

HB 4125 A STAFF MEASURE SUMMARY

Carrier: Sen. Gelser

Senate Committee On Judiciary

Action Date: 02/20/20

Action: Do pass the A-Eng bill.

Vote: 6-0-1-0

Yeas: 6 - Dembrow, Gelser, Linthicum, Manning Jr, Prozanski, Thatcher

Exc: 1 - Olsen

Fiscal: No fiscal impact

Revenue: No revenue impact

Prepared By: Gillian Fischer, Counsel

Meeting Dates: 2/20

WHAT THE MEASURE DOES:

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

ISSUES DISCUSSED:

- Provisions of measure
- Local insurance policy holders impacted by decisions of national offices

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Under current law, an automobile liability insurance policy may be canceled 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 canceled 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 canceled for nonpayment of premiums is subject to a 10-day notice of cancellation.

HB 4125-A requires an insurer to provide a 10-day notice of cancellation of a policy that has been in effect for fewer than 60 days, regardless of the basis for the cancellation.