



General Assembly

January Session, 2009

Committee Bill No. 212

LCO No. 4186

04186SB00212INS

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

**AN ACT PROHIBITING CANCELLATION FEES FOR AUTOMOBILE
INSURANCE POLICYHOLDERS WHO CANCEL THEIR POLICIES MID-
TERM.**

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

1 Section 1. Section 38a-343 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2009*):

3 (a) No notice of cancellation of a policy to which section 38a-342
4 applies [may] shall be effective unless sent, by registered or certified
5 mail or by mail evidenced by a certificate of mailing, or delivered by
6 the insurer to the named insured, and any third party designated
7 pursuant to section 38a-323a, at least forty-five days before the
8 effective date of cancellation, except that (1) where cancellation is for
9 nonpayment of the first premium on a new policy, at least fifteen days'
10 notice of cancellation accompanied by the reason for cancellation shall
11 be given, and (2) where cancellation is for nonpayment of any other
12 premium, at least ten days' notice of cancellation accompanied by the
13 reason for cancellation shall be given. No notice of cancellation of a
14 policy [which] that has been in effect for less than sixty days [may]
15 shall be effective unless mailed or delivered by the insurer to the

16 insured and any third party designee at least forty-five days before the
17 effective date of cancellation, provided (A) at least fifteen days' notice
18 shall be given where cancellation is for nonpayment of the first
19 premium on a new policy, and (B) at least ten days' notice shall be
20 given where cancellation is for nonpayment of any other premium or
21 material misrepresentation. The notice of cancellation shall state or be
22 accompanied by a statement specifying the reason for such
23 cancellation. Any notice of cancellation for nonpayment of the first
24 premium on a new policy may be retroactive to the effective date of
25 such policy, provided at least fifteen days' notice has been given to the
26 insured and any third party designee and payment of such premium
27 has not been received during such notice period.

28 (b) Where a private passenger motor vehicle liability insurance
29 company sends a notice of cancellation under subsection (a) of this
30 section to the named insured of a private passenger motor vehicle
31 liability insurance policy, or a third party designee, such company
32 shall provide with such notice a warning, in a form approved by the
33 Commissioner of Motor Vehicles and the Insurance Commissioner,
34 [which] that informs the named insured that (1) the cancellation will be
35 reported to the Commissioner of Motor Vehicles; (2) the named
36 insured may be receiving one or more mail inquiries from the
37 Commissioner of Motor Vehicles, concerning whether or not required
38 insurance coverage is being maintained, and that the named insured
39 must respond to these inquiries; (3) if the required insurance coverage
40 lapses at any time, the Commissioner of Motor Vehicles may suspend
41 the registration or registrations for the vehicle or vehicles under the
42 policy and the number plates will be subject to confiscation and any
43 person operating any such vehicle will be subject to legal penalties for
44 operating a motor vehicle with a suspended registration; (4) the named
45 insured will not be able to have the registration restored or obtain a
46 new registration, or any other registration or renewal in the insured's
47 name, except upon presentation to the Commissioner of Motor
48 Vehicles of evidence of required security or coverage and the entering
49 into of a consent agreement with the commissioner in accordance with

50 the provisions of section 14-12g.

51 (c) [This] Subsections (a) and (b) of this section shall not apply to
52 nonrenewal or if the private passenger motor vehicle liability
53 insurance policy is transferred from an insurer to an affiliate of such
54 insurer for another policy with no interruption of coverage and
55 contains the same terms, conditions and provisions, including policy
56 limits, as the transferred policy, except that the insurer to which the
57 policy is transferred shall not be prohibited from applying its rates and
58 rating plans at the time of renewal.

59 (d) No insurance company that delivers, issues for delivery, renews,
60 amends or endorses in this state a private passenger motor vehicle
61 liability insurance policy shall charge any fee or other charge
62 exceeding twenty-five dollars in the aggregate to an insured who
63 cancels such policy prior to the expiration of such policy.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2009	38a-343

Statement of Purpose:

To prohibit insurers from charging any fee or other charge exceeding twenty-five dollars in the aggregate if an insured cancels an automobile insurance policy prior to its expiration.

[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.]

Co-Sponsors: SEN. FASANO, 34th Dist.

S.B. 212