



Substitute Senate Bill No. 212

Public Act No. 09-98

AN ACT LIMITING 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:

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 Section 38a-343 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2009*):

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

Substitute Senate Bill No. 212

days' notice shall be given where cancellation is for nonpayment of the first premium on a new policy, and (B) at least ten days' notice shall be given where cancellation is for nonpayment of any other premium or material misrepresentation. The notice of cancellation shall state or be accompanied by a statement specifying the reason for such cancellation. Any notice of cancellation for nonpayment of the first premium on a new policy may be retroactive to the effective date of such policy, provided at least fifteen days' notice has been given to the insured and any third party designee and payment of such premium has not been received during such notice period.

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

Substitute Senate Bill No. 212

the provisions of section 14-12g.

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

(d) No insurance company that renews, amends or endorses in this state a private passenger motor vehicle liability insurance policy shall charge any fee or other charge exceeding one hundred dollars in the aggregate to an insured who cancels such policy prior to the expiration of such policy.

Approved June 2, 2009