



General Assembly

February Session, 2016

***Raised Bill No. 5559***

LCO No. 2133



Referred to Committee on BANKING

Introduced by:  
(BA)

***AN ACT CONCERNING THE REPORTING OF UNAUTHORIZED SIGNATURES OR ALTERATIONS BY BANKS.***

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

1 Section 1. Subsection (f) of section 42a-4-406 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2016*):

4 (f) Without regard to care or lack of care of either the customer or  
5 the bank, a customer who does not within one year after the statement  
6 or items are made available to the customer pursuant to subsection (a)  
7 discover and report the customer's unauthorized signature on or any  
8 alteration on the item is precluded from asserting against the bank the  
9 unauthorized signature or alteration. If there is a preclusion under this  
10 subsection, the payor bank may not recover for breach of warranty  
11 under section 42a-4-208 with respect to the unauthorized signature or  
12 alteration to which the preclusion applies. A bank and a customer may  
13 agree to reduce the one-year time frame for discovering and reporting  
14 an unauthorized signature or alteration, provided such an agreement  
15 would not constitute a disclaimer of the bank's responsibility to act in

- 16 good faith and to exercise ordinary care under subsection (a) of section  
17 42a-4-103 or otherwise limit the measure of damages for the lack of  
18 good faith or failure to exercise ordinary care on the part of the bank.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	42a-4-406(f)

**Statement of Purpose:**

To allow banks and customers to enter into agreements regarding the time frame during which banks will be held liable for discovering and reporting unauthorized signatures or alterations.

*[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.]*