

1 **CANCELLATION OF AUTO INSURANCE COVERAGE**

2 2016 GENERAL SESSION

3 STATE OF UTAH

4

5 **LONG TITLE**

6 **General Description:**

7 This bill prohibits automatic charges for, or reinstatement of, cancelled auto insurance
8 policies.

9 **Highlighted Provisions:**

10 This bill:

- 11 ▶ prohibits continued automatic charges after an insured person cancels a policy;
- 12 ▶ prohibits reinstatement of a cancelled policy without the consent of the insured; and
- 13 ▶ provides a penalty for insurers who violate this section.

14 **Money Appropriated in this Bill:**

15 None

16 **Other Special Clauses:**

17 None

18 **Utah Code Sections Affected:**

19 ENACTS:

20 **31A-22-322**, Utah Code Annotated 1953

21

22 *Be it enacted by the Legislature of the state of Utah:*

23 Section 1. Section **31A-22-322** is enacted to read:

24 **31A-22-322. Improper administration of cancelled auto insurance coverage.**

25 (1) Upon cancellation by an insured of auto insurance coverage, the insurer shall
26 immediately discontinue any automatic payments and withdrawals related to the cancelled
27 policy.

28 (2) After cancellation by an insured of auto insurance coverage, the insurer may not
29 reinstate the cancelled policy without the express consent of the insured.

30 (3) The commissioner may order an insurer who violates this section to forfeit to the
31 state not more than \$2,500 for each violation.

Legislative Review Note
Office of Legislative Research and General Counsel