

31A-22-412 Assignment of life insurance rights

- (1) Except as provided under Subsection (3), the owner of any rights in a life insurance policy or annuity contract may assign any of those rights, including any right to designate a beneficiary and the rights secured under Sections 31A-22-517 through 31A-22-521 and any other provision of this title. An assignment, valid under general contract law, vests the assigned rights in the assignee, subject, so far as reasonably necessary for the protection of the insurer, to any provisions in the insurance policy or annuity contract inserted to protect the insurer against double payment or obligation.
- (2) The rights of a beneficiary under a life insurance policy or annuity contract are subordinate to those of an assignee, unless the beneficiary was designated as an irrevocable beneficiary prior to the assignment.
- (3) Assignment of insurance rights may be expressly prohibited by an annuity contract which provides annuities as retirement benefits related to employment contracts.
- (4) When a life insurance policy or annuity is, after July 1, 1986, assigned in writing as security for an indebtedness, the insurer shall, in any case in which it has received written notice of the assignment, the name and address of the assignee, and a request for cancellation notice by the assignee, mail to the assignee a copy of any cancellation notice sent with respect to the policy. This notice shall be sent, postage prepaid, and addressed to the assignee's address filed with the insured. The notice shall be mailed not less than 10 days prior to the final termination of the policy and each time the insured has failed or refused to transmit a premium payment to the insurer before the commencement of the policy's grace period. The insurer may charge the insured directly or charge against the policy the reasonable cost of complying with this section, but in no event to exceed \$5 for each notice. As used in this section, "final termination of the policy" means the date after which the policy will not be reinstated by the insurer without requiring evidence of insurability or written application.
- (5) In lieu of providing notices to assignees of final termination of the policy under Subsection (4), an insurer may provide an assignee with an identical copy of all notices sent to the owner of the life insurance policy, provided these notices comply with the other requirements of this title.

Amended by Chapter 204, 1986 General Session