

SB 206 - AS AMENDED BY THE HOUSE

02/03/2022 0062s
4May2022... 1349h

2022 SESSION

22-2927
11/04

SENATE BILL **206**

AN ACT relative to consumer guaranty contracts.

SPONSORS: Sen. French, Dist 7; Sen. Gannon, Dist 23; Sen. Carson, Dist 14; Sen. Avard, Dist 12; Sen. Soucy, Dist 18; Sen. Reagan, Dist 17; Sen. Cavanaugh, Dist 16; Rep. Hunt, Ches. 11; Rep. Potucek, Rock. 6

COMMITTEE: Commerce

AMENDED ANALYSIS

This bill excludes prepaid legal services contracts from the definition of "consumer guaranty contract" and prohibits certain consumer guaranty contract acts and terms. This bill also revises the rulemaking authority of the commissioner of the department of insurance regarding privileged communications.

This bill is a request of the insurance department.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struck through~~].
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Two

AN ACT relative to consumer guaranty contracts.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Consumer Guaranty Contracts; Definitions; Consumer Guaranty Contract. Amend RSA 415-C:1, III(c)(6)-(7) to read as follows:

(6) Warranties, service contracts, and maintenance agreements sold or offered for sale to persons other than consumers. [~~This provision does not apply to prepaid legal contracts, which may be offered to any governmental corporation, unit, agency, or department, or to any employer or association of employers, a labor union or other similar employee organization, including the trustees of a fund established by such labor union or employee organization. The term "employee" and "employees" shall have the same meaning as are given to such terms for the purpose of writing group life insurance in this state.~~]

(7) Debt cancellation or debt suspension contracts between a creditor and a borrower for the cancellation or suspension of the debt.

(8) Prepaid legal contracts.

2 New Subparagraph; Consumer Guaranty Contracts; Prohibited Acts. Amend RSA 415-C:7, I by inserting after subparagraph (h) the following new subparagraph:

(i) Fail to refund unearned contract fees with respect to any cancellation of a consumer guaranty contract with a duration of 12 months or more. Contract fees for contracts with a duration of 12 months or more are earned pro-rata over the length of the contract. Obligors shall not charge a cancellation administrative fee of more than 10 percent of the contract price or \$75, whichever is less, for a contract of any duration. All cancellation administrative fees must be disclosed in the contract, regardless of the contract's duration.

3 Repeal. The following are repealed:

I. RSA 415-C:1, III(b)(2), relative to the definition of consumer guaranty contracts as it relates to prepaid legal services contracts.

II. RSA 415-C:1, XI, relative to the definition of prepaid legal services contract.

4 Insurance Department; Investigations, Enforcement; Rulemaking Regarding Privileged Communications. Amend RSA 400-A:16, III(c) to read as follows:

(c) The commissioner may disclose to an insured or claimant who has filed a complaint against an insurer, a copy of the insurance company's letter to the department in response to the complaint. The commissioner shall adopt rules, pursuant to RSA 541-A, ***as may be necessary***, to identify those documents obtained from the company during the course of the investigation of the insured's or claimant's complaint that may be disclosed upon request to assist the insured or claimant in understanding the basis for the department's actions related to the investigation. The commissioner shall not disclose to an insured or claimant any information that would interfere with any civil, criminal, or administrative enforcement proceeding.

5 Effective Date. This act shall take effect 60 days after its passage.