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**HOUSE BILL NO. 1301**

Offered January 11, 2006

Prefiled January 11, 2006

*A BILL to amend and reenact §§ 20-111.1 and 38.2-305 of the Code of Virginia, relating to revocation of death benefits by divorce.*

\_\_\_\_\_  
Patron—Alexander

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Referred to Committee for Courts of Justice

**Be it enacted by the General Assembly of Virginia:****1. That §§ 20-111.1 and 38.2-305 of the Code of Virginia are amended and reenacted as follows:**

§ 20-111.1. Revocation of death benefits by divorce or annulment.

Upon the entry of a decree of annulment or divorce from the bond of matrimony on and after July 1, 1993, any revocable beneficiary designation contained in a then existing written contract owned by one party that provides for the payment of any death benefit to the other party is revoked. A death benefit prevented from passing to a former spouse by this section shall be paid as if the former spouse had predeceased the decedent. The payor of any death benefit shall be discharged from all liability upon payment in accordance with the terms of the contract providing for the death benefit, unless the payor receives written notice of a revocation under this section prior to payment.

The term "death benefit" includes any payments under a ~~life insurance contract~~, an annuity, retirement arrangement, compensation agreement or other contract designating a beneficiary of any right, property or money in the form of a death benefit.

This section shall not apply (i) to the extent a decree of annulment or divorce from the bond of matrimony, or a written agreement of the parties provides for a contrary result as to specific death benefits, or (ii) to any trust or any death benefit payable to or under any trust.

§ 38.2-305. Contents of policies.

A. Each insurance policy or contract shall specify:

1. The names of the parties to the contract;
2. The subject of the insurance;
3. The risks insured against;
4. The time the insurance takes effect and, except in the case of group insurance, title insurance, and insurance written under perpetual policies, the period during which the insurance is to continue;
5. A statement of the premium, except in the case of group insurance and title insurance; and
6. The conditions pertaining to the insurance.

B. Each new or renewal insurance policy, contract, certificate or evidence of coverage issued to a policyholder, covered person or enrollee shall be accompanied by a notice stating substantially:

"IMPORTANT INFORMATION REGARDING YOUR INSURANCE"

"In the event you need to contact someone about this insurance for any reason please contact your agent. If no agent was involved in the sale of this insurance, or if you have additional questions you may contact the insurance company issuing this insurance at the following address and telephone number [Insert the appropriate address and telephone number, toll free number if available, for the company's home or regional office\_.

Health maintenance organizations shall add the following: We recommend that you familiarize yourself with our grievance procedure, and make use of it before taking any other action.

If you have been unable to contact or obtain satisfaction from the company or the agent, you may contact the Virginia State Corporation Commission's Bureau of Insurance at: [Insert the appropriate address, toll free phone number, and phone number for out-of-state calls for the Bureau of Insurance\_.

Written correspondence is preferable so that a record of your inquiry is maintained. When contacting your agent, company or the Bureau of Insurance, have your policy number available."

C. In any ~~life insurance~~ or annuity contract containing a beneficiary designation in which the designated beneficiary is the spouse of the policy owner, the following notice shall be included with the policy when issued, either attached to or incorporated into the front or first page of such contract:

"BENEFICIARY DESIGNATION MAY NOT APPLY IN THE EVENT OF ANNULMENT OR DIVORCE"

"Under Virginia law (Virginia Code § 20-111.1), a revocable beneficiary designation in a ~~an annuity~~ policy owned by one spouse that names the other spouse as beneficiary becomes void upon the entry of a decree of annulment or divorce, and the death benefit prevented from passing to a former spouse will be paid as if the former spouse had predeceased the decedent. In the event of annulment or divorce

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59 proceedings, and if it is the intent of the parties that the beneficiary designation of the former spouse is  
60 to continue, you are advised to make certain that one of the following courses of action is taken prior to  
61 the entry of a decree of annulment or divorce: (i) change the beneficiary designation to make it  
62 irrevocable; (ii) change the ownership of the policy or contract; (iii) execute a separate written  
63 agreement stating the intention of both parties that the beneficiary designation is to remain in effect  
64 beyond the date of entry of the decree of annulment or divorce; or (iv) make certain that the decree of  
65 annulment or divorce contains a provision stating that the beneficiary designation is not to be revoked  
66 pursuant to § 20-111.1."

67 D. If, under the contract, the exact amount of premiums is determinable only at the termination of  
68 the contract, a statement of the basis and rates upon which the final premium is to be determined and  
69 paid shall be furnished to any policy-examining bureau having jurisdiction or to the insured upon  
70 request.

71 E. This section shall not apply to surety insurance contracts.