

The Senate Committee on Insurance & Labor offered the following substitute to HB 760:

A BILL TO BE ENTITLED
AN ACT

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

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

6 Chapter 24 of Title 33 of the Official Code of Georgia Annotated, relating to insurance
7 generally, is amended in Code Section 33-24-45, relating to cancellation or nonrenewal of
8 automobile or motorcycle policies and procedure for review by the Commissioner, by
9 revising paragraph (2) of and adding a new paragraph in subsection (b) and by revising
10 subsection (f) as follows:
11

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14 ~~providing no less than the coverage contained in the superseded policy~~ or issuance and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

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

28 (3) 'Reduction in coverage' shall mean a change made by the insurer which results in a
 29 removal of coverage, diminution in scope or less coverage, or the addition of an
 30 exclusion. Reduction in coverage shall not include any change, reduction, or elimination
 31 of coverage made at the request of the insured. The correction of typographical or
 32 scrivener's errors or the application of mandated legislative changes shall not be
 33 considered a reduction in coverage."

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

- 35 (1) Nonpayment of premium for the expiring policy;
- 36 (2) Failure of the insured to pay the premium as required by the insurer for renewal; ~~or~~
- 37 (3) The insurer having manifested its willingness to renew by delivering a renewal
 38 policy, renewal certificate, or other evidence of renewal to the named insured or his or
 39 her representative or by offering to issue a renewal policy, certificate, or other evidence
 40 of renewal or having manifested such intention by any other means; or
- 41 (4) A reduction in coverage where an insurer provides a written notice of a reduction in
 42 coverage to the named insured or his or her representative no less than 30 days prior to
 43 the effective date of the proposed reduction in coverage; provided that such notice shall
 44 be printed in all capital letters in a separate document entitled 'NOTICE OF
 45 REDUCTION IN COVERAGE.' Such notice shall be delivered as provided in
 46 subsection (d) of Code Section 33-24-14, in person, or by depositing the notice in the
 47 United States mail to be dispatched by at least first-class mail to the last address of record
 48 of the insured and receiving the receipt provided by the United States Postal Service or
 49 such other evidence of mailing as prescribed or accepted by the United States Postal
 50 Service."

51 SECTION 2.

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

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

62 "(4) 'Renewal' means issuance and delivery by an insurer or an affiliate of such insurer
 63 of a policy superseding at the end of the policy period a policy previously issued and
 64 delivered by the same insurer ~~and providing no less than the coverage contained in the~~
 65 ~~superseded policy~~ or issuance and delivery of a certificate or notice extending the term
 66 of a policy beyond its policy period or term or the extension of the term of a policy
 67 beyond its policy period or term pursuant to a provision for extending the policy by
 68 payment of a continuation premium. Any policy with a policy period or term of less than
 69 six months shall, for the purposes of this Code section, be considered to have successive
 70 policy periods ending each six months following its original date of issue and, regardless
 71 of its wording, any interim termination by its terms or by refusal to accept premiums shall
 72 be a cancellation subject to this Code section. Any policy written for a term longer than
 73 one year or any policy with no fixed expiration date shall be considered as if written for
 74 successive policy periods or terms of one year and any termination by an insurer effective
 75 on an anniversary date of such policy shall be deemed a refusal to renew.

76 (5) 'Reduction in coverage' means a change made by the insurer which results in a
 77 removal of coverage, diminution in scope or less coverage, or the addition of an
 78 exclusion. Reduction in coverage shall not include any change, reduction, or elimination
 79 of coverage made at the request of the insured. The correction of typographical or
 80 scrivener's errors or the application of mandated legislative changes shall not be
 81 considered a reduction in coverage."

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

93 (2) An insurer shall provide a written notice of a reduction in coverage to the named
 94 insured no less than 30 days prior to the effective date of the proposed reduction in
 95 coverage; provided that such notice shall be printed in all capital letters in a separate
 96 document entitled 'NOTICE OF REDUCTION IN COVERAGE.' Such notice shall be
 97 delivered as provided in subsection (d) of Code Section 33-24-14, in person, or by
 98 depositing the notice in the United States mail to be dispatched by at least first-class mail

99 to the last address of record of the insured and receiving the receipt provided by the
 100 United States Postal Service or such other evidence of mailing as prescribed or accepted
 101 by the United States Postal Service."

102 **SECTION 3.**

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

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

122 "(g) An insurer shall provide a written notice of a reduction in coverage to the named
 123 insured no less than 45 days prior to the effective date of the proposed reduction in
 124 coverage; provided that such notice shall be printed in all capital letters in a separate
 125 document entitled 'NOTICE OF REDUCTION IN COVERAGE.' Such notice shall be
 126 delivered to the insured as provided in subsection (d) of Code Section 33-24-14, in person,
 127 or by depositing the notice in the United States mail, to be dispatched by at least first-class
 128 mail to the last address of record of the insured. A reduction in coverage shall mean a
 129 change made by the insurer which results in a removal of coverage, diminution in scope
 130 or less coverage, or the addition of an exclusion. Reduction in coverage shall not include
 131 any change, reduction, or elimination of coverage made at the request of the insured. The
 132 correction of typographical or scrivener's errors or the application of mandated legislative
 133 changes shall not be considered a reduction in coverage."

134 **SECTION 4.**
135 All laws and parts of laws in conflict with this Act are repealed.