

CHAPTER 80

INSURANCE

HOUSE BILL 14-1082

BY REPRESENTATIVE(S) Lee, Becker, Buckner, Exum, Ginal, Hamner, Hullinghorst, Kagan, Labuda, Pettersen, Primavera, Rosenthal, Salazar, Tyler, Williams, Young;
also SENATOR(S) Tochtrop.

AN ACT

CONCERNING A REQUIREMENT FOR WRITTEN NOTICE OF CANCELLATION OF INDIVIDUAL LIFE INSURANCE POLICIES, AND IN CONNECTION THEREWITH, REQUIRING WRITTEN NOTICE PRIOR TO THE LAPSE OF INDIVIDUAL LIFE INSURANCE POLICIES.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, **add** 10-7-105.5 as follows:

10-7-105.5. Lapse of life insurance policy - notice - affidavit of mailing or electronic transmission - legislative declaration. (1) THE GENERAL ASSEMBLY FINDS, DETERMINES, AND DECLARES THAT IT IS BENEFICIAL TO CITIZENS OF THIS STATE FOR LIFE INSURERS, PRIOR TO THE LAPSE OF INDIVIDUAL LIFE INSURANCE POLICIES FOR NONPAYMENT OF PREMIUM, TO PROVIDE WRITTEN NOTICE IN A UNIFORM MANNER TO POLICY OWNERS.

(2) A NOTICE OF LAPSE OF AN INDIVIDUAL LIFE INSURANCE POLICY FOR NONPAYMENT OF PREMIUM IS EFFECTIVE ONLY IF:

(a) THE INFORMATION IS MAILED ALONG WITH THE REASON FOR THE LAPSE BY FIRST-CLASS UNITED STATES MAIL TO THE LAST-KNOWN ADDRESS OF THE POLICY OWNER AT LEAST TWENTY-FIVE DAYS BEFORE THE EFFECTIVE DATE OF LAPSE; OR

(b) THE INFORMATION IS TRANSMITTED ALONG WITH THE REASON FOR THE LAPSE BY ELECTRONIC MAIL, IF THE POLICY OWNER CONSENTS TO RECEIVE INFORMATION RELATED TO AN INDIVIDUAL LIFE INSURANCE POLICY IN ELECTRONIC FORM, TO THE LAST-KNOWN ELECTRONIC MAIL ADDRESS OF THE POLICY OWNER ON FILE WITH THE INSURER AT LEAST TWENTY-FIVE DAYS BEFORE THE EFFECTIVE DATE OF LAPSE OF THE INDIVIDUAL LIFE INSURANCE POLICY.

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

(3) THE AFFIDAVIT, EXECUTED UNDER PENALTY OF PERJURY, OF ANY OFFICER, CLERK, OR AGENT OF THE INSURER OR OF ANYONE AUTHORIZED TO MAIL OR ELECTRONICALLY TRANSMIT NOTICES REQUIRED BY SUBSECTION (2) OF THIS SECTION, CONSTITUTES PROOF OF NOTICE UNDER THIS SECTION.

(4) THIS SECTION DOES NOT APPLY TO INDIVIDUAL LIFE INSURANCE POLICIES UPON WHICH PREMIUMS ARE PAID MONTHLY OR AT MORE FREQUENT INTERVALS.

(5) THE COMMISSIONER MAY ADOPT RULES NECESSARY FOR THE ADMINISTRATION OF THIS SECTION.

SECTION 2. Act subject to petition - effective date - applicability. (1) This act takes effect January 1, 2015; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within the ninety-day period after final adjournment of the general assembly, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2014 and, in such case, will take effect on January 1, 2015, or on the date of the official declaration of the vote thereon by the governor, whichever is later.

(2) This act applies to notices of lapse of individual life insurance policies on or after the applicable effective date of this act.

Approved: March 27, 2014