

1 **INSURANCE POLICY NOTIFICATION AMENDMENTS**

2 2021 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Wayne A. Harper**

5 House Sponsor: Steve Eliason

7 **LONG TITLE**

8 **General Description:**

9 This bill amends provisions regarding life insurance policy notifications.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ permits a policyholder or a third-party designee of the policyholder of a life
13 insurance policy to receive a notice of lapse or cancellation of the policyholder's
14 policy based on nonpayment of premium by certified mail with return receipt
15 requested;
- 16 ▶ permits an insurer who sends a notice of lapse or cancellation of a life insurance
17 policy based on nonpayment of premium by certified mail with return receipt
18 requested to charge the policyholder up to \$25 for each notice; and
- 19 ▶ makes technical and conforming changes.

20 **Money Appropriated in this Bill:**

21 None

22 **Other Special Clauses:**

23 None

24 **Utah Code Sections Affected:**

25 AMENDS:

26 **31A-22-430**, as enacted by Laws of Utah 2020, Chapter 32



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

29 Section 1. Section **31A-22-430** is amended to read:

30 **31A-22-430. Policy notification.**

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

34 (i) ~~to~~ designate a third party to receive notice of lapse or cancellation of the policy
35 based on nonpayment of premium[-]; and

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

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

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

46 (2) An insurer shall transmit a copy of a notice of lapse or cancellation of the policy
47 based on nonpayment of premium to a third party designated in accordance with this section in
48 addition to the transmission of the notice of lapse or cancellation of the policy to the
49 policyholder.

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

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