



# House of Representatives

General Assembly

**File No. 37**

February Session, 2022

Substitute House Bill No. 5214

*House of Representatives, March 21, 2022*

The Committee on Banking reported through REP. DOUCETTE of the 13th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING THE CLOSING OF ACCOUNTS AT FINANCIAL INSTITUTIONS.**

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

1 Section 1. Section 36a-318 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2022*):

3 (a) Except as provided in subsection (c) of this section, prior to  
4 opening a new deposit account for any depositor or prospective  
5 depositor: (1) Each financial institution shall deliver to such depositor  
6 or prospective depositor in written form which the depositor can keep  
7 a copy of (A) the deposit contract, (B) a listing of deposit account charges  
8 and the conditions under which such charges will be imposed  
9 including, but not limited to, failure to maintain a minimum balance,  
10 and (C) if such account is a time account, deposit account disclosures  
11 that govern such account; and (2) each financial institution, other than a  
12 Connecticut credit union or federal credit union, shall deliver to each  
13 depositor or prospective depositor deposit account disclosures that  
14 govern such account if such account is a savings account.

15 (b) The deposit account disclosures and listing of deposit account  
16 charges may be contained in more than one document and may be  
17 combined with disclosures, fees and contract terms for other accounts  
18 as long as the deposit account disclosures and deposit account charges  
19 are disclosed clearly and conspicuously and it is clear which deposit  
20 account disclosures and deposit account charges are applicable to the  
21 types of deposit accounts maintained by the depositor.

22 (c) If all or any part of a maturing or otherwise expiring time account  
23 is automatically deposited by renewal, roll-over or otherwise in a new  
24 deposit account within thirty days after expiration, the provisions of  
25 subsection (a) of this section shall not apply to such new account, except  
26 that if the annual percentage yield on such new account is lower than  
27 the annual percentage yield on the expiring account, and the maturing  
28 time account has a term to maturity of longer than thirty-one days, the  
29 financial institution shall deliver to the depositor the notice as required  
30 by this subsection. Such notice shall be delivered at least thirty calendar  
31 days before the maturity of the existing time account. Alternatively,  
32 such notice may be delivered at least twenty calendar days before the  
33 end of the grace period on the existing account, provided a grace period  
34 of at least five calendar days is allowed. For purposes of this subsection,  
35 a grace period means a period following the maturity of an  
36 automatically renewing time account during which the depositor may  
37 withdraw funds without being assessed a penalty. The notice shall recite  
38 the deposit account disclosures and deposit account charges, including  
39 the conditions under which such charges will be imposed, applicable to  
40 the new account, along with the date the existing account matures and  
41 the new maturity date if the account is renewed; provided if the interest  
42 rate and annual percentage yield that will be paid for the new account  
43 are unknown when the notice is provided, the notice shall state that  
44 those rates have not yet been determined, the date when they will be  
45 determined and a telephone number the depositor may call to obtain the  
46 interest rate and the annual percentage yield that will be paid for the  
47 new account. Notwithstanding any provisions of the general statutes to  
48 the contrary, if the term to maturity of the maturing time account is one  
49 year or less but longer than thirty-one days, the notice is not required to

50 contain the information recited in this subsection other than (1) the date  
51 the existing account matures and the new maturity date if the account  
52 is renewed; (2) the interest rate and the annual percentage yield if they  
53 are known, or if the rates have not yet been determined, the date they  
54 will be determined and a telephone number the depositor may call to  
55 obtain the interest rate and the annual percentage yield that will be paid  
56 for the new account; and (3) any difference in the terms of the new  
57 account compared to the deposit account disclosures and deposit  
58 account charges governing the existing account.

59 (d) Except for deposit accounts for which a financial institution sends  
60 periodic statements, each financial institution that has a policy of  
61 imposing dormancy fees in connection with inactive deposit accounts  
62 shall, not less than fifteen days prior to the date the institution may  
63 impose a dormancy fee, mail a notice to the depositor. The notice shall  
64 be printed in capital letters in no less than twelve-point boldface type  
65 and shall state that the account will become inactive and that a  
66 dormancy fee may be imposed by the financial institution as a result of  
67 such inactivity. Such notice shall be mailed to the last-known mailing  
68 address maintained by the institution for the deposit account.

69 (e) (1) Except as provided in subdivision (2) of this subsection, each  
70 financial institution, upon the closing of a deposit account, shall, not  
71 later than five business days after closing the deposit account, (A) mail  
72 a written notice setting forth the reason for closing the deposit account  
73 to the depositor at the address the financial institution has on record for  
74 the depositor, and (B) if the depositor consented to the delivery of  
75 correspondence from the financial institution by electronic mail, send a  
76 notice by electronic mail setting forth the reason for closing the deposit  
77 account to the depositor at the electronic mail address the financial  
78 institution has on record for the depositor.

79 (2) If a deposit account is closed as the result of a request or  
80 investigation by a governmental agency or law enforcement authority,  
81 the notice requirements set forth in subdivision (1) of this subsection  
82 shall not apply.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>October 1, 2022</i>	36a-318
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**BA**      *Joint Favorable Subst.*

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*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.*

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill, which requires financial institutions to provide notice and reason to the account holder upon closure of a deposit account, results in no fiscal impact to the state or municipalities.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

**OLR Bill Analysis****sHB 5214*****AN ACT CONCERNING THE CLOSING OF ACCOUNTS AT FINANCIAL INSTITUTIONS.*****SUMMARY**

This bill requires financial institutions, when closing a deposit account (e.g., a personal checking or savings account), to notify the account holder of why the account is being closed.

Specifically, financial institutions must, within five business days after closing an account, (1) mail the depositor, to the address on record, a written notice explaining the reason the account was closed and (2) if the depositor has consented to electronic correspondence (i.e., electronic statements), send the notice electronically to the email address on record. The bill's notice requirement does not apply to account closures resulting from government or law enforcement agency requests or investigations.

Under existing law and the bill, a "deposit account" is any account into which deposits can be made that is held by a natural person; it excludes a general or limited partnership account or sole proprietorship business account. Although the bill applies broadly to "financial institutions," which are Connecticut or federal banks or credit unions, federal law generally preempts the application of state banking laws to federally-chartered financial institutions. As a result, the bill may be enforceable only with respect to Connecticut-chartered banks and credit unions (see BACKGROUND).

EFFECTIVE DATE: October 1, 2022

**BACKGROUND*****National Bank Act Preemption***

Federal law defines a “state consumer financial law” as a state law that (1) does not discriminate against national banks and (2) directly regulates the manner, content, or terms and conditions of certain consumer financial transactions (12 U.S.C. § 25b(a)(2)). These state laws are preempted if, among other things, they significantly interfere with a national bank’s exercise of its powers (12 U.S.C. § 25b(b), *Barnett Bank of Marion County, N.A. v. Nelson, Florida Insurance Commissioner, et. al.* 517 U.S. 25, 33 (1996)).

**COMMITTEE ACTION**

Banking Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/08/2022)