



House of Representatives

General Assembly

File No. 71

January Session, 2007

Substitute House Bill No. 5003

House of Representatives, March 19, 2007

The Committee on Banks reported through REP. BARRY of the 12th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT REQUIRING NOTICE OF IMPOSITION OF DORMANCY FEES ON INACTIVE DEPOSIT ACCOUNTS.

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

1 Section 1. Section 36a-318 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2007*):

3 (a) Except as provided in subsection (c) of this section, prior to
4 opening a new deposit account for any depositor or prospective
5 depositor: (1) Each financial institution shall deliver to such depositor
6 or prospective depositor in written form which the depositor can keep
7 a copy of (A) the deposit contract, (B) a listing of deposit account
8 charges and the conditions under which such charges will be imposed
9 including, but not limited to, failure to maintain a minimum balance,
10 and (C) if such account is a time account, deposit account disclosures
11 that govern such account; and (2) each financial institution, other than
12 a Connecticut credit union or federal credit union, shall deliver to each
13 depositor or prospective depositor deposit account disclosures that
14 govern such account if such account is a savings account.

15 (b) The deposit account disclosures and listing of deposit account
16 charges may be contained in more than one document and may be
17 combined with disclosures, fees and contract terms for other accounts
18 as long as the deposit account disclosures and deposit account charges
19 are disclosed clearly and conspicuously and it is clear which deposit
20 account disclosures and deposit account charges are applicable to the
21 types of deposit accounts maintained by the depositor.

22 (c) If all or any part of a maturing or otherwise expiring time
23 account is automatically deposited by renewal, roll-over or otherwise
24 in a new deposit account within thirty days after expiration, the
25 provisions of subsection (a) of this section shall not apply to such new
26 account, except that if the annual percentage yield on such new
27 account is lower than the annual percentage yield on the expiring
28 account, and the maturing time account has a term to maturity of
29 longer than thirty-one days, the financial institution shall deliver to the
30 depositor the notice as required by this subsection. Such notice shall be
31 delivered at least thirty calendar days before the maturity of the
32 existing time account. Alternatively, such notice may be delivered at
33 least twenty calendar days before the end of the grace period on the
34 existing account, provided a grace period of at least five calendar days
35 is allowed. For purposes of this subsection, a grace period means a
36 period following the maturity of an automatically renewing time
37 account during which the depositor may withdraw funds without
38 being assessed a penalty. The notice shall recite the deposit account
39 disclosures and deposit account charges, including the conditions
40 under which such charges will be imposed, applicable to the new
41 account, along with the date the existing account matures and the new
42 maturity date if the account is renewed; provided if the interest rate
43 and annual percentage yield that will be paid for the new account are
44 unknown when the notice is provided, the notice shall state that those
45 rates have not yet been determined, the date when they will be
46 determined and a telephone number the depositor may call to obtain
47 the interest rate and the annual percentage yield that will be paid for
48 the new account. Notwithstanding any provisions of the general
49 statutes to the contrary, if the term to maturity of the maturing time

50 account is one year or less but longer than thirty-one days, the notice is
 51 not required to contain the information recited in this subsection other
 52 than (1) the date the existing account matures and the new maturity
 53 date if the account is renewed; (2) the interest rate and the annual
 54 percentage yield if they are known, or if the rates have not yet been
 55 determined, the date they will be determined and a telephone number
 56 the depositor may call to obtain the interest rate and the annual
 57 percentage yield that will be paid for the new account; and (3) any
 58 difference in the terms of the new account compared to the deposit
 59 account disclosures and deposit account charges governing the
 60 existing account.

61 (d) Except for deposit accounts for which a financial institution
 62 sends periodic statements, each financial institution that has a policy of
 63 imposing dormancy fees in connection with inactive deposit accounts
 64 shall, not later than forty-five days after the date the institution
 65 determines an account to be inactive for purposes of the dormancy fee,
 66 mail a notice to the depositor. The notice shall be printed in capital
 67 letters in no less than twelve-point boldface type and shall state that
 68 the account has become inactive and that a dormancy fee may be
 69 imposed by the financial institution as a result of such inactivity. Such
 70 notice may be mailed to the last-known mailing address maintained by
 71 the institution for the deposit account.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2007	36a-318

BA *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

This bill requires financial institutions to mail a notice regarding dormant deposit accounts, and has no fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis

sHB 5003

AN ACT REQUIRING NOTICE OF IMPOSITION OF DORMANCY FEES ON INACTIVE DEPOSIT ACCOUNTS

SUMMARY:

This bill requires financial institutions that impose dormancy fees on inactive deposit accounts to mail a notice to account holders within 45 days of determining that an account is inactive and may be subject to a dormancy fee. The notice must state this determination in at least 12 point bold-face type and may be mailed to the depositors' last-known mailing address on record with the institution. The requirement does not apply to deposit accounts for which the institutions send periodic statements.

EFFECTIVE DATE: October 1, 2007

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/06/2007)