

**CANCELLATION OF AUTO INSURANCE COVERAGE**

2016 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Wayne A. Harper**

House Sponsor: Eric K. Hutchings

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**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

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

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

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

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