



LEGISLATIVE POSITION

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PIANH supports H.B.1476, *An act prohibiting motor vehicle dealers from requiring the purchase of automobile insurance from the dealer as part of the sales contract.*

Motor vehicle dealerships require consumers to have automobile insurance coverage in place before finalizing the purchase of a new vehicle. Too frequently, dealerships in New Hampshire have required vehicle purchasers to purchase a new insurance policy at the dealership regardless of the purchasers' existing policy. For a vehicle buyer who already has an automobile insurance policy, this is unnecessary and results in extra costs and confusion for consumers in New Hampshire.

When a consumer purchases a new vehicle, their existing automobile insurance policy should cover the vehicle immediately. The ISO 4 Personal Auto Policy Standard Form includes "newly acquired auto" as a covered vehicle. The terms of the standard auto policy automatically provide the broadest coverage on the policy to a newly acquired vehicle. Policyholders will likely need to request coverage from the insurer within four to 14 days, depending on previous coverage under the policy. The overwhelming majority of auto insurers in New Hampshire use this standard policy language that immediately covers a new auto when purchased by a policyholder.

Motor vehicle dealers increasingly refuse to accept the coverage for new vehicles included in the standard auto insurance policy. Instead, they only accept insurance purchased at the dealership for a new vehicle even though the consumer does not need a new policy to cover a newly acquired vehicle. This results in consumers purchasing a second, unnecessary automobile insurance policy.

For consumers, a second automobile policy results in extra premium costs, inferior coverage and confusion over coverages. A policy sold directly from a vehicle dealership may include less coverage than the existing policy and may be limited to only the new vehicle. The purchaser would then have two insurance policies covering the same vehicle, an unnecessary expense that would cause confusion if they need to file a claim. Customers must then evaluate the two policies in place to decide which policy to retain. Even if they cancel a policy shortly after the vehicle purchase, they will still have been required to pay extra premiums for the unnecessary insurance policy.

Automobile insurance policies allow New Hampshire consumers the ability to purchase a vehicle without being coerced into purchasing an insurance policy directly from the same person selling them a vehicle. Consumers should have the freedom to choose where they purchase their insurance and where they choose to buy a new vehicle. PIANH supports H.B.1476 and urges favorable consideration of this bill.