

1                   **CANCELLATION OF AUTO INSURANCE COVERAGE**

2                                   2016 GENERAL SESSION

3                                   STATE OF UTAH

4                           **Chief Sponsor: Wayne A. Harper**

5                           House Sponsor: Eric K. Hutchings

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7   **LONG TITLE**

8   **Committee Note:**

9           The Transportation Interim Committee recommended this bill.

10 **General Description:**

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

13 **Highlighted Provisions:**

14           This bill:

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

18 **Money Appropriated in this Bill:**

19           None

20 **Other Special Clauses:**

21           None

22 **Utah Code Sections Affected:**

23 ENACTS:

24           **31A-22-322**, Utah Code Annotated 1953

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

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



28 31A-22-322. Improper administration of cancelled auto insurance coverage.

29 (1) Upon ~~§~~ **→ receipt of notice of** ~~←§~~ cancellation by an insured of auto insurance  
29a coverage, the insurer shall

30 **→ [immediately] , within 15 days, ←§** discontinue any automatic payments and withdrawals  
30a related to the cancelled  
31 policy.

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.

33a **→ (3) After cancellation by an insured of auto insurance coverage, the insurer shall**  
33b **refund, within 30 days, any funds collected by the insurer to which the insurer is not entitled,**  
33c **calculated according to the terms of the insurance policy.** ~~←§~~

34 **→ [(3)] (4) ←§** The commissioner may order an insurer who violates this section to forfeit  
34a to the  
35 state not more than \$2,500 for each violation.

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**Legislative Review Note**  
**Office of Legislative Research and General Counsel**