

House Bill 760

By: Representatives Lumsden of the 12<sup>th</sup>, Smith of the 134<sup>th</sup>, Maxwell of the 17<sup>th</sup>, Taylor of the 173<sup>rd</sup>, and Williamson of the 115<sup>th</sup>

A BILL TO BE ENTITLED  
AN ACT

To amend Chapter 24 of Title 33 of the Official Code of Georgia Annotated, relating to insurance generally, so as to revise certain definitions; to clarify renewal, nonrenewal, and reduction in coverage applicability of certain automobile policies and property insurance; to provide for related matters; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

**SECTION 1.**

Chapter 24 of Title 33 of the Official Code of Georgia Annotated, relating to insurance generally, is amended in Code Section 33-24-45, relating to cancellation or nonrenewal of automobile or motorcycle policies and procedure for review by the Commissioner, by revising paragraph (2) of and adding a new paragraph in subsection (b) and by revising subsection (f) as follows:

"(2) 'Renewal' means issuance and delivery by an insurer of a policy superseding at the end of the policy period a policy previously issued and delivered by the same insurer ~~and providing no less than the coverage contained in the superseded policy~~ or issuance and delivery of a certificate or notice extending the term of a policy beyond its policy period or term or the extension of the term of a policy beyond its policy period or term pursuant to a provision for extending the policy by payment of a continuation premium; provided, however, that any policy with a policy period or term of less than six months shall, for the purpose of this Code section, be considered to have successive policy periods ending each six months following its original date of issue and, regardless of its wording, any interim termination by its terms or by refusal to accept premium shall be a cancellation subject to this Code section, except in case of termination under any of the circumstances specified in subsection (f) of this Code section; provided, further, that, for purposes of this Code section, any policy written for a term longer than one year or any policy with no fixed expiration date shall be considered as if written for successive policy periods or

terms of one year and any termination by an insurer effective on an anniversary date of the policy shall be deemed a refusal to renew.

(3) 'Reduction in coverage' shall mean a change made by the insurer which results in a removal of coverage, diminution in scope or less coverage, or the addition of an exclusion. Reduction in coverage shall not include the elimination of any coverage that is no longer offered by an insurer in accordance with its filed rating plan or any change, reduction, or elimination of coverage made at the request of the insured. The correction of typographical or scrivener's errors or the application of mandated legislative changes shall not be considered a reduction in coverage."

"(f) Subsection (e) of this Code section shall not apply in case of:

(1) Nonpayment of premium for the expiring policy;

(2) Failure of the insured to pay the premium as required by the insurer for renewal; ~~or~~

(3) The insurer having manifested its willingness to renew by delivering a renewal policy, renewal certificate, or other evidence of renewal to the named insured or his or her representative or by offering to issue a renewal policy, certificate, or other evidence of renewal or having manifested such intention by any other means; or

(4) A reduction in coverage where an insurer provides a written notice of a reduction in coverage to the named insured or his or her representative no less than 30 days prior to the effective date of the proposed reduction in coverage."

## SECTION 2.

Said chapter is further amended in Code Section 33-24-46, relating to cancellation or nonrenewal of certain property insurance policies, by revising paragraphs (2) and (4) of and adding a new paragraph in subsection (b) and revising subsection (d) as follows:

"(2) 'Nonrenewal' or 'nonrenewed' means a refusal by an insurer or an affiliate of an insurer to renew. Failure of an insured to pay the premium as required of the insured for renewal, a change in policy terms, or a reduction in coverage after the insurer has manifested a willingness to renew by delivering a renewal policy, renewal certificate, or other evidence of renewal to the named insured or his or her representative or has offered to issue a renewal policy, certificate, or other evidence of renewal or has manifested such intention by any other means shall not be construed to be a nonrenewal."

