

- 29 (A) life insurance;
- 30 (B) accident and health insurance; and
- 31 (C) annuities; and
- 32 (ii) if the policies of insurance are issued on forms that are subject to filing under
- 33 Subsection 31A-21-201(1).
- 34 (b) A policy may provide terms more favorable to insureds than this section requires.
- 35 (c) The commissioner may by rule totally or partially exempt from this section classes
- 36 of insurance policies in which the insureds do not need protection against arbitrary or
- 37 unannounced termination.
- 38 (d) The rights provided by this section are in addition to and do not prejudice any other
- 39 rights the insureds may have at common law or under other statutes.
- 40 (2) (a) As used in this Subsection (2), "grounds" means:
- 41 (i) material misrepresentation;
- 42 (ii) substantial change in the risk assumed, unless the insurer should reasonably have
- 43 foreseen the change or contemplated the risk when entering into the contract;
- 44 (iii) substantial breaches of contractual duties, conditions, or warranties;
- 45 (iv) attainment of the age specified as the terminal age for coverage, in which case the
- 46 insurer may cancel by notice under Subsection (2)(c), accompanied by a tender of proportional
- 47 return of premium; or
- 48 (v) in the case of motor vehicle insurance, revocation or suspension of the driver's
- 49 license of:
- 50 (A) the named insured; or
- 51 (B) any other person who customarily drives the motor vehicle.
- 52 (b) (i) Except as provided in Subsection (2)(e) or unless the conditions of Subsection
- 53 (2)(b)(ii) are met, an insurance policy may not be canceled by the insurer before the earlier of:
- 54 (A) the expiration of the agreed term; or
- 55 (B) one year from the effective date of the policy or renewal.

56 (ii) Notwithstanding Subsection (2)(b)(i), an insurance policy may be canceled by the
57 insurer for:

58 (A) nonpayment of a premium when due; or

59 (B) on grounds defined in Subsection (2)(a).

60 (c) (i) The cancellation provided by Subsection (2)(b), except cancellation for
61 nonpayment of premium, is effective no sooner than 30 days after the delivery or first-class
62 mailing of a written notice to the policyholder.

63 (ii) Cancellation for nonpayment of premium of a personal lines policy is effective no
64 sooner than 10 days after delivery or [~~first class~~] first-class mailing of a written notice to the
65 policyholder.

66 (iii) Cancellation for nonpayment of premium of a commercial lines policy is effective
67 no sooner than 10 days after delivery or first-class mailing of a written notice to:

68 (A) the policyholder;

69 (B) each assignee of the policyholder, if the assignee is named in the policy; and

70 (C) each loss payee or mortgagee or lienholder under property insurance of the
71 policyholder, if the loss payee, mortgagee, or lienholder is named in the policy.

72 (iv) An insurer shall deliver or send by first-class mail a copy of the notice of
73 cancellation for nonpayment of premium described in Subsection (2)(c)(iii) to an agent of
74 record of the policyholder on or before the day on which the insurer provides the notice to the
75 policyholder.

76 (d) (i) Notice of cancellation for nonpayment of premium shall include a statement of
77 the reason for cancellation.

78 (ii) Subsection (7) applies to the notice required for grounds of cancellation other than
79 nonpayment of premium.

80 (e) (i) Subsections (2)(a) through (d) do not apply to any insurance contract that has not
81 been previously renewed if the contract has been in effect less than 60 days [~~when~~] on the day
82 on which the written notice of cancellation is mailed or delivered.

83 (ii) A cancellation under this Subsection (2)(e) may not be effective until at least 10
84 days after the [~~delivery to the insured of~~] day on which a written notice of cancellation is
85 delivered to the insured.

86 (iii) If the notice required by this Subsection (2)(e) is sent by first-class mail, postage
87 prepaid, to the insured at the insured's last-known address, delivery is considered accomplished
88 after the passing, since the mailing date, of the mailing time specified in the Utah Rules of
89 Civil Procedure.

90 (iv) A policy cancellation subject to this Subsection (2)(e) is not subject to the
91 procedures described in Subsection (7).

92 (3) A policy may be issued for a term longer than one year or for an indefinite term if
93 the policy includes a clause providing for cancellation by the insurer by giving notice as
94 provided in Subsection (4)(b)(i) 30 days [~~prior to any~~] before an anniversary date.

95 (4) (a) Subject to Subsections (2), (3), and (4)(b), a policyholder has a right to have the
96 policy renewed:

97 (i) on the terms then being applied by the insurer to similar risks; and

98 (ii) (A) for an additional period of time equivalent to the expiring term if the agreed
99 term is one year or less; or

100 (B) for one year if the agreed term is longer than one year.

