



# House of Representatives

## File No. 209

General Assembly

January Session, 2007

**(Reprint of File No. 71)**

Substitute House Bill No. 5003  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
March 30, 2007

### **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 Section 36a-318 of the general statutes is repealed and the  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 less than fifteen days prior to the date the institution may  
 65 impose a dormancy fee, mail a notice to the depositor. The notice shall  
 66 be printed in capital letters in no less than twelve-point boldface type  
 67 and shall state that the account will become inactive and that a  
 68 dormancy fee may be imposed by the financial institution as a result of  
 69 such inactivity. Such notice shall be mailed to the last-known mailing  
 70 address maintained by 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

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.

House "A" changes the timeframe for dormancy notice mailings and does not result in a fiscal impact.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** None

---

**OLR Bill Analysis****sHB 5003 (as amended by House "A")\******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 notify account holders at least 15 days before the institution can impose the fee. The notice must state, in at least 12 point bold-face type, that the account will become inactive and a dormancy fee may be imposed. It must be mailed to the depositors' last-known mailing address. The requirement does not apply to deposit accounts for which the institution sends periodic statements.

\*House Amendment "A" requires the notice to be sent before the account becomes inactive, rather than within 45 days of determining the account is inactive. It also requires, rather than allows, the notice to be sent to the account holder's last know address.

EFFECTIVE DATE: October 1, 2007

**COMMITTEE ACTION**

Banks Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/06/2007)