

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 14-0584  
**Prime Sponsor(s):** Rep. Lee

**Date:** January 21, 2014  
**Bill Status:** House Business, Labor, Economic,  
 and Workforce Development  
**Fiscal Analyst:** Clare Pramuk (303-866-2677)

**SHORT TITLE:** LIFE INSURANCE NOTICE OF CANCELLATION

Fiscal Impact Summary	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	Minimal workload increase.	
FTE Position Change		
<b>Appropriation Required:</b> None.		

**Summary of Legislation**

This bill clarifies that a life insurance policy can only be cancelled for reasons specified by statute. At least 30 days prior to the cancellation, the insurer must send a written notice to the policyholder's last known address by registered or certified mail, and retain proof of receipt for five years. Alternately, if a policyholder has consented to receive policy information electronically, the insurer can send the cancellation notice to the policyholder's last known e-mail address. The insurer must maintain proof that the notice was sent electronically for 5 years.

**State Expenditures**

Verification of compliance with the requirements of this bill will be performed by the Division of Insurance in the Department of Regulatory Agencies during a company's regular market conduct examination. This is expected to be a minimal increase in workload and will not require new appropriations.

**Effective Date**

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

**State and Local Government Contacts**

Regulatory Agencies