TABLE OF CONTENTS

Insurance on Motor Vehicles Sold Under Instalment Contracts or Pledged for a Loan

Application of regulations 38a-288- 1
Description of insurance to purchaser or borrower 38a-288- 2
Policy requirements. Records. 38a-288- 3
Term of coverage. Payment of premiums to insurance company. . . 38a-288- 4
Single interest coverage 38a-288- 5
Notice of cancellation or change. Cancellation on repossession . . . 38a-288- 6
Cancellation; repayment of unearned premiums. 38a-288- 7
Commission payable only to producer. 38a-288- 8
Coercion prohibited. 38a-288- 9

Insurance on Motor Vehicles Sold Under Instalment Contracts or Pledged for a Loan

Sec. 38a-288-1. Application of regulations

The following regulations shall govern the issuance of insurance on motor vehicles sold under instalment or deferred payment contracts or motor vehicles pledged as security for a loan.

(Effective September 25, 1992)

Sec. 38a-288-2. Description of insurance to purchaser or borrower

There shall be a complete disclosure of insurance obtained by a dealer, finance factor or lender from an insurance company or an authorized agent thereof, which shall be made in all cases to the ultimate purchaser of such insurance, as follows:

(a) In no instance shall the insurance company issue a policy or policies unless a statement setting forth a clear and concise description of the insurance coverage has been furnished to the purchaser or borrower at the time of the sale or loan transaction. The policy or policies, when issued and, within the time limit prescribed by section 42-86 of the general statutes (fifteen days) after execution of a retail instalment sale contract, shall be sent to the purchaser or borrower and shall indicate clearly the amount of the premium, the kind or kinds of insurance and the scope of the coverage and shall contain all of the terms, exceptions, restrictions and conditions of the contract or contracts of insurance.

(b) Policies not containing public liability or property damage coverage shall be clearly stamped or printed to the effect that such coverage is not included in the policy.

(Effective September 25, 1992)

Sec. 38a-288-3. Policy requirements. Records

(a) All policies or certificates of insurance shall be written in strict accordance with the rates and rules filed by or on behalf of the insurance company writing such policies with the insurance department of this state. No coverages shall be written that are not contained in the manuals of insurance legally in effect for use within this state, unless specific approval has been received from the insurance department of this state prior to the sale of such coverage and the issuance of policies therefor.

(b) No contractual agreement or plan shall be used which permits the collection of an application or policywriting fee, in addition to the premium, unless legally in effect.

(c) The insurance company shall at all times maintain complete records of all policies issued, including names and addresses of all insureds and beneficiaries, and the coverage provided, and no plan shall be used that fails to require the soliciting agent to report, and send to the insurance company promptly, all applications for insurance, or copy-dailies of policies issued.

(d) No so-called master policy shall reduce in any manner whatsoever the standard form policy rights of the insured (purchaser or borrower) on similar coverage in this state, as compared to the individual type of policy, with the approved standard loss payable clause attached.

(e) All policies of insurance when issued shall be effective from the moment the purchaser takes delivery of the property insured or the borrower's loan transaction is consummated.

(Effective September 25, 1992)

Sec. 38a-288-4. Term of coverage. Payment of premiums to insurance company

Policies or certificates of insurance shall be written for the full term for which a premium has been charged the purchaser or borrower in connection with financing or effecting of a loan. All premiums collected or charged in a finance transaction shall be paid to the insurance company for whom the premium was collected, within the terms of any applicable contract between the insurance company and the insurance producer handling the transaction.

(Effective September 25, 1992; amended June 26, 1997)

Sec. 38a-288-5. Single interest coverage

Where single interest coverage is written at the expense of the purchaser or borrower in connection with a finance or loan transaction, a clear and concise statement shall be furnished to the purchaser or borrower, advising him that the insurance effected is solely for the interest of the dealer, finance factor or lender, and that no protection thereunder exists for the benefit of the purchaser or borrower. When single interest is written, the insurance company shall not be entitled to recover from the purchaser or borrower the amount of any claim payment made under the policy. Such single interest policies shall be clearly stamped or printed on the title-page "SINGLE INTEREST ONLY NO SUBROGATION."

(Effective September 25, 1992)

Sec. 38a-288-6. Notice of cancellation or change. Cancellation on repossession

The purchaser or borrower shall be promptly notified of any cancellation or change in a policy or certificate, except where cancellation is effected by surrender of the purchaser's or borrower's policy or certificate contract, or through a lost policy receipt, which shall be accompanied by, or have incorporated therein, a signed request from the named assured for cancellation. All notices of cancellation or change shall be effected in the same manner as the cancellation of other types of policies handled by the insurance company, as provided in the policy; the insurance company shall at all times have evidence that notification of a cancellation or change in a policy or certificate has been properly sent to the purchaser or borrower. Where an insured financed unit has been repossessed and the dealer, finance factor or lender certifies to the insurer the facts of such repossession in form satisfactory to the insurer, the insurance company may cancel the policy upon evidence to that effect.

(Effective September 25, 1992)

Sec. 38a-288-7. Cancellation; repayment of unearned premiums

(a) Where a policy is cancelled by the insurance company, the pro rata unearned return premium due shall be paid either directly by the insurance company or credited to the account of the producer through whom the policy was written, with prompt repayment of such unearned premium as may be due the purchaser or borrower being effected by the producer or insurance company. Records of the insurance company and producers shall at all times be available for the inspection of representatives of the insurance department. Where policies are cancelled upon request of the purchaser or borrower, cancellation shall be in accordance with the terms of the policy contract with payment of the unearned premium as herein provided. A fire, theft and collision policy is a divisible contract and the payment of a total loss on one of the coverages gives the insurance company no right to cancel the policy without payment of appropriate return premium on the other coverage or coverages for which separate premiums were collected under the policy.

(b) In the event of a repossession and cancellation, the insurance company shall secure an affidavit of repossession to warrant the cancellation and retention by the dealer, finance factor or lender of the return premium as a credit against the unpaid balance of the purchaser or borrower. In case of cancellation upon prepayment the insurance company shall have unmistakable evidence in its files that the purchaser or borrower has received proper cash return or credit. In no case shall an insurance company pay the return premium to a dealer, finance factor or lender if there is an ''overage balance'' in the account of the purchaser or borrower. The amount of return premium due shall be shown on all notices of cancellations.
(Effective September 25, 1992; amended June 26, 1997)

Sec. 38a-288-8. Commission payable only to producer

No commission in any form shall be paid or allowed except to a duly licensed producer.
(Effective September 25, 1992; amended June 26, 1997)

Sec. 38a-288-9. Coercion prohibited

Coercion in the placing of insurance is prohibited.
(Effective September 25, 1992)