



General Assembly

February Session, 2002

Raised Bill No. 5641

LCO No. 2099

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

AN ACT ALLOWING SENIOR CITIZENS TO DESIGNATE A THIRD PARTY TO RECEIVE CERTAIN CANCELLATION NOTICES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2002*) (a) Each insurer that
2 issues, renews, amends or endorses an automobile or homeowners
3 insurance policy in this state on or after October 1, 2002, shall include
4 with the policy a conspicuous statement specifying that any individual
5 aged fifty-five or over may designate a third party to receive notice of
6 cancellation or nonrenewal of the policy. The statement shall include a
7 designation form and mailing address the senior citizen may use to
8 designate a third party. Such statement shall be in a form approved by
9 the Insurance Commissioner.

10 (b) No designation form shall be effective unless it contains a
11 written acceptance by the third party designee to receive copies of
12 notices of cancellation or nonrenewal from the insurer on behalf of the
13 senior citizen. The third party designation shall be effective not later
14 than ten business days after the date the insurer receives the
15 designation form and the acceptance of the third party. The third party
16 may terminate the status as a third party designee by providing

17 written notice to both the insurer and the senior citizen insured. The
18 senior citizen may terminate the third party designation by providing
19 written notice to the insurer and the third party designee. The insurer
20 may require the senior citizen and the third party to send the notices to
21 the insurer by certified mail, return receipt requested.

22 (c) The insurer's transmission to the third party designee of a copy
23 of any notice of cancellation or nonrenewal shall be in addition to the
24 transmission of the original document to the senior citizen insured.
25 When a third party is so designated all such notices and copies shall be
26 mailed in an envelope clearly marked on its face with the following:
27 "IMPORTANT INSURANCE POLICY INFORMATION: OPEN
28 IMMEDIATELY." The copy of the notice of cancellation or nonrenewal
29 transmitted to the third party shall be governed by the same law and
30 policy provisions that govern the notice being transmitted to the senior
31 citizen insured. The designation of a third party shall not constitute
32 acceptance of any liability on the part of the third party or insurer for
33 services provided to the senior citizen insured.

34 Sec. 2. Section 38a-343 of the general statutes is repealed and the
35 following is substituted in lieu thereof (*Effective October 1, 2002*):

36 (a) No notice of cancellation of policy to which section 38a-342
37 applies may be effective unless sent, by registered or certified mail or
38 by mail evidenced by a certificate of mailing, or delivered by the
39 insurer to the named insured, and any third party designated pursuant
40 to section 1 of this act, at least forty-five days before the effective date
41 of cancellation, except that (1) where cancellation is for nonpayment of
42 the first premium on a new policy, at least fifteen days' notice of
43 cancellation accompanied by the reason [therefor] for cancellation shall
44 be given, and (2) where cancellation is for nonpayment of any other
45 premium, at least ten days' notice of cancellation accompanied by the
46 reason [therefor] for cancellation shall be given. No notice of
47 cancellation of a policy which has been in effect for less than sixty days
48 may be effective unless mailed or delivered by the insurer to the

49 insured and any third party designee at least forty-five days before the
50 effective date of cancellation, provided [that] (A) at least fifteen days'
51 notice shall be given where cancellation is for nonpayment of the first
52 premium on a new policy, and (B) at least ten days' notice shall be
53 given where cancellation is for nonpayment of any other premium or
54 material misrepresentation. The notice of cancellation shall state or be
55 accompanied by a statement specifying the reason for such
56 cancellation. Any notice of cancellation for nonpayment of the first
57 premium on a new policy may be retroactive to the effective date of
58 such policy, provided at least fifteen days' notice has been given and
59 payment of such premium has not been received during such notice
60 period.

61 (b) Where a private passenger motor vehicle liability insurance
62 company sends a notice of cancellation under subsection (a) of this
63 section to the named insured of a private passenger motor vehicle
64 liability insurance policy, or a third party designee, such company
65 shall provide with such notice a warning, in a form approved by the
66 Commissioner of Motor Vehicles and the Insurance Commissioner,
67 which informs the named insured that (1) the cancellation will be
68 reported to the Commissioner of Motor Vehicles; (2) the named
69 insured will be receiving one or more mail inquiries from the
70 Commissioner of Motor Vehicles, concerning whether or not required
71 insurance coverage is being maintained, and that the named insured
72 must respond to these inquiries; (3) if the required insurance coverage
73 lapses at any time, the Commissioner of Motor Vehicles will cancel the
74 registration or registrations for the vehicle or vehicles under the policy
75 and the number plates will be subject to confiscation and any person
76 operating any such vehicle will be subject to legal penalties for the
77 operation of an unregistered motor vehicle; (4) the named insured will
78 not be able to obtain a new registration, or any other registration or
79 renewal in his name, except upon (i) payment of the registration and
80 number plate fees, as required by section 14-49, (ii) payment of a
81 restoration fee, as required by section 14-50b and (iii) the posting of a
82 special certificate of financial responsibility for a period of one year;

