

STATEMENT OF PURPOSE

RS32430 / H0265

This legislation proposes an amendment to Chapter 18, Title 41 of the Idaho Code concerning the "Notice of Lapse or Termination of Individual Life Insurance". It limits the new notice requirements to Life Insurance Policies greater than \$50,000. This section of code already excludes notification requirements for lapse or termination to policies that are monthly or more frequent payment plans. This legislation requires the insured to notify the insurer at least 90 days prior to the potential lapse or termination of the desire to receive notice by United States postal service certified, return receipt requested. The certified return receipt notice must be sent at least 10 days prior to the lapse or termination to the policy owner and to the policy owner's designee. The \$50,000 Policy minimum with the exclusion of monthly payment plans will establish a somewhat de minimus requirement on insurers. Many major insurance companies are already required to process such a certified mail notice as required in other states.

FISCAL NOTE

This legislation does not result in additional expenditure of funds at the state or local level, nor does it lead to an increase or decrease in revenue for state or local government, therefore it has no fiscal impact. There would be a fiscal impact on insurance companies for all covered lapsing policies where the insured has requested a certified notice.

Contact:

Representative Lance W. Clow
(208) 850-3597

DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).