

Representative Eric K. Hutchings proposes the following substitute bill:

CANCELLATION OF AUTO INSURANCE COVERAGE

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: Eric K. Hutchings

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

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

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

31A-22-322, Utah Code Annotated 1953

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

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



26 31A-22-322. Improper administration of cancelled auto insurance coverage.

27 (1) Upon cancellation by an insured of auto insurance coverage, the insurer shall
28 discontinue any automatic payments and withdrawals related to the cancelled policy before the
29 later of:

30 (a) 15 days after the request for cancellation; or

31 (b) 15 days after the effective date of the cancellation.

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

34 (3) After cancellation by an insured of auto insurance coverage, the insurer shall refund
35 any funds collected by the insurer to which the insurer is not entitled, calculated according to
36 the terms of the insurance policy, before the later of:

37 (a) 30 days after the request for cancellation; or

38 (b) 30 days after the effective date of the cancellation.

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