



General Assembly

February Session, 2020

Raised Bill No. 198

LCO No. 1016



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

AN ACT EXTENDING THE PREMIUM BILLING NOTICE PERIOD FOR RENEWAL OF CERTAIN PERSONAL AND COMMERCIAL RISK INSURANCE POLICIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-323 of the 2020 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2020*):

4 (a) (1) No insurer shall refuse to renew any policy that is subject to
5 the requirements of sections 38a-663 to 38a-696, inclusive, unless such
6 insurer or its agent sends, by registered or certified mail or by mail
7 evidenced by a certificate of mailing, or delivers to the named insured,
8 at the address shown in the policy, or, if agreed between the insurer and
9 the named insured, by electronic means, at least sixty days' advance
10 notice of its intention not to renew. The notice of intent not to renew
11 shall state or be accompanied by a statement specifying the reason for
12 such nonrenewal. This section shall not apply: (A) In case of
13 nonpayment of premium; (B) if the insured fails to pay any advance
14 premium required by the insurer for renewal, provided,

15 notwithstanding the failure of an insurer to comply with this subsection,
16 with respect to automobile liability insurance policies the policy shall
17 terminate on the effective date of any other insurance policy with
18 respect to any automobile designated in both policies; or (C) if the policy
19 is transferred from the insurer to an affiliate of such insurer for another
20 policy with no interruption of coverage and contains the same terms,
21 conditions and provisions, including policy limits, as the transferred
22 policy, except that the insurer to which the policy is transferred shall not
23 be prohibited from applying its rates and rating plans at the time of
24 renewal. With respect to an automobile or homeowners policy, each
25 insurer that sends or delivers a notice of nonrenewal pursuant to this
26 subsection shall use the same method to send or deliver such notice to
27 any third party designated pursuant to section 38a-323a.

28 (2) If an insurer intends to renew any policy that is subject to the
29 requirements of sections 38a-663 to 38a-696, inclusive, under terms or
30 conditions less favorable to the insured than provided under the
31 existing policy, the insurer shall send a conditional renewal notice in the
32 manner required for a notice of nonrenewal under subdivision (1) of this
33 subsection. The conditional renewal notice shall clearly state or be
34 accompanied by a statement clearly identifying any reduction in
35 coverage limits, coverage provisions added or revised that reduce
36 coverage or increases in deductibles, under the renewal policy.

37 (b) (1) A premium billing notice for any policy subject to the
38 requirements of sections 38a-663 to 38a-696, inclusive, except a workers'
39 compensation policy, shall be mailed or delivered to the insured by the
40 insurer or its agent not less than [thirty] sixty days in advance of the
41 policy's renewal or anniversary date, except that such notice shall not be
42 required for a commercial risk policy if the premium for the ensuing
43 policy period is to increase less than ten per cent on an annual basis. The
44 premium billing notice shall be based on the rates and rules applicable
45 to the ensuing policy period and shall include a notice of transfer when
46 the policy has been transferred from an insurer to an affiliate of such
47 insurer pursuant to the provisions of subparagraph (C) of subdivision
48 (1) of subsection (a) of this section. The provisions of this subsection

49 shall apply to any such policy for which the annual premium was less
50 than fifty thousand dollars for the preceding annual policy period.

51 (2) For purposes of any commercial risk policy subject to the
52 requirements of sections 38a-663 to 38a-696, inclusive, except a workers'
53 compensation policy, the mailing or delivery of a premium billing notice
54 by an insurer's managing general agent, in accordance with the
55 provisions of subdivision (1) of this subsection, shall constitute
56 compliance by such insurer with said subdivision.

57 (c) Failure of the insurer or its agent to provide the insured with the
58 required notice of nonrenewal or premium billing shall entitle the
59 insured to: (1) Renewal of the policy for a term of not less than one year,
60 and (2) the privilege of pro-rata cancellation at the lower of the current
61 or previous year rates if exercised by the insured within sixty days from
62 the renewal date or anniversary date. Renewal of a policy shall not
63 constitute a waiver or estoppel with respect to grounds for cancellation
64 that existed before the effective date of such renewal.

65 [(d) Notwithstanding the provisions of subsection (b) of this section,
66 the advance notice period for any premium billing notice shall be at least
67 sixty days for any liability insurance policy wherein a municipality is
68 the named insured.]

69 [(e)] (d) Notwithstanding the provisions of subdivision (1) of
70 subsection (a) of this section, the advance notice period for any refusal
71 to renew any professional liability policy shall be at least ninety days.

72 [(f)] (e) (1) No surplus lines insurer shall be deemed eligible to write
73 coverage for risks as provided in sections 38a-741 to 38a-744, inclusive,
74 and 38a-794, unless such surplus lines insurer complies with the
75 requirements of this section.

76 (2) [Notwithstanding the provisions of subsection (b) of this section,
77 premium billing notices shall be provided by any surplus lines insurer
78 to the insured at least sixty days in advance of the renewal or
79 anniversary date of the policy.] Notices of nonrenewal or premium

80 billing required by this section shall be provided by the surplus lines
81 insurer or its duly authorized representative to the insured.

82 (3) Notwithstanding the provisions of subsection (c) of this section,
83 failure of any surplus lines insurer to provide the insured with the
84 required notice of nonrenewal or premium billing shall entitle the
85 insured to an extension of the policy for a period of ninety days after the
86 renewal or anniversary date of such policy, except that if the surplus
87 lines insurer fails to provide the required notice on or before the renewal
88 or anniversary date of such policy, the provisions of subsection (c) of
89 this section shall apply. In the event of such a ninety-day extension of
90 coverage, the premium for the extended period of coverage shall be the
91 current rate or the previous rate, whichever is lower.

92 ~~[(g)]~~ (f) For purposes of any market conduct examination performed
93 pursuant to section 38a-15, the Insurance Commissioner may find an
94 insurer to be in compliance with the requirements of this section upon a
95 determination that such insurer made a good faith effort to so comply.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2020</i>	38a-323

Statement of Purpose:

To extend the premium billing notice period for renewal of certain personal and commercial risk insurance policies.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]