of to the day of 20.. property involved

} {

to an amount not exceeding Dollars,
does insure

105 and legal representatives, to the extent of the actual cash value of the
106 property at the time of loss, but not exceeding the amount which it
107 would cost to repair or replace the property with material of like kind
108 and quality within a reasonable time after such loss, without allowance
109 for any increased cost of repair or reconstruction by reason of any
110 ordinance or law regulating construction or repair, and without
111 compensation for loss resulting from interruption of business or
112 manufacture, nor in any event for more than the interest of the
113 insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND BY
114 REMOVAL FROM PREMISES ENDANGERED BY THE PERILS
115 INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER
116 PROVIDED, to the property described hereinafter while located or
117 contained as described in this policy, or pro rata for five days at each
118 proper place to which any of the property shall necessarily be removed
119 for preservation from the perils insured against in this policy, but not
120 elsewhere.

121 Assignment of this policy shall not be valid except with the written
122 consent of this Company.

123 This policy is made and accepted subject to the foregoing provisions
124 and stipulations and those hereinafter stated, which are hereby made a
125 part of this policy, together with such other provisions, stipulations
126 and agreements as may be added hereto, as provided in this policy.

127 In Witness Whereof, this Company has executed and attested these
128 presents.

129 (Secretary).

130 (President).

131 Concealment, fraud. This entire policy shall be void if, whether
132 before or after a loss, the insured has wilfully concealed or
133 misrepresented any material fact or circumstance concerning this
134 insurance or the subject thereof, or the interest of the insured therein,
135 or in case of any fraud or false swearing by the insured relating
136 thereto.

137 Uninsurable and excepted property. This policy shall not cover
138 accounts, bills, currency, deeds, evidences of debt, money or securities;
139 nor, unless specifically named hereon in writing, bullion or
140 manuscripts.

141 Perils not included. This Company shall not be liable for loss by fire
142 or other perils insured against in this policy caused, directly or
143 indirectly, by: (a) Enemy attack by armed forces, including action
144 taken by military, naval or air forces in resisting an actual or an
145 immediately impending enemy attack; (b) invasion; (c) insurrection;
146 (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order
147 of any civil authority except acts of destruction at the time of and for
148 the purpose of preventing the spread of fire, provided that such fire
149 did not originate from any of the perils excluded by this policy; (i)
150 neglect of the insured to use all reasonable means to save and preserve
151 the property at and after a loss, or when the property is endangered by
152 fire in neighboring premises; (j) nor shall this Company be liable for
153 loss by theft.

154 Other Insurance. Other insurance may be prohibited or the amount
155 of insurance may be limited by endorsement attached hereto.

156 Conditions suspending or restricting insurance. Unless otherwise
157 provided in writing added hereto this Company shall not be liable for
158 loss occurring (a) while the hazard is increased by any means within

159 the control or knowledge of the insured; or (b) while a described
160 building, whether intended for occupancy by owner or tenant, is
161 vacant or unoccupied beyond a period of sixty consecutive days; or (c)
162 as a result of explosion or riot, unless fire ensue, and in that event for
163 loss by fire only.

164 Other perils or subjects. Any other peril to be insured against or
165 subject of insurance to be covered in this policy shall be by
166 endorsement in writing hereon or added hereto.

167 Added provisions. The extent of the application of insurance under
168 this policy and of the contribution to be made by this Company in case
169 of loss, and any other provision or agreement not inconsistent with the
170 provisions of this policy, may be provided for in writing added hereto,
171 but no provision may be waived except such as by the terms of this
172 policy is subject to change.

173 Waiver provisions. No permission affecting this insurance shall
174 exist, or waiver of any provision be valid, unless granted herein or
175 expressed in writing added hereto. No provision, stipulation or
176 forfeiture shall be held to be waived by any requirement or proceeding
177 on the part of this Company relating to appraisal or to any
178 examination provided for herein.

179 Cancellation of policy. This policy shall be cancelled at any time at
180 the request of the insured, in which case this Company shall, upon
181 demand and surrender of this policy, refund the excess of paid
182 premium above the customary short rates for the expired time. This
183 policy may be cancelled at any time by this Company by giving to the
184 insured and any third party designated pursuant to section 1 of this
185 act, a thirty days' written notice of cancellation accompanied by the
186 reason therefor with or without tender of the excess of paid premium
187 above the pro rata premium for the expired time, which excess, if not
188 tendered, shall be refunded on demand. Notice of cancellation shall
189 state that said excess premium (if not tendered) will be refunded on
190 demand. Where cancellation is for nonpayment of premium at least ten

191 days' written notice of cancellation accompanied by the reason therefor
192 shall be given.

193 Mortgagee interests and obligations. If loss hereunder is made
194 payable, in whole or in part, to a designated mortgagee not named
195 herein as the insured, such interest in this policy may be cancelled by
196 giving to such mortgagee a ten days' written notice of cancellation.

