

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 244

BY BUSINESS COMMITTEE

AN ACT

1 RELATING TO INSURANCE; AMENDING CHAPTER 18, TITLE 41, IDAHO CODE, BY THE AD-
2 DITION OF A NEW SECTION 41-1830, IDAHO CODE, TO ESTABLISH PROVISIONS RE-
3 GARDING NOTICE OF LAPSE OR TERMINATION OF AN INDIVIDUAL LIFE INSURANCE
4 POLICY.
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6 Be It Enacted by the Legislature of the State of Idaho:

7 SECTION 1. That Chapter 18, Title 41, Idaho Code, be, and the same is
8 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
9 ignated as Section 41-1830, Idaho Code, and to read as follows:

10 41-1830. NOTICE OF LAPSE OR TERMINATION OF INDIVIDUAL LIFE INSUR-
11 ANCE. (1) Notwithstanding the provisions of section 41-1927, Idaho Code, an
12 individual life insurance policy shall not be issued or delivered in this
13 state until the applicant has been afforded the option of designating one (1)
14 person, in addition to the applicant, to receive notice of lapse or termina-
15 tion of a policy for nonpayment of premium.

16 (2) A designation made pursuant to subsection (1) of this section shall
17 be on a form provided by the insurer. The applicant shall, on such form, pro-
18 vide the full name, address and telephone number of the person designated to
19 receive notice of lapse or termination of the policy for nonpayment of pre-
20 mium.

21 (3) The insurer shall annually notify a policy owner of the right to:

22 (a) Make a designation pursuant to subsection (1) of this section;

23 (b) Change the designee; and

24 (c) Update the contact information of the designee.

25 (4) The policy owner may, at the policy owner's discretion, change the
26 designee or change the contact information of the designee more often than
27 annually, and the insurer shall make available the form for such changes at
28 the policy owner's request.

29 (5) No individual life insurance policy shall lapse or be terminated
30 for nonpayment of premium unless the insurer, at least fourteen (14) days
31 prior to the effective date of the lapse or termination, sends notice by
32 first-class United States mail to the policy owner and to the policy owner's
33 designee, if a designation has been made pursuant to this section, of the
34 lapse or termination, at the address or addresses provided by the policy
35 owner for purposes of receiving such notice.

36 (6) The provisions of this section shall apply to any individual life
37 insurance policy issued or in force on or after January 1, 2018. Provided
38 however, that the provisions of this section do not apply to any life insur-
39 ance policy under which premiums are payable monthly or more frequently.