101 (b) Except as provided in Subsections (4)(c) and (5), the right to renewal under
102 Subsection (4)(a) is extinguished if:

103 (i) at least 30 days before the [~~policy expiration~~] day on which the policy expires or
104 completes an anniversary [date], the insurer delivers or sends by first-class mail a notice of
105 intention not to renew the policy beyond the agreed expiration or anniversary date [~~is delivered~~
106 ~~or sent by first-class mail by the insurer~~] to the policyholder at the policyholder's last-known
107 address;

108 (ii) not more than 45 nor less than 14 days before the [~~due date of~~] day on which the
109 renewal premium is due, the insurer delivers or sends by first-class mail a notice to the

110 policyholder at the policyholder's last-known address, clearly stating:

111 (A) the renewal premium;

112 (B) how the renewal premium may be paid, including the due date for payment of the

113 renewal premium;

114 (C) that failure to pay the renewal premium extinguishes the policyholder's right to

115 renewal; and

116 (D) subject to Subsection (4)(e), that the extinguishment of the right to renew for

117 nonpayment of premium is effective no sooner than at least 10 days after delivery or [first

118 ~~class~~] first-class mailing of a written notice to the policyholder that the policyholder has failed

119 to pay the premium when due;

120 (iii) the policyholder has:

121 (A) accepted replacement coverage; or

122 (B) requested or agreed to nonrenewal; or

123 (iv) the policy is expressly designated as nonrenewable.

124 (c) Unless the conditions of Subsection (4)(b)(iii) or (iv) apply, an insurer may not fail

125 to renew an insurance policy as a result of a telephone call or other inquiry that:

126 (i) references a policy coverage; and

127 (ii) does not result in the insured requesting payment of a claim.

128 (d) Failure to renew under this Subsection (4) is subject to Subsection (5).

129 (e) (i) [~~During~~] (A) If the policy is a personal lines policy, during the period that

130 begins when an insurer delivers or sends by first-class mail the notice described in Subsection

131 (4)(b)(ii)(D) [~~is delivered or mailed~~] and ends when the premium is paid, coverage exists and

132 premiums are due.

133 (B) If the policy is a commercial lines policy, during the period that begins when an

134 insurer delivers or sends by first-class mail the notice described in Subsection (2)(c)(iii) and

135 ends when the premium is paid, coverage exists and premiums are due.

136 (ii) (A) If after receiving the notice required by Subsection (4)(b)(ii)(D) a personal

137 lines policyholder fails to pay the renewal premium, the coverage is extinguished as of the date
138 the renewal premium is originally due.

139 (B) If after receiving the notice required under Subsection (2)(c)(iii), a commercial
140 lines policyholder fails to pay the renewal premium within the 10 days before the day on which
141 cancellation for nonpayment is effective, the coverage is extinguished as of the day on which
142 the renewal premium is originally due.

143 (iii) Delivery of the notice required by Subsection (2)(c)(iii), (2)(c)(iv), or (4)(b)(ii)(D)
144 includes electronic delivery in accordance with Section [31A-21-316](#).

145 (iv) An insurer is not subject to Subsection (4)(b)(ii)(D) if [rt]:

146 (A) the insurer provides notice of the extinguishment of the right to renew for failure to
147 pay premium at least 15 days, but no longer than 45 days, before the day on which the renewal
148 payment is due[-]; and

149 (B) the policy is a personal lines policy.

150 (v) Subsection (4)(b)(ii)(D) does not apply to a policy that provides coverage for 30
151 days or less.

152 (5) Notwithstanding Subsection (4), an insurer may not fail to renew the following
153 personal lines insurance policies solely on the basis of:

154 (a) in the case of a motor vehicle insurance policy:

155 (i) a claim from the insured that:

156 (A) results from an accident in which:

157 (I) the insured is not at fault; and

158 (II) the driver of the motor vehicle that is covered by the motor vehicle insurance
159 policy is 21 years of age or older; and

160 (B) is the only claim meeting the condition of Subsection (5)(a)(i)(A) within a
161 36-month period;

162 (ii) a single traffic violation by an insured that:

163 (A) is a violation of a speed limit under Title 41, Chapter 6a, Traffic Code;

