

Senate, March 26, 1998. The Committee on Insurance and Real Estate reported through SEN. BOZEK, 6th DIST., Chairman of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING NONPAYMENT OF AUTOMOBILE INSURANCE PREMIUMS.

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

1 Section 1. Subdivision (3) of section 38a-341
2 of the general statutes is repealed and the
3 following is substituted in lieu thereof:

4 (3) "Nonpayment of premium" means failure of
5 the named insured to discharge when due any of his
6 obligations in connection with the payment of
7 premiums on the policy, or any instalment of such
8 premium, whether the premium is payable directly
9 to the insurer or its agent or indirectly under
10 any premium finance plan or extension of credit.
11 NONPAYMENT OF PREMIUM INCLUDES, BUT IS NOT LIMITED
12 TO, THE DISHONOR OF ANY CHECK, DRAFT OR OTHER
13 REMITTANCE UPON PRESENTMENT FOR PAYMENT.

14 Sec. 2. Subsection (a) of section 38a-343 of
15 the general statutes is repealed and the following
16 is substituted in lieu thereof:

17 (a) No notice of cancellation of policy to
18 which section 38a-342 applies may be effective
19 unless sent, by registered or certified mail or by
20 mail evidenced by a certificate of mailing, or
21 delivered by the insurer to the named insured at
22 least forty-five days before the effective date of

23 cancellation, [provided] EXCEPT THAT where
24 cancellation is for nonpayment of premium at least
25 ten days' notice of cancellation accompanied by
26 the reason therefor shall be given. No notice of
27 cancellation of a policy which has been in effect
28 for less than sixty days may be effective unless
29 mailed or delivered by the insurer at least
30 forty-five days before the effective date of
31 cancellation, provided that at least ten days'
32 notice shall be given where cancellation is for
33 nonpayment of premium or material
34 misrepresentation. The notice of cancellation
35 shall state or be accompanied by a statement
36 specifying the reason for such cancellation. ANY
37 NOTICE OF CANCELLATION FOR NONPAYMENT OF THE FIRST
38 PREMIUM ON A NEW POLICY MAY BE RETROACTIVE TO THE
39 EFFECTIVE DATE OF SUCH POLICY.

40 INS COMMITTEE VOTE: YEA 18 NAY 0 JFS

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF 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 HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER sSB 408

STATE IMPACT None, see explanation below

MUNICIPAL IMPACT None

STATE AGENCY(S) Department of Insurance

EXPLANATION OF ESTIMATES:

The bill specifies that "non-payment of premium" includes the dishonor of a check, draft or other remittance. It establishes an exception to the 10-day advance notice requirement for non-payment of premium.

The bill has no impact on the workload of the Department of Insurance.

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OLR BILL ANALYSIS

sSB 408

AN ACT CONCERNING NONPAYMENT OF AUTOMOBILE INSURANCE PREMIUMS

SUMMARY: This bill specifies that "nonpayment of premium" includes the dishonor of a check, draft, or other remittance and makes this an exception to the 10-day advance notice requirement to cancel a policy for nonpayment of premium. In such cases, it makes the notice of cancellation retroactive to the date the policy would have gone into effect if an insured pays the first premium of a new policy with a dishonored check, draft, or other remittance. The effect of this change is to void any coverage that would have occurred

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File No. 139

as of the effective date of the policy.

EFFECTIVE DATE: October 1, 1998

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute
Yea 18 Nay 0