

1 H.451

2 Introduced by Representatives Howard of Rutland City, Cina of Burlington,
3 Krasnow of South Burlington, and LaBounty of Lyndon

4 Referred to Committee on

5 Date:

6 Subject: Insurance; life; long-term care; premiums; cancellation for
7 nonpayment; grace period

8 Statement of purpose of bill as introduced: This bill proposes to extend the
9 grace period applicable to a life or long-term care insurance policy so that a
10 policyholder has additional time to pay any overdue premiums before such
11 policy is cancelled for nonpayment.

12 An act relating to the cancellation of a life or long-term care insurance
13 policy for nonpayment of premium

14 It is hereby enacted by the General Assembly of the State of Vermont:

15 Sec. 1. 8 V.S.A. § 3731(2) is amended to read:

16 (2) Grace period. There shall be a provision that a grace period of ~~30~~ 90
17 days, or, at the option of the insurer, of ~~one month~~ three months of not less
18 than ~~30~~ 90 days, or of ~~four~~ 12 weeks in the case of industrial life insurance
19 policies the premiums for which are payable more frequently than monthly,
20 shall be allowed within which the payment of any premium after the first may

1 be made, during which period of grace the policy shall continue in full force;
2 but if a claim arises under the policy during such period of grace the amount of
3 any premium due or overdue may be deducted from the policy proceeds.

4 Sec. 2. 8 V.S.A. § 8096 is amended to read:

5 § 8096. SECONDARY NOTICE OF CANCELLATION

6 The Commissioner shall adopt the National Association of Insurance
7 Commissioners' model rule regarding secondary notice of cancellation of long-
8 term care policies, except that the notice of lapse or termination for
9 nonpayment of premium may not be given until 60 days after a premium is due
10 and unpaid.

11 Sec. 3. APPLICATION

12 This act shall apply to all life insurance or long-term-care insurance policies
13 issued or renewed on or after the effective date.

14 Sec. 4. EFFECTIVE DATE

15 This act shall take effect on passage.