

HB 4125 -4 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 2/5, 2/12

WHAT THE MEASURE DOES:

Requires notice of, and reason for, cancellation of an automobile insurance policy that has been in effect fewer than 60 days to be mailed or delivered to the named insured at least 30 days before the effective date of cancellation. If cancellation is for nonpayment of premiums, notice of cancellation must be mailed or delivered to the named insured at least 10 days before the effective date of cancellation. Applies to policies issued on or after the effective date.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-4 Requires insurer to provide 10-day notice of cancellation of automobile insurance policy that has been in effect for fewer than 60 days. Does not require insurer to provide reason for canceling policy that has been in effect for fewer than 60 days.

Revenue: No revenue impact.

Fiscal: No fiscal impact.

BACKGROUND:

Under current law, an automobile liability insurance policy may be cancelled for nonpayment of premiums, fraud, or when driving privileges are suspended or revoked in certain situations. The policyholder must be given a 30-day notice of cancellation. However, a policy that has been in effect for fewer than 60 days may be cancelled for any reason and is not subject to a 30-day cancellation notice. Any policy, regardless of how long it has been in effect, that is being cancelled for nonpayment of premiums is subject to a 10-day notice of cancellation.

House Bill 4125 requires a 30-day notice of cancellation for policies that have been in effect for fewer than 60 days.