/or burial occurs within fifty (50) miles of any location of the funeral home named herein, and the member desires to use a funeral home other than the funeral home named in this contract, the association's liability shall be the full return of the premium paid by the member not to exceed the face value of the certificate.
- I. There shall be no liability to any person or persons insured hereunder if death should occur through self-destruction or suicide, whether sane or insane, within one (1) year from date of issuance of this contract, or within one (1) year from the date of the date of any reinstatement. In the event of death by suicide or self-destruction, no return of premium shall be due under this contract.

Source: Miss. Code Ann. §§ 83-37-13; 83-37-35 (Rev. 2011)