

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 amend and reenact R.S. 22:942(10)(a) and to enact R.S. 22:931(A)(12), relative to
3 individual life insurance policies; to require insurers to notify insureds of when their
4 conversion option will expire; to allow for conversion from a group policy to an
5 individual term life insurance policy; to provide for proof of notice to policyholders;
6 to provide an exception for a child term rider; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 22:942(10)(a) is hereby amended and reenacted and R.S.
9 22:931(A)(12) is hereby enacted to read as follows:

10 §931. Life insurance policies; standard provisions

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

15 * * *

16 (12) Conversion notice. (a) A provision requiring that the insurer notify the
17 policyholder of his option to convert his policy from term life insurance to
18 permanent life insurance at least thirty-one days prior to the expiration of the

1 (a) The individual policy shall, at the option of such individual, be on any
 2 one of the forms, ~~except term insurance~~, then customarily issued by the insurer at the
 3 age and for the amount applied for.

4 * * *

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.

Present law provides that an individual no longer eligible for coverage under a group term life policy because he is no longer eligible may convert to any individual life insurance policy issued by the insurer except a term life policy.

Proposed law provides that the individual may convert to an individual term life policy.

(Amends R.S. 22:942(10)(a); 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.

House Floor Amendments to the engrossed bill.

1. Provided that an individual covered under a group term life insurance policy who ceases to be eligible under the policy due to termination of employment or

membership in the class eligible for coverage under the policy shall have the option to convert the policy to an individual term life insurance policy.