

**Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 14-0584.01 Bart Miller x2173

HOUSE BILL 14-1082

HOUSE SPONSORSHIP

Lee,

SENATE SPONSORSHIP

(None),

House Committees

Business, Labor, Economic, & Workforce Development

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING A REQUIREMENT FOR WRITTEN NOTICE OF**
102 **CANCELLATION OF INDIVIDUAL LIFE INSURANCE POLICIES.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill specifies that cancellation of a life insurance policy is valid only if the cancellation is for reasons allowed by law. The insurer must send a written notice of cancellation and the reason for the cancellation at least 30 days before the effective date of the cancellation of the individual life insurance policy. The notice must be mailed by

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

registered or certified mail, return receipt requested, or delivered to the last-known address of the policy owner, and the insurer must retain proof of mailing for 5 years. The bill also authorizes these notices of cancellation to be transmitted electronically to the last-known e-mail address of the policy owner on file with the insurer at least 30 days before the effective date of cancellation if the policy owner consents to receive information relating to the life insurance policy by electronic means, and the insurer retains proof of electronic transmission for 5 years.

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

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

4 **10-7-105.5. Cancellation or rescision of life insurance policy -**
5 **notice - proof of notice - definition.** (1) A NOTICE OF CANCELLATION OF
6 AN INDIVIDUAL LIFE INSURANCE POLICY IS VALID ONLY IF THE
7 CANCELLATION IS FOR A REASON ALLOWED BY SECTION 10-7-102.

8 (2) (a) A NOTICE OF CANCELLATION OF AN INDIVIDUAL LIFE
9 INSURANCE POLICY IS VALID IF:

10 (I) IT IS MAILED ALONG WITH THE REASON FOR THE CANCELLATION
11 BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, OR
12 DELIVERED BY THE INSURER TO THE LAST-KNOWN ADDRESS OF THE POLICY
13 OWNER AT LEAST THIRTY DAYS BEFORE THE EFFECTIVE DATE OF
14 CANCELLATION; OR

15 (II) IF THE POLICY OWNER CONSENTS TO RECEIVE INFORMATION
16 RELATED TO AN INDIVIDUAL LIFE INSURANCE POLICY IN ELECTRONIC FORM,
17 IT IS TRANSMITTED ALONG WITH THE REASON FOR CANCELLATION BY
18 ELECTRONIC MAIL TO THE POLICY OWNER'S LAST-KNOWN ELECTRONIC
19 MAIL ADDRESS ON FILE WITH THE INSURER AT LEAST THIRTY DAYS BEFORE
20 THE EFFECTIVE DATE OF CANCELLATION.

21 (b) AS USED IN THIS SECTION "CANCELLATION" INCLUDES

1 RESCISSION.

2 (3) (a) THE INSURER SHALL RETAIN FOR FIVE YEARS PROOF THAT
3 THE NOTICE OF CANCELLATION AND THE REASON FOR CANCELLATION WAS
4 MAILED BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED,
5 TO THE LAST-KNOWN ADDRESS OF THE POLICY OWNER AT THE ADDRESS
6 SHOWN IN THE POLICY. THE RETURN RECEIPT, IF SIGNED BY OR ON BEHALF
7 OF THE POLICY OWNER, CONSTITUTES PROOF OF MAILING. THE PROOF OF
8 MAILING IS SUFFICIENT PROOF OF NOTICE.

9 (b) IF THE INSURER TRANSMITS NOTICE OF CANCELLATION AND THE
10 REASON FOR CANCELLATION BY ELECTRONIC MAIL UNDER SUBPARAGRAPH
11 (II) OF PARAGRAPH (a) OF SUBSECTION (2) OF THIS SECTION IN LIEU OF
12 FIRST-CLASS MAIL, THE INSURER SHALL RETAIN FOR FIVE YEARS PROOF
13 THAT THE INSURER SUCCESSFULLY TRANSMITTED THE NOTICE AND REASON
14 FOR CANCELLATION BY ELECTRONIC MAIL TO THE LAST-KNOWN
15 ELECTRONIC MAIL ADDRESS OF THE POLICY OWNER ON FILE WITH THE
16 INSURER. THE PROOF OF ELECTRONIC TRANSMISSION IS SUFFICIENT PROOF
17 OF NOTICE.

18 **SECTION 2. Act subject to petition - effective date -**
19 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
20 the expiration of the ninety-day period after final adjournment of the
21 general assembly (August 6, 2014, if adjournment sine die is on May 7,
22 2014); except that, if a referendum petition is filed pursuant to section 1
23 (3) of article V of the state constitution against this act or an item, section,
24 or part of this act within such period, then the act, item, section, or part
25 will not take effect unless approved by the people at the general election
26 to be held in November 2014 and, in such case, will take effect on the
27 date of the official declaration of the vote thereon by the governor.

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