AN ACT CONCERNING NOTIFICATION OF UNDERINSURED MOTORIST CONVERSION COVERAGE AND THE RECOVERY OF COLLISION DEDUCTIBLE IN A SUBROGATION ACTION.

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

Section 1. Section 38a-336a of the general statutes is repealed and the following is substituted in lieu thereof (Effective January 1, 2010):

(a) Each insurer licensed to write automobile liability insurance in this state shall offer, for an additional premium, underinsured motorist conversion coverage with limits in accordance with section 38a-336. The purchase of such underinsured motorist conversion coverage shall be in lieu of underinsured motorist coverage pursuant to section 38a-336. For each new automobile liability insurance policy issued, the insurer shall disclose to an insured at the time of sale or issuance the availability of, the premium cost and a description of underinsured motorist conversion coverage. Such description of coverage shall be included in a conspicuous manner with the informed consent form specified in subdivision (2) of subsection (a) of section 38a-336.

(b) Such underinsured motorist conversion coverage shall provide for the protection of persons insured thereunder who are legally entitled to recover damages from owners or operators of underinsured
motor vehicles.

(c) Each insurer shall be obligated to pay to the insured, up to the limits of the policy’s underinsured motorist conversion coverage, after the limits of liability under all bodily injury liability bonds or insurance policies applicable at the time of the accident have been exhausted by payment of judgments or settlements. If the insured purchases such underinsured motorist conversion coverage, then in no event shall the underinsured motorist coverage be reduced on account of any payment by or on behalf of the tortfeasor or by any third party.

(d) The selection of coverage under this section shall apply to all subsequent renewals of coverage and to all policies or endorsements which extend, change, supersede or replace an existing policy issued to the named insured, unless changed in writing by any named insured.

(e) For purposes of this section, an "underinsured motor vehicle" means a motor vehicle with respect to which the sum of all payments received by or on behalf of the covered person from or on behalf of the tortfeasor are less than the fair, just and reasonable damages of the covered person.

[(f) The provisions of this section shall apply to all new and renewal policies issued on or after January 1, 1994.]

Sec. 2. (NEW) (Effective January 1, 2010) Except as prohibited by section 38a-336b of the general statutes, if an insurer chooses to exercise its right of subrogation pursuant to the terms of an automobile liability insurance policy, such insurer shall include in such subrogation demand the amount of any collision deductible paid by such insured, unless such insured requests such insurer not to include such amount. The insurer shall share subrogation recoveries with the insured on a proportionate basis.

Approved May 27, 2009