

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 503

BY BUSINESS COMMITTEE

AN ACT

1 RELATING TO LIFE INSURANCE; AMENDING SECTION 41-1830, IDAHO CODE, TO PRO-  
2 VIDE THAT A POLICY OWNER MAY CHOOSE TO RECEIVE CERTAIN FINAL AND SUB-  
3 SEQUENT NOTICES OF LAPSE OR TERMINATION, TO REVISE A PROVISION REGARD-  
4 ING APPLICABILITY, AND TO MAKE A TECHNICAL CORRECTION; AND DECLARING AN  
5 EMERGENCY AND PROVIDING AN EFFECTIVE DATE.  
6

7 Be It Enacted by the Legislature of the State of Idaho:

8 SECTION 1. That Section 41-1830, Idaho Code, be, and the same is hereby  
9 amended to read as follows:

10 41-1830. NOTICE OF LAPSE OR TERMINATION OF INDIVIDUAL LIFE INSUR-  
11 ANCE. (1) Notwithstanding the provisions of section 41-1927, Idaho Code, an  
12 individual life insurance policy shall not be issued or delivered in this  
13 state until the applicant has been afforded the option of designating one (1)  
14 person, in addition to the applicant, to receive notice of lapse or termina-  
15 tion of a policy for nonpayment of premium.

16 (2) A designation made pursuant to subsection (1) of this section shall  
17 be on a form provided by the insurer. The applicant shall, on such form, pro-  
18 vide the full name, address and telephone number of the person designated to  
19 receive notice of lapse or termination of the policy for nonpayment of pre-  
20 mium.

21 (3) The insurer shall annually notify a policy owner of the right to:

22 (a) Make a designation pursuant to subsection (1) of this section;

23 (b) Change the designee; and

24 (c) Update the contact information of the designee.

25 (4) The policy owner may, at the policy owner's discretion, change the  
26 designee or change the contact information of the designee more often than  
27 annually, and the insurer shall make available the form for such changes at  
28 the policy owner's request.

29 (5) No individual life insurance policy shall lapse or be terminated  
30 for nonpayment of premium unless the insurer, at least fourteen (14) days  
31 prior to the effective date of the lapse or termination, sends notice by  
32 ~~first-class~~ first class United States mail to the policy owner and to the  
33 policy owner's designee, if a designation has been made pursuant to this  
34 section, of the lapse or termination, at the address or addresses provided by  
35 the policy owner for purposes of receiving such notice. The policy owner may  
36 choose to receive a final notice and any subsequent notices of the lapse or  
37 termination to be sent by certified United States mail, with a signed return  
38 receipt. Such a final and subsequent notice shall be sent at the insurer's  
39 expense at least ten (10) days prior to the effective date of the lapse or  
40 termination to the policy owner and to the policy owner's designee at the  
41 address or addresses provided by the policy owner for purposes of receiving  
42 such notice. If the policy owner fails to notify the policy owner's insurer

1 that the policy owner has chosen to have all final notices of a lapse or ter-  
2 mination mailed by certified United States mail with a signed return receipt  
3 to the policy owner and the policy owner's designee, then the policy owner  
4 and the policy owner's designee shall each receive by first class United  
5 States mail one (1) notice for a final notice and one (1) notice for any sub-  
6 sequent notices of a lapse or a termination. The final letter shall be sent  
7 to the policy owner and to the policy owner's designee at least ten (10) days  
8 prior to the date of a lapse or termination of the policy.

9 (6) The provisions of this section shall apply to any individual life  
10 insurance policy issued or in force on or after January 1, ~~2018~~ 2025. Pro-  
11 vided however, that the provisions of this section do not apply to any life  
12 insurance policy under which premiums are payable monthly or more fre-  
13 quently.

14 SECTION 2. An emergency existing therefor, which emergency is hereby  
15 declared to exist, this act shall be in full force and effect on and after  
16 July 1, 2024.