



BULLETIN 24-EX-2

TO: ALL PROPERTY & CASUALTY INSURERS WRITING RESIDENTIAL
REAL PROPERTY

FROM: JOHN F. KING
INSURANCE AND SAFETY FIRE COMMISSIONER

DATE: JANUARY 31, 2024

RE: NONRENEWAL REQUIREMENTS AND PROHIBITIONS

It has come to the attention of the Georgia Commissioner of Insurance that underwriters and issuers require clarification as to the underwriting rules relating to cancellations and nonrenewals of residential property insurance contracts. Most importantly, the Commissioner of Insurance seeks to protect every Georgian from wrongful policy terminations and to ensure a fair and free marketplace. As such, this Bulletin serves as a reminder of the requirements of nonrenewing or reducing coverage on policies of insurance against direct loss to residential real property and the contents thereof.

DEFINITIONS

1. Nonrenewals, generally, are refusals by an insurer to renew a policy of insurance. This does not include failure to pay a premium or when an insurer offers new terms after an insured's failure to accept a renewal that was offered by an insurer. This does include a policy which reduces coverage.
2. Renewals are the issuance and delivery by an insurer of a policy superseding or extending at the end of the policy period a policy previously issued and delivered by the same or affiliated insurer. This includes new policies which supersede the original.
3. Reductions in coverage include removal of coverage, diminution in scope or less coverage, or the addition of an exclusion.

NONRENEWAL REQUIREMENTS AND PROHIBITIONS

If an insurer chooses to nonrenew a policy, the insurer must notify the insured via a written notice of nonrenewal. The notice of nonrenewal must state the reason for nonrenewal. The notice of

nonrenewal must be mailed or personally delivered to the insured, stating the effective date of nonrenewal, which cannot be less than 30 days from the notice's mailing or delivery date. This period may be extended if the contract or law requires a longer notice period.

An insurer cannot refuse to renew a residential real property contract for any of the following reasons:

- a. Lack of, lack of potential for, or failure to agree to a writing of supporting insurance business;
- b. A change in the insurer's eligibility rules or underwriting rules, unless the change is presented to and approved by the Commissioner on the grounds that renewal would violate the Insurance Code or would be hazardous to its policyholders or the public; or
- c. Two or fewer claims against the policy within the preceding 36 month period if such claims are not attributable to the negligent or intentional acts of the insured or of persons residing at the insured premises.

60 days after the effective date of the policy or renewal policy, an insurer can only issue a cancellation for any of the following reasons:

- a. Nonpayment of premium;
- b. Discovery of fraud;
- c. A change in the risk which substantially increases any hazard the policy insures against; or
- d. The insured violates any of the material terms or conditions of the policy.

NOTICE OF REDUCTION IN COVERAGE

If an insurer plans to reduce coverage on a residential property policy, the insurer must first provide notice to the insured in the form of a notice of reduction in coverage. The notice must be in a separate document and contain the words "NOTICE OF REDUCTION IN COVERAGE" written in all capital letters in at least 12-point type.



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