- 164 (B) is not in excess of 10 miles per hour over the speed limit;
- 165 (C) is not a traffic violation under:
 - 166 (I) Section 41-6a-601;
 - 167 (II) Section 41-6a-604; or
 - 168 (III) Section 41-6a-605;
- 169 (D) is not a violation by an insured driver who is younger than 21 years of age; and
- 170 (E) is the only violation meeting the conditions of Subsections (5)(a)(ii)(A) through
- 171 (D) within a 36-month period; or
 - 172 (iii) a claim for damage that:
 - 173 (A) results solely from:
 - 174 (I) wind;
 - 175 (II) hail;
 - 176 (III) lightning; or
 - 177 (IV) an earthquake;
 - 178 (B) is not preventable by the exercise of reasonable care; and
 - 179 (C) is the only claim meeting the conditions of Subsections (5)(a)(iii)(A) and (B)
 - 180 within a 36-month period; and
 - 181 (b) in the case of a homeowner's insurance policy, a claim by the insured that is for
 - 182 damage that:
 - 183 (i) results solely from:
 - 184 (A) wind;
 - 185 (B) hail; or
 - 186 (C) lightning;
 - 187 (ii) is not preventable by the exercise of reasonable care; and
 - 188 (iii) is the only claim meeting the conditions of Subsections (5)(b)(i) and (ii) within a
 - 189 36-month period.
 - 190 (6) (a) (i) Subject to Subsection (6)(b), if the insurer offers or purports to renew the

191 policy, but on less favorable terms or at higher rates, the new terms or rates take effect on the
192 renewal date if the insurer delivered or sent by first-class mail to the policyholder notice of the
193 new terms or rates at least 30 days [~~prior to the expiration date of the prior policy~~] before the
194 day on which the previous policy expires.

195 (ii) If the insurer did not give the prior notification described in Subsection (6) (a)(i) to
196 the policyholder, the new terms or rates do not take effect until 30 days after the day on which
197 the insurer delivers or sends by first-class mail the notice [~~is delivered or sent by first-class~~
198 ~~mail~~], in which case the policyholder may elect to cancel the renewal policy at any time during
199 the 30-day period.

200 (iii) Return premiums or additional premium charges shall be calculated
201 proportionately on the basis that the old rates apply.

202 (b) Subsection (6)(a) does not apply if the only change in terms that is adverse to the
203 policyholder is:

204 (i) a rate increase generally applicable to the class of business to which the policy
205 belongs;

206 (ii) a rate increase resulting from a classification change based on the altered nature or
207 extent of the risk insured against; or

208 (iii) a policy form change made to make the form consistent with Utah law.

209 (7) (a) If a notice of cancellation or nonrenewal under Subsection (2)(c) does not state
210 with reasonable precision the facts on which the insurer's decision is based, the insurer shall
211 send by first-class mail or deliver that information within 10 working days after receipt of a
212 written request by the policyholder.

213 (b) A notice under Subsection (2)(c) is not effective unless it contains information
214 about the policyholder's right to make the request.

215 (8) (a) An insurer that gives a notice of nonrenewal or cancellation of insurance on a
216 motor vehicle insurance policy issued in accordance with the requirements of Chapter 22, Part
217 3, Motor Vehicle Insurance, for nonpayment of a premium shall provide notice of nonrenewal

218 or cancellation to a lienholder if the insurer has been provided the name and mailing address of
219 the lienholder.

220 (b) ~~[The]~~ An insurer shall provide the notice described in Subsection (8)(a) ~~[shall be~~
221 ~~provided]~~ to the lienholder by ~~[first-class]~~ first-class mail or, if agreed by the parties, any
222 electronic means of communication.

223 (c) A lienholder shall provide a current physical address of notification or an electronic
224 address of notification to an insurer that is required to make a notification under Subsection
225 (8)(a).

226 (9) If a risk-sharing plan under Section 31A-2-214 exists for the kind of coverage
227 provided by the insurance being cancelled or nonrenewed, a notice of cancellation or
228 nonrenewal required under Subsection (2)(c) or (4)(b)(i) may not be effective unless ~~[it]~~ the
229 notice contains instructions to the policyholder for applying for insurance through the available
230 risk-sharing plan.

231 (10) There is no liability on the part of, and no cause of action against, any insurer, its
232 authorized representatives, agents, employees, or any other person furnishing to the insurer
233 information relating to the reasons for cancellation or nonrenewal or for any statement made or
234 information given by them in complying or enabling the insurer to comply with this section
235 unless actual malice is proved by clear and convincing evidence.

236 (11) This section does not alter any common law right of contract rescission for
237 material misrepresentation.

238 (12) If a person is required to pay a premium in accordance with this section:

239 (a) the person may make the payment using:

240 (i) the United States Postal Service;

241 (ii) a delivery service the commissioner describes or designates by rule made in
242 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; or

243 (iii) electronic means; and

244 (b) the payment is considered to be made:

245 (i) for a payment that is mailed using the method described in Subsection (12)(a)(i), on
246 the date on which the payment is postmarked;

247 (ii) for a payment that is delivered using the method described in Subsection (12)(a)(ii),
248 on the date on which the delivery service records or marks the payment as having been received
249 by the delivery service; or

250 (iii) for a payment that is made using the method described in Subsection (12)(a)(iii),
251 on the date on which the payment is made electronically.

252 Section 2. **Effective date.**

253 This bill takes effect on July 1, 2021.