

**PROGRAM DIVISION
BULLETIN**

2002 – 08

March 7, 2002

STATE: Florida

SUMMARY: Florida Renewal Quotation, Cancellation, Non-Renewal, and Record Retention Requirements – Multi-line

This is a general advisory reminder that the State of Florida has statutory renewal quotation, cancellation, non-renewal, and record retention requirements.

This bulletin replaces Bulletin 2001-14, dated December 11, 2001.

Renewal Quotation

An insurer issuing a policy providing coverage for property, casualty (except mortgage guarantee, surety or marine insurance) shall give the named insured at least 45 days advance written notice of the renewal premium. This requirement applies only if the insