

INSURANCE AMENDMENTS

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jim Bird

Senate Sponsor: Evan J. Vickers

LONG TITLE

General Description:

This bill modifies the Insurance Code to address cancellation and refund of premium.

Highlighted Provisions:

This bill:

- ▶ addresses refund of premium for cancelled errors and omissions insurance.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

31A-22-1309, Utah Code Annotated 1953

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

Section 1. Section **31A-22-1309** is enacted to read:

31A-22-1309. Return of unearned premium upon cancellation of errors and omissions insurance.

(1) As used in this section, "unearned premium" means the amount of the premium that is collected by the insurer in excess of premium earned as of the date of the cancellation of the errors and omissions insurance policy.



28 (2) For an errors and omissions policy issued on or after May 14, 2013 ~~H→~~ [] :

28a (a) ~~←H~~ the

29 policyholder may cancel the errors and omissions insurance policy before its expiration or

30 renewal date ~~H→~~ **according to the procedure for cancellation set forth in the errors and**

30a **omissions policy; and**

30b (b) **an insurer may not issue an errors and omissions policy that has fully earned**

30c **premium upon issuance of the errors and omissions policy** ~~←H~~ .

31 (3) If the errors and omissions insurance policy is cancelled as provided in Subsection

32 (2), the insurer shall refund the unearned premium to the policyholder minus any charge

33 imposed by the insurer.

34 ~~H→~~ [~~(4) The insurer shall pay the amount due under Subsection (3) by no later than 30 days~~

35 ~~from the day on which the errors and omissions insurance policy is cancelled.~~] ~~←H~~

Legislative Review Note

as of 9-27-12 10:34 AM

Office of Legislative Research and General Counsel