



General Assembly

February Session, 2014

***Raised Bill No. 201***

LCO No. 769



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:  
(INS)

***AN ACT CONCERNING CANCELLATION NOTICES OF INDIVIDUAL LIFE INSURANCE POLICIES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective January 1, 2015*) (a) An applicant for an  
2 individual life insurance policy shall have the right to designate a third  
3 party to receive notice of cancellation of the policy based on  
4 nonpayment of premium.

5 (b) Each insurer that delivers or issues for delivery an individual life  
6 insurance policy in this state shall notify any applicant who applies for  
7 such policy on or after January 1, 2015, in writing at the time of  
8 application, of such right. The applicant may make such designation at  
9 the time of application for such policy or at any time such policy is in  
10 force by submitting a written notice to the insurer that contains the  
11 name and address of the third-party designee.

12 (c) (1) No such designation shall be effective unless such third-party  
13 designee or applicant or policyholder has submitted a written  
14 acceptance by the third-party designee to receive copies of notices of

15 cancellations from the insurer on behalf of the applicant or  
16 policyholder. The third-party designation shall be effective not later  
17 than ten business days after the date the insurer receives such written  
18 acceptance.

19 (2) The third-party designee may terminate such third-party  
20 designation by providing written notice to the insurer and the  
21 policyholder. The policyholder may terminate such third-party  
22 designation by providing written notice to the insurer and the third  
23 party.

24 (d) (1) If a third party has been designated and has accepted such  
25 designation, the insurer shall provide notice of cancellation based on  
26 nonpayment of premium to the third-party designee in addition to the  
27 policyholder, at the same time such notice is provided to the  
28 policyholder.

29 (2) No notice of cancellation based on nonpayment of premium shall  
30 be effective unless sent by the insurer, by registered or certified mail or  
31 by mail evidenced by a certificate of mailing, to the named insured and  
32 to any third-party designee, at least ten days before the effective date  
33 of cancellation and accompanied by the reason for cancellation, except  
34 that where cancellation is for nonpayment of the first premium on a  
35 new policy, at least fifteen days' notice of cancellation accompanied by  
36 the reason for cancellation shall be given.

37 (e) The designation of a third party shall not constitute acceptance of  
38 any liability on the part of the third party or the insurer for services  
39 provided to the policyholder.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2015</i>	New section

***Statement of Purpose:***

To allow an applicant for or policyholder of an individual life insurance policy to designate a third party to receive notice of cancellation for nonpayment of premium from the insurer.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*