

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 564

BY HEALTH AND WELFARE COMMITTEE

AN ACT

1 RELATING TO LIFE INSURANCE; AMENDING CHAPTER 19, TITLE 41, IDAHO CODE, BY
2 THE ADDITION OF A NEW SECTION 41-1966, IDAHO CODE, TO PROVIDE PROTECTION
3 AGAINST AN UNINTENTIONAL LAPSE OF A LIFE INSURANCE POLICY, TO PROVIDE
4 THAT NOTICE SHALL BE GIVEN TO THE INSURED BY CERTIFIED MAIL, TO PROVIDE
5 THAT THE INSURED MAY DESIGNATE A THIRD PARTY TO RECEIVE NOTICE, TO PRO-
6 VIDE THAT PROTECTION AGAINST AN UNINTENTIONAL LAPSE IS OPTIONAL, TO AU-
7 THORIZE AN INSURER TO CHARGE FEES TO THE INSURED AND TO PROVIDE APPLICA-
8 BILITY.
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10 Be It Enacted by the Legislature of the State of Idaho:

11 SECTION 1. That Chapter 19, Title 41, Idaho Code, be, and the same is
12 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
13 ignated as Section 41-1966, Idaho Code, and to read as follows:

14 41-1966. NOTICE OF LAPSE OR TERMINATION -- RIGHT TO REINSTATEMENT. (1)
15 Notwithstanding the provisions of section 41-1927, Idaho Code, each insurer
16 offering life insurance shall, as a protection against unintentional lapse,
17 offer to the insured optional protection that does the following:

18 (a) No individual life policy shall lapse or be terminated for nonpay-
19 ment of premium unless the insurer has given notice to the insured at
20 the address provided by the insured for purposes of receiving notice of
21 lapse or termination. The notice shall be given by certified mail and
22 shall not be given until thirty (30) days after a premium is due and un-
23 paid. The policy shall not lapse or be terminated earlier than thirty
24 (30) days after the date of mailing of the notice; and

25 (b) The insured has the right to designate at least one (1) person who is
26 to receive the notice of termination required in paragraph (a) of this
27 subsection, in addition to the insured. Designation shall not consti-
28 tute acceptance of any liability on the third party for services pro-
29 vided to the insured. The designation shall include each person's full
30 name and home address.

31 (2) In order to receive the protection against lapse or termination
32 provided in subsection (1) of this section, the insured must notify the in-
33 surer that he chooses to receive such notice from the insurer. The insurer
34 may charge reasonable fees to the insured to cover the cost of notice of lapse
35 or termination sent by certified mail.

36 (3) The provisions of this section shall apply to any life insurance
37 policy issued, reissued or renewed on or after January 1, 2015.