

## SB0079S01 compared with SB0079

~~{deleted text}~~ shows text that was in SB0079 but was deleted in SB0079S01.

inserted text shows text that was not in SB0079 but was inserted into SB0079S01.

**DISCLAIMER:** This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

Senator Wayne A. Harper proposes the following substitute bill:

### INSURANCE POLICY NOTIFICATION AMENDMENTS

2021 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Wayne A. Harper**

House Sponsor: ~~{\_\_\_\_\_}~~ Steve Eliason

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#### LONG TITLE

#### General Description:

This bill amends provisions regarding life insurance policy notifications.

#### Highlighted Provisions:

This bill:

- ▶ ~~{permits a policyholder or a third-party designee of the policyholder}~~ requires an insurer of ~~{a}~~ life insurance ~~{policy to receive a notice of lapse or cancellation of the policyholder's policy based on nonpayment of premium by certified mail with return receipt requested;~~

→ ~~permits an insurer}~~ to send a notice to a designated third party before terminating coverage;

- ▶ requires an insurer of life insurance who sends a notice of ~~{lapse or cancellation of a life insurance policy based on nonpayment of premium by certified mail with return~~

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~~receipt requested to charge the policyholder up to \$25 for each notice of~~ termination of coverage to obtain and, upon request, demonstrate proof of delivery for the notice of termination of coverage; and

- ▶ makes technical and conforming changes.

### Money Appropriated in this Bill:

None

### Other Special Clauses:

None

### Utah Code Sections Affected:

AMENDS:

31A-22-402, as last amended by Laws of Utah 2002, Chapter 308

31A-22-430, as enacted by Laws of Utah 2020, Chapter 32

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section 31A-22-402 is amended to read:

#### **31A-22-402. Grace period.**

(1) (a) Every life insurance policy other than a group policy shall contain a provision entitling the policyholder to a grace period within which the payment of any premium may be made after the first payment of any premium.

(b) During the grace period described in Subsection (1)(a), the policy continues in full force.

(2) The grace period required by Subsection (1) may not be less than:

(a) 31 days; or

(b) four weeks for policies whose premiums are payable more frequently than monthly.

(3) The insurer may impose an interest charge during the grace period not in excess of the interest rate:

(a) set by the policy for policy loans; or

(b) in the absence of a provision described in Subsection (3)(a), a rate set by the commissioner by rule.

(4) If a claim arises under the policy during the grace period, an insurer may deduct from the policy proceeds:

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- (a) the amount of any premium due or overdue;
  - (b) interest at the rate provided in this section; and
  - (c) any deferred installment of the annual premium.
- (5) (a) [The] At least 30 days before the day on which the insurer terminates coverage,

the insurer shall send written notice of termination of coverage to:

[(a) to] (i) the policyholder's last-known address; and

[(b) at least 30 days before the date that the coverage is terminated.]

(ii) a third party designated in accordance with Section 31A-22-430.

(b) An insurer shall obtain and, upon request, demonstrate proof of delivery for a notice the insurer sends under Subsection (5)(a).

(c) Proof of delivery described in Subsection (5)(b) includes a certified mail receipt.

Section ~~{1}~~2. Section **31A-22-430** is amended to read:

### **31A-22-430. Policy notification.**

(1) (a) An insurer that delivers or issues for delivery an individual life insurance policy in this state shall notify the applicant for the policy, in writing at the time of application for the policy, of an applicant's right ~~{}~~to~~{}~~

~~—— (i) [to] designate a third party to receive notice of lapse or cancellation of the policy based on nonpayment of premium { }. { }; and~~

~~—— (ii) receive or have a designated third party receive a notice of lapse or cancellation of the policy based on nonpayment of premium by certified mail with return receipt requested. }~~

(b) An applicant may make a designation described in Subsection (1)(a)~~{(i)}~~ at the time of application for the policy, or at any time the policy is in force, by submitting a written notice to the insurer containing the name and address of the third-party designee.

~~{ } (c) An applicant may choose to receive or have a designated third party receive a notice by certified mail as described in Subsection (1)(a)(ii) at the time of application for the policy, or at any time the policy is in force, by submitting a written notice to the insurer requesting to receive a notice of lapse or cancellation of the policy based on nonpayment of premium by certified mail with return receipt requested.~~

~~—— (2) An}2) [An] In accordance with Subsection 31A-22-402(5), an~~ insurer shall transmit a copy of a notice of lapse or cancellation of the policy based on nonpayment of premium to a third party designated in accordance with this section in addition to the

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transmission of the notice of lapse or cancellation of the policy to the policyholder.

(3) The designation of a third party under this section does not constitute acceptance of any liability on the part of the third party or insurer for a service provided to the policyholder.

~~{ (4) An insurer who sends a notice of lapse or cancellation of a policy based on nonpayment of premium by certified mail with return receipt requested in accordance with this section may charge the policyholder an amount not to exceed \$25 for each notice the insurer sends.~~

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