

**§ 58-58-255. Prohibited practices.**

(a) It is a violation of this Part for any person to enter into a contract within a two-year period commencing with the date of issuance of the policy unless the viator certifies to the provider that one or more of the following conditions have been met within the two-year period:

- (1) The policy was issued upon the viator's exercise of conversion rights arising out of a policy, provided the total time covered under the conversion policy plus the time covered under the prior policy is at least 24 months, or the contestability and suicide time periods have been waived by the insurer. The time covered under a group policy shall be calculated without regard to any change in insurance carriers, provided the coverage has been continuous and under the same group sponsorship.
- (2) The viator is a charitable organization exempt from taxation under 26 U.S.C. § 501(c)(3).
- (3) The viator is not a natural person (e.g., the owner is a corporation, limited liability company, partnership, etc.).
- (4) The viator submits independent evidence to the provider that one or more of the following conditions have been met within the two-year period:
  - a. The viator or insured is terminally or chronically ill.
  - b. The viator's spouse dies.
  - c. The viator divorces his or her spouse.
  - d. The viator retires from full-time employment.
  - e. The viator becomes physically or mentally disabled and a physician determines that the disability prevents the viator from maintaining full-time employment.
  - f. The viator was the insured's employer at the time the policy was issued and the employment relationship terminated.
  - g. A final order, judgment, or decree is entered by a court of competent jurisdiction, on the application of a creditor of the viator, adjudicating the viator bankrupt or insolvent, or approving a petition seeking reorganization of the viator or appointing a receiver, trustee, or liquidator to all or a substantial part of the viator's assets.
  - h. The viator experiences a significant decrease in income that is unexpected and that impairs the viator's reasonable ability to pay the policy premium.
  - i. The viator or insured disposes of his or her ownership interests in a closely held corporation.

(b) Copies of the independent evidence described in subdivision (a)(4) of this section and documents required by G.S. 58-58-250(a) shall be submitted to the insurer when the provider submits a request to the insurer for verification of coverage. The copies shall be accompanied by a letter of attestation from the provider that the copies are true and correct copies of the documents received by the provider.

(c) If the provider submits to the insurer a copy of the owner or insured's certification described in subdivision (a)(4) and subsection (b) of this section when the provider submits a request to the insurer to effect the transfer of the policy to the provider, the copy shall be deemed to conclusively establish that the contract satisfies the requirements of this section, and the insurer shall timely respond to the request. (2001-436, s. 3.)