

Senate Bill 505

By: Senators Brown of the 26th, Haines of the 46th and Shafer of the 48th

AS PASSED

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 33-6-5 of the Official Code of Georgia Annotated, relating to other
2 unfair methods of competition and unfair and deceptive acts or practices, so as to include the
3 nonrenewal or termination of an entire line or class of business by an insurer under certain
4 circumstances as an unfair method of competition and unfair and deceptive act or practice;
5 to provide for certain notices; to provide for related matters; to provide an effective date; to
6 repeal conflicting laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Code Section 33-6-5 of the Official Code of Georgia Annotated, relating to other unfair
10 methods of competition and unfair and deceptive acts or practices, is amended by striking
11 paragraph (12) and inserting in lieu thereof a new paragraph (12) to read as follows:

12 "(12)(A) No insurer shall cancel, ~~nonrenew, or otherwise terminate all or substantially~~
13 ~~all of an entire line or class of business unless the insurer demonstrates to the~~
14 ~~satisfaction of the Commissioner that continuation of such business would violate the~~
15 ~~provisions of this title or would be hazardous to its policyholders or the public or class~~
16 ~~of business for the purpose of withdrawing from the market in this state unless:~~

17 (i) The insurer has notified the Commissioner in writing of the action, including the
18 reasons for such action, at least one year before the completion of the withdrawal,
19 provided that this paragraph shall not be construed to prevent such insurer from
20 cancelling, nonrenewing, or terminating policies where the insurer, by contract,
21 statute, or otherwise, has the right to do so; or

22 (ii) The insurer has filed a plan of action for the orderly cessation of the insurer's
23 business within a period of time shorter than one year and such plan of action has
24 been approved by the Commissioner.

25 (B) At a minimum, in order to provide for orderly cessation and withdrawal, an insurer
26 shall provide a general notice to each insured at least 90 days prior to the termination

1 of any policy followed by a subsequent notice which meets the applicable statutory
2 notice requirements for cancelling, nonrenewing, or terminating insurance under this
3 title.

4 (C) An insurer's rates, rules, and forms filed pursuant to Code Sections 33-9-21 and
5 33-24-9 shall be considered no longer on file for use with any new business in the
6 market affected by the insurer's withdrawal plan on and after the withdrawal plan goes
7 into effect;".

8 **SECTION 2.**

9 This Act shall become effective upon its approval by the Governor or upon its becoming law
10 without such approval.

11 **SECTION 3.**

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