

**BENEFICIARY DESIGNATION OF FORMER SPOUSE**

1999 GENERAL SESSION

STATE OF UTAH

**Sponsor: Karen Hale**

AN ACT RELATING TO HUSBAND AND WIFE; PROVIDING FOR THE AUTOMATIC REVOCATION OF ANY BENEFICIARY DESIGNATION FOR THE FORMER SPOUSE UPON FINAL DECREE OF DIVORCE; AND PROVIDING FOR EXCEPTIONS.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

**31A-22-413**, as last amended by Chapter 204, Laws of Utah 1986

ENACTS:

**30-3-7.5**, Utah Code Annotated 1953

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

Section 1. Section **30-3-7.5** is enacted to read:

**30-3-7.5. Revocation of death benefits by divorce or annulment.**

(1) Upon the entry of a decree of annulment or divorce on and after May 3, 1999, any revocable beneficiary designation contained in a then existing written contract owned by one party that provides for the payment of any death benefit to the other party is revoked. A death benefit prevented from passing to a former spouse by this section shall be paid as if the former spouse had predeceased the decedent. The payor of any death benefit shall be discharged from all liability upon payment in accordance with the terms of the contract providing for the death benefit, unless the payor receives written notice of the entry of decree under this section prior to payment.

(2) The term "death benefit" includes any payments under a life insurance contract, annuity, qualified retirement plan or individual retirement, compensation agreement, or other contract designating a beneficiary of any right, property, or money in the form of a death benefit.

(3) This section does not apply:

(a) to the extent a decree of annulment or divorce from the bond of matrimony, or a written agreement of the parties provides for a contrary result as to specific death benefits; or

(b) to any trust or any death benefit payable to or under any trust.

Section 2. Section **31A-22-413** is amended to read:

**31A-22-413. Designation of beneficiary.**

(1) Subject to Subsection 31A-22-412(2), no life insurance policy or annuity contract may restrict the right of a policyholder or certificate-holder:

(a) to make an irrevocable designation of beneficiary effective immediately or at some subsequent time; or

(b) if the designation of beneficiary is not explicitly irrevocable, to change the beneficiary without the consent of the previously designated beneficiary. Subsection 75-6-201(1)(c) applies to designations by will or by separate writing.

(2) An insurer may prescribe formalities to be complied with for the change of beneficiaries, but those formalities may only be designed for the protection of the insurer. The insurer discharges its obligation under the insurance policy or certificate of insurance if it pays the properly designated beneficiary unless it has actual notice of either an assignment or a change in beneficiary designation made pursuant to Subsection (1)(b) or Section 30-3-7.5. The insurer has actual notice if the formalities prescribed by the policy are complied with, or if the change in beneficiary has been requested in the form prescribed by the insurer and delivered to an agent representing the insurer at least three days prior to payment to the earlier properly designated beneficiary.