

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

**ENGROSSED**

*This Version Includes All Amendments Adopted  
on Second Reading in the House of Introduction*

LLS NO. 14-0584.01 Bart Miller x2173

**HOUSE BILL 14-1082**

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**HOUSE SPONSORSHIP**

Lee,

**SENATE SPONSORSHIP**

(None),

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**House Committees**

Business, Labor, Economic, & Workforce Development

**Senate Committees**

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**A BILL FOR AN ACT**

101     **CONCERNING A REQUIREMENT FOR WRITTEN NOTICE OF**  
102             **CANCELLATION OF INDIVIDUAL LIFE INSURANCE POLICIES, AND**  
103             **IN CONNECTION THEREWITH, REQUIRING WRITTEN NOTICE**  
104             **PRIOR TO THE LAPSE OF INDIVIDUAL LIFE INSURANCE POLICIES.**

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**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

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.*

HOUSE  
Amended 2nd Reading  
February 25, 2014

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 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.

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

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

**10-7-105.5. Lapse of life insurance policy - notice - affidavit of mailing or electronic transmission - legislative declaration.** (1) THE GENERAL ASSEMBLY FINDS, DETERMINES, AND DECLARES THAT IT IS BENEFICIAL TO CITIZENS OF THIS STATE FOR LIFE INSURERS, PRIOR TO THE LAPSE OF INDIVIDUAL LIFE INSURANCE POLICIES FOR NONPAYMENT OF PREMIUM, TO PROVIDE WRITTEN NOTICE IN A UNIFORM MANNER TO POLICY OWNERS.

(2) A NOTICE OF LAPSE OF AN INDIVIDUAL LIFE INSURANCE POLICY FOR NONPAYMENT OF PREMIUM IS EFFECTIVE ONLY IF:

(a) THE INFORMATION IS MAILED ALONG WITH THE REASON FOR THE LAPSE BY FIRST-CLASS UNITED STATES MAIL TO THE LAST-KNOWN ADDRESS OF THE POLICY OWNER AT LEAST TWENTY-FIVE DAYS BEFORE THE EFFECTIVE DATE OF LAPSE; OR

(b) THE INFORMATION IS TRANSMITTED ALONG WITH THE REASON FOR THE LAPSE BY ELECTRONIC MAIL, IF THE POLICY OWNER CONSENTS TO RECEIVE INFORMATION RELATED TO AN INDIVIDUAL LIFE INSURANCE

1 POLICY IN ELECTRONIC FORM, TO THE LAST-KNOWN ELECTRONIC MAIL  
2 ADDRESS OF THE POLICY OWNER ON FILE WITH THE INSURER AT LEAST  
3 TWENTY-FIVE DAYS BEFORE THE EFFECTIVE DATE OF LAPSE OF THE  
4 INDIVIDUAL LIFE INSURANCE POLICY.

5 (3) THE AFFIDAVIT, EXECUTED UNDER PENALTY OF PERJURY, OF  
6 ANY OFFICER, CLERK, OR AGENT OF THE INSURER OR OF ANYONE  
7 AUTHORIZED TO MAIL OR ELECTRONICALLY TRANSMIT NOTICES REQUIRED  
8 BY SUBSECTION (2) OF THIS SECTION, CONSTITUTES PROOF OF NOTICE  
9 UNDER THIS SECTION.

10 (4) THIS SECTION DOES NOT APPLY TO INDIVIDUAL LIFE INSURANCE  
11 POLICIES UPON WHICH PREMIUMS ARE PAID MONTHLY OR AT MORE  
12 FREQUENT INTERVALS.

13 (5) THE COMMISSIONER MAY ADOPT RULES NECESSARY FOR THE  
14 ADMINISTRATION OF THIS SECTION.

15 **SECTION 2. Act subject to petition - effective date -**  
16 **applicability.** (1) This act takes effect January 1, 2015; except that, if a  
17 referendum petition is filed pursuant to section 1 (3) of article V of the  
18 state constitution against this act or an item, section, or part of this act  
19 within the ninety-day period after final adjournment of the general  
20 assembly, then the act, item, section, or part will not take effect unless  
21 approved by the people at the general election to be held in November  
22 2014 and, in such case, will take effect on January 1, 2015, or on the date  
23 of the official declaration of the vote thereon by the governor, whichever  
24 is later.

25 (2) This act applies to notices of lapse of individual life insurance  
26 policies on or after the applicable effective date of this act.