



House of Representatives

File No. 816

General Assembly

January Session, 2009

(Reprint of File No. 108)

House Bill No. 6448
As Amended by House
Amendment Schedule "A"

Approved by the Legislative Commissioner
April 24, 2009

**AN ACT CONCERNING DISCLOSURE OF INSURANCE
REQUIREMENTS IN EQUIPMENT LEASES.**

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

1 Section 1. Section 42-404 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2009, and*
3 *applicable to consumer leases entered, renewed, modified or extended on or*
4 *after October 1, 2009*):

5 (a) A lessor may require that the lessee maintain casualty insurance
6 on the leased goods, or liability insurance against personal injury or
7 property damage caused to others, or both, during the period of the
8 lease. If a lessor requires that the lessee maintain either casualty or
9 liability insurance, or both, [unless the insurance is included in the
10 lease for no additional charge,] the lessor shall disclose in a
11 conspicuous manner in a record: (1) Whether the insurance is included
12 in the lease for no additional charge; (2) if the insurance is not included
13 in the lease or if there is an additional charge for obtaining insurance
14 through the lessor, that the lessee may purchase the required insurance
15 from an insurer of the lessee's choice, subject to the lessor's right to

16 reject that insurer for reasonable cause; and (3) that the insurance
17 policies offered by the lessor may duplicate coverage already provided
18 by a lessee's personal insurance policies.

19 (b) If casualty insurance on the leased goods is neither required nor
20 provided in a consumer lease, the lease must contain or be
21 accompanied by a conspicuous statement in a record substantially as
22 follows: "No insurance coverage for physical damage to the leased
23 goods, or loss of the leased goods, is provided under this lease."

24 (c) A lessor may not require the lessee to purchase credit life,
25 accident, health, loss-of-income or similar insurance in connection with
26 a consumer lease. If a lessor provides such insurance in connection
27 with a consumer lease:

28 (1) The lessor shall disclose in a record that the insurance is not
29 required; and

30 (2) The lessee's election to purchase the insurance is effective only if
31 after receiving the disclosure the lessee separately signs a record
32 requesting the insurance.

33 (d) If a lessee becomes obligated to pay an amount for insurance
34 provided by or through the lessor, the lessor shall furnish or arrange to
35 have furnished to the lessee a copy of the policy or certificate of
36 insurance.

37 Sec. 2. Section 42-390 of the general statutes is repealed and the
38 following is substituted in lieu thereof (*Effective October 1, 2009*):

39 Sections 42-270 to 42-271a, inclusive, and 42-390 to 42-434, inclusive,
40 may be cited as the [Uniform] Consumer Leases Act.

41 Sec. 3. (NEW) (*Effective October 1, 2009, and applicable to consumer*
42 *leases entered, renewed, modified or extended on or after October 1, 2009*) (a)
43 If any insurance is required to be obtained for a lease pursuant to
44 subsection (e) of section 42a-2A-305 of the general statutes, any such
45 agreement as set forth in said subsection shall disclose in a

46 conspicuous manner: (1) Whether the insurance is included in the lease
 47 for no additional charge; (2) if the insurance is not included in the lease
 48 or if there is an additional charge for obtaining insurance through the
 49 lessor, that the lessee may purchase the required insurance from an
 50 insurer of the lessee's choice, subject to the lessor's right to reject that
 51 insurer for reasonable cause; and (3) that the insurance policies offered
 52 by the lessor may duplicate coverage already provided by a lessee's
 53 personal insurance policies.

54 (b) If insurance on the leased goods is neither required nor provided
 55 in such lease or by agreement, the lease must contain or be
 56 accompanied by a conspicuous statement in a record substantially as
 57 follows: "No insurance coverage for the leased goods, or loss of the
 58 leased goods, is provided under this lease."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2009, and applicable to consumer leases entered, renewed, modified or extended on or after October 1, 2009</i>	42-404
Sec. 2	<i>October 1, 2009</i>	42-390
Sec. 3	<i>October 1, 2009, and applicable to consumer leases entered, renewed, modified or extended on or after October 1, 2009</i>	New section

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

House "A" (LCO 5299) is technical and has no fiscal impact.

OLR Bill Analysis**HB 6448 (as amended by House "A")******AN ACT CONCERNING DISCLOSURE OF INSURANCE
REQUIREMENTS IN EQUIPMENT LEASES.*****SUMMARY:**

This bill expands disclosure requirements under the Uniform Consumer Leases Act about insurance a lease agreement may require. By law, a lease agreement may require a consumer to maintain casualty insurance on the leased goods, liability insurance against personal injury or property damage caused to others, or both, during the lease period.

The bill applies its insurance disclosure requirements to a lease that is subject to the Uniform Commercial Code (UCC). The UCC allows the parties to a lease to agree upon (1) who must obtain and pay for insurance and (2) the insurance beneficiary.

The bill changes the name of Connecticut's Uniform Consumer Leases Act to the Consumer Leases Act.

*House Amendment "A" makes the bill applicable to consumer leases entered, renewed, modified, or extended on or after October 1, 2009.

EFFECTIVE DATE: October 1, 2009 and, other than the name change, applicable to consumer leases entered, renewed, modified, or extended on or after October 1, 2009.

REQUIRED DISCLOSURE

The bill requires a leaseholder to conspicuously disclose three things in a "record" (information inscribed on a tangible medium or

stored in an electronic or other medium that is retrievable in a perceivable form):

1. whether required insurance is included in the lease for no additional charge;
2. that, if required insurance is not included in the lease or there is an additional charge for obtaining insurance through the leaseholder, the consumer may purchase the insurance from any insurer, subject to the leaseholder's right to reject for reasonable cause; and
3. that insurance the leaseholder offers may duplicate coverage a consumer's personal insurance policies already provide.

Existing law requires only that, if the agreement does not provide required insurance at no additional cost to the consumer, the leaseholder must disclose in a record that the consumer may purchase insurance from any insurer, subject to the leaseholder's right to reject for reasonable cause.

Under current law, if casualty insurance is neither required nor provided, the agreement must state this or be accompanied by a record that substantially states, "No insurance coverage for physical damage to the leased goods, or loss of the leased goods, is provided under this lease." The bill requires this statement to be conspicuous.

By law, if a lease obligates a consumer to pay for insurance the leaseholder provides, the leaseholder must either give a copy of the policy or insurance certificate to the consumer or arrange for it to be provided.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable
Yea 19 Nay 0 (03/05/2009)