"(4) 'Renewal' means issuance and delivery by an insurer or an affiliate of such insurer of a policy superseding at the end of the policy period a policy previously issued and delivered by the same insurer ~~and providing no less than the coverage contained in the superseded policy~~ or issuance and delivery of a certificate or notice extending the term of a policy beyond its policy period or term or the extension of the term of a policy beyond its policy period or term pursuant to a provision for extending the policy by

payment of a continuation premium. Any policy with a policy period or term of less than six months shall, for the purposes of this Code section, be considered to have successive policy periods ending each six months following its original date of issue and, regardless of its wording, any interim termination by its terms or by refusal to accept premiums shall be a cancellation subject to this Code section. Any policy written for a term longer than one year or any policy with no fixed expiration date shall be considered as if written for successive policy periods or terms of one year and any termination by an insurer effective on an anniversary date of such policy shall be deemed a refusal to renew.

(5) 'Reduction in coverage' means a change made by the insurer which results in a removal of coverage, diminution in scope or less coverage, or the addition of an exclusion. Reduction in coverage shall not include the elimination of any coverage that is no longer offered by an insurer in accordance with its filed rating plan or any change, reduction, or elimination of coverage made at the request of the insured. The correction of typographical or scrivener's errors or the application of mandated legislative changes shall not be considered a reduction in coverage.'

"(d)(1) No insurer shall refuse to renew a policy to which this Code section applies unless a written notice of nonrenewal is mailed or delivered in person to the named insured. Such notice stating the time when nonrenewal will be effective, which shall not be less than 30 days from the date of mailing or delivery of such notice of nonrenewal or such longer period as may be provided in the contract or by statute, shall be delivered as provided in subsection (d) of Code Section 33-24-14, in person, or by depositing the notice in the United States mail to be dispatched by at least first-class mail to the last address of record of the insured and of the lienholder, where applicable, and receiving the receipt provided by the United States Postal Service or such other evidence of mailing as prescribed or accepted by the United States Postal Service. The insurer shall provide the reason or reasons for nonrenewal as required by Chapter 39 of this title.

(2) An insurer shall provide a written notice of a reduction in coverage to the named insured no less than 30 days prior to the effective date of the proposed reduction in coverage.'

### SECTION 3.

Said chapter is further amended in Code Section 33-24-47, relating to notice required of termination or nonrenewal, increase in premium rates, or change restricting coverage and failure of insurer to comply, by revising subsection (b) and adding a new subsection to read as follows:

"(b) A notice of termination, including a notice of cancellation or nonrenewal, by the insurer, a notice of an increase in premiums, other than an increase in premiums due to a

change in risk or exposure, including a change in experience modification or resulting from an audit of auditable coverages, which exceeds 15 percent of the current policy's premium, ~~or a notice of change in any policy provision which limits or restricts coverage~~ shall be delivered to the insured as provided in subsection (d) of Code Section 33-24-14, in person, or by depositing the notice in the United States mail, to be dispatched by at least first-class mail to the last address of record of the insured, at least 45 days prior to the termination date of such policy; provided, however, that a notice of cancellation or nonrenewal of a policy of workers' compensation insurance shall be controlled by the provisions of subsection (f) of this Code section. In those instances where an increase in premium exceeds 15 percent, the notice to the insured shall indicate the dollar amount of the increase. The insurer may obtain a receipt provided by the United States Postal Service as evidence of mailing such notice or such other evidence of mailing as prescribed or accepted by the United States Postal Service."

"(g) An insurer shall provide a written notice of a reduction in coverage to the named insured no less than 45 days prior to the effective date of the proposed reduction in coverage. A reduction in coverage shall mean a change made by the insurer which results in a removal of coverage, diminution in scope or less coverage, or the addition of an exclusion. Reduction in coverage shall not include the elimination of any coverage that is no longer offered by an insurer in accordance with its filed rating plan or any change, reduction, or elimination of coverage made at the request of the insured. The correction of typographical or scrivener's errors or the application of mandated legislative changes shall not be considered a reduction in coverage."

#### SECTION 4.

All laws and parts of laws in conflict with this Act are repealed.