

House Bill 2850

Sponsored by Representative HUFFMAN

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Provides that notice of insurance policy's lapse is not effective unless insurer sends written notice to policy owner at least 25 days before date of lapse and includes explanation of reasons for lapse. Specifies methods for sending notice and what constitutes proof of notice.

Becomes operative January 1, 2016.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to the effectiveness of notices of lapse for certain insurance policies; and declaring an
3 emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2015 Act is added to and made a part of ORS chapter 743.**

6 **SECTION 2. (1) A notice that an individual life insurance policy, individual long term care
7 insurance policy or individual disability income insurance policy has lapsed because of a
8 failure to pay a premium is effective only if the insurer:**

9 (a) Sends a written notice at least 25 days before the date of the lapse;

10 (b) Accompanies the notice with an explanation of the reason for the lapse; and

11 (c) Sends the notice:

12 (A) By certified mail, return receipt required, to the policy owner's last-known address;

13 **or**

14 (B) To the last-known electronic mail address for the policy owner that is in the insurer's
15 records, provided that the policy owner consents to receive notices related to the policy
16 owner's insurance policy electronically.

17 (2) An affidavit executed under penalty of perjury from an officer, employee or agent of
18 the insurer that states that the officer, employee or agent complied with subsection (1) of
19 this section is sufficient as proof of notice under this section.

20 (3) This section does not apply to individual life insurance, individual long term care in-
21 surance or individual disability income insurance policies that require a premium payment
22 each month or at more frequent intervals.

23 (4) The Director of the Department of Consumer and Business Services may adopt rules
24 to implement the requirements of this section.

25 **SECTION 3. (1) Section 2 of this 2015 Act becomes operative January 1, 2016.**

26 (2) The Director of the Department of Consumer and Business Services may take any
27 action before the operative date specified in subsection (1) of this section that is necessary
28 to enable the director, on and after the operative date specified in subsection (1) of this
29 section, to exercise the duties, functions and powers conferred on the director by section 2
30 of this 2015 Act.

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 **SECTION 4. This 2015 Act being necessary for the immediate preservation of the public**
2 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
3 **on its passage.**

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