197 If the insured fails to render proof of loss such mortgagee, upon
198 notice, shall render proof of loss in the form herein specified within
199 sixty (60) days thereafter and shall be subject to the provisions hereof
200 relating to appraisal and time of payment and of bringing suit. If this
201 Company shall claim that no liability existed as the mortgagor or
202 owner, it shall, to the extent of payment of loss to the mortgagee, be
203 subrogated to all the mortgagee's rights of recovery, but without
204 impairing mortgagee's right to sue; or it may pay off the mortgage debt
205 and require an assignment thereof and of the mortgage. Other
206 provisions relating to the interests and obligations of such mortgagee
207 may be added hereto by agreement in writing.

208 Pro rata liability. This Company shall not be liable for a greater
209 proportion of any loss than the amount hereby insured shall bear to
210 the whole insurance covering the property against the peril involved,
211 whether collectible or not.

212 Requirements in case loss occurs. The insured shall give immediate
213 written notice to this Company of any loss, protect the property from
214 further damage, forthwith separate the damaged and undamaged
215 personal property, put it in the best possible order, furnish a complete
216 inventory of the destroyed, damaged and undamaged property,
217 showing in detail quantities, costs, actual cash value and amount of
218 loss claims; AND WITHIN SIXTY DAYS AFTER THE LOSS, UNLESS
219 SUCH TIME IS EXTENDED IN WRITING BY THIS COMPANY, THE
220 INSURED SHALL RENDER TO THIS COMPANY A PROOF OF
221 LOSS, signed and sworn to by the insured, stating the knowledge and
222 belief of the insured as to the following: The time and origin of the loss,

223 the interest of the insured and of all others in the property, the actual
224 cash value of each item thereof and the amount of loss thereto, all
225 encumbrances thereon, all other contracts of insurance, whether valid
226 or not, covering any of said property, any changes in the title, use,
227 occupation, location, possession or exposures of said property since
228 the issuing of this policy, by whom and for what purpose any building
229 herein described and the several parts thereof were occupied at the
230 time of loss and whether or not it then stood on leased ground, and
231 shall furnish a copy of all the descriptions and schedules in all policies
232 and, if required, verified plans and specification of any building,
233 fixtures or machinery destroyed or damaged. The insured, as often as
234 may be reasonably required, shall exhibit to any person designated by
235 this Company all that remains of any property herein described, and
236 submit to examinations under oath by any person named by this
237 Company, and subscribe the same; and, as often as may be reasonably
238 required, shall produce for examination all books of account, bills,
239 invoices and other vouchers, or certified copies thereof if originals be
240 lost, at such reasonable time and place as may be designated by this
241 Company or its representative, and shall permit extracts and copies
242 thereof to be made.

243 Appraisal. In case the insured and this Company shall fail to agree
244 as to the actual cash value or the amount of loss, then, on the written
245 demand of either, each shall select a competent and disinterested
246 appraiser and notify the other of the appraiser selected within twenty
247 days of such demand. The appraisers shall first select a competent and
248 disinterested umpire; and failing for fifteen days to agree upon such
249 umpire, then, on request of the insured or this Company, such umpire
250 shall be selected by a judge of a court of record in this state in which
251 the property covered is located. The appraisers shall then appraise the
252 loss, stating separately actual cash value and loss to each item; and,
253 failing to agree, shall submit their differences, only, to the umpire. An
254 award in writing, so itemized, of any two when filed with this
255 Company shall determine the amount of actual cash value and loss.
256 Each appraiser shall be paid by the party selecting him and the

257 expenses of appraisal and umpire shall be paid by the parties equally.

258 Company's options. It shall be optional with this Company to take
259 all, or any part, of the property at the agreed or appraised value, and
260 also to repair, rebuild or replace the property destroyed or damaged
261 with other of like kind and quality within a reasonable time, on giving
262 notice of its intention so to do within thirty days after the receipt of the
263 proof of loss herein required.

264 Abandonment. There can be no abandonment to this Company of
265 any property.

266 When loss payable. The amount of loss for which this Company
267 may be liable shall be payable sixty days after proof of loss, as herein
268 provided, is received by this Company and ascertainment of the loss is
269 made either by agreement between the insured and this Company
270 expressed in writing or by the filing with this Company of an award as
271 herein provided.

272 Suit. No suit or action on this policy for the recovery of any claim
273 shall be sustainable in any court of law or equity unless all the
274 requirements of this policy shall have been complied with, and unless
275 commenced within twelve months next after inception of the loss.

276 Subrogation. This Company may require from the insured an
277 assignment of all right of recovery against any party for loss to the
278 extent that payment therefor is made by this Company.

This act shall take effect as follows:	
Section 1	<i>October 1, 2002</i>
Sec. 2	<i>October 1, 2002</i>
Sec. 3	<i>October 1, 2002</i>
Sec. 4	<i>October 1, 2002</i>

Statement of Purpose:

To allow senior citizens to designate a third party to receive notices of cancellation and nonrenewal for automobile and homeowners insurance.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]