

IN THE SENATE

SENATE BILL NO. 1316

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

1 RELATING TO INSURANCE; AMENDING CHAPTER 18, TITLE 41, IDAHO CODE, BY THE AD-  
2 DITION OF A NEW SECTION 41-1830, IDAHO CODE, TO PROVIDE THAT LIFE INSUR-  
3 ERS SHALL OFFER LAPSE OR TERMINATION PROTECTION TO HOLDERS OF LIFE IN-  
4 SURANCE POLICIES.  
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6 Be It Enacted by the Legislature of the State of Idaho:

7 SECTION 1. That Chapter 18, Title 41, Idaho Code, be, and the same is  
8 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
9 ignated as Section 41-1830, Idaho Code, and to read as follows:

10 41-1830. PROTECTION -- LAPSE OR TERMINATION OF LIFE INSURANCE. (1)  
11 Notwithstanding the provisions of section 41-1927, Idaho Code, each insurer  
12 offering life insurance shall offer optional protection to the insured,  
13 which protection shall apply in the event that a premium due and owing is not  
14 paid. No individual life insurance policy that includes such protection  
15 shall lapse or be terminated for nonpayment of a premium unless the insurer  
16 has first given notice as required by this section.

17 (a) Thirty (30) days after a premium is due and unpaid, the insurer  
18 shall give notice to the insured and a designee of the insured that the  
19 policy will lapse or be terminated on a certain date, which date shall  
20 not be sooner than thirty (30) days after the date of the notice. The  
21 notice shall also provide instructions to the insured on how to prevent  
22 such lapse or termination.

23 (b) The notice shall be given by certified mail, return receipt re-  
24 quested or electronically, return receipt requested. When delivery is  
25 made in person, delivery of the notice must be acknowledged by a signed  
26 receipt. When delivery is made by certified mail or electronically, de-  
27 livery must be acknowledged by the return of the certified mail receipt  
28 or return electronic receipt from the person to whom the notice was  
29 sent. If the delivery is made electronically, with return electronic  
30 receipt, and the insurer has not received a return of a signed notice  
31 and has not received an electronic read receipt from the policyholder or  
32 the policyholder's designee, the insurer shall then resend the origi-  
33 nal electronically delivered notice to the policyholder via certified  
34 mail, return receipt requested, and provide such individual with a new  
35 date for return of the notice. All correspondence shall be directed to  
36 an address specified by the insured and to an address specified by the  
37 designee of the insured. An insurer shall pay all fees to cover the cost  
38 of mailing the notice.

39 (2) The department shall promulgate rules in compliance with the provi-  
40 sions of chapter 52, title 67, Idaho Code, to implement the notice require-  
41 ments under this section.

1           (3) The provisions of this section shall apply to any life insurance  
2 policy issued, reissued or renewed on or after January 1, 2017.