

Regular Session, 2014

HOUSE BILL NO. 286

BY REPRESENTATIVE THIBAUT

INSURANCE/LIFE: Requires life insurers to notify insureds relative to conversion option

1 AN ACT

2 To enact R.S. 22:931(A)(12), relative to individual life insurance policies; to require insurers
3 to notify insureds of when their conversion option will expire; to provide for proof
4 of notice to policyholders; to provide an exception for a child term rider; and to
5 provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:931(A)(12) is hereby enacted to read as follows:

8 §931. Life insurance policies; standard provisions

9 A. No policy of life insurance, except as stated in Subsection C of this
10 Section, shall be delivered or issued for delivery in this state unless it contains in
11 substance the following provision or provisions which, in the opinion of the
12 commissioner of insurance, are more favorable to the policyholder:

13 * * *

14 (12) Conversion notice. (a) A provision requiring that the insurer notify the
15 policyholder of his option to convert his policy from term life insurance to
16 permanent life insurance at least thirty-one days prior to the expiration of the
17 conversion option, if such an option is applicable. Such notice shall be a separate
18 notice or contained in either a premium notice or an annual premium summary.

1 (b) Evidence of a business procedure or practice to provide the required
 2 notice by mailing the notice to the policyholder at the address shown in the policy
 3 shall be sufficient to prove that the required notice was provided.

4 (c) This Paragraph shall not apply to a policyholder who is covered under a
 5 child term rider.

6 * * *

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Thibaut HB No. 286

Abstract: Requires prior notice of conversion option in individual life insurance policies.

Present law lists standard provisions to be contained in individual life insurance policies.

Proposed law adds a provision requiring that the insurer notify the policyholder of his option to convert his policy from term life insurance to permanent life insurance at least 31 days prior to the expiration of the conversion option, if such an option is applicable. Such notice shall be a separate notice or contained in either a premium notice or an annual premium summary.

Proposed law provides that an insurer's practice of mailing the required notice to the policyholder at the policyholder's address shall be sufficient to prove that the required notice was provided.

Proposed law provides that it does not apply to a policyholder covered under a child term rider.

(Adds R.S. 22:931(A)(12))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Insurance to the original bill.

1. Provided that an insurer's business practice of mailing the required notice to the policyholder at the address provided by the policyholder will be sufficient to prove the required notice given.
2. Provided that the notice requirement does not apply to a policyholder covered under a child term rider.