

**INSURANCE POLICY NOTIFICATION AMENDMENTS**

2021 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Wayne A. Harper**

House Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill amends provisions regarding life insurance policy notifications.

**Highlighted Provisions:**

This bill:

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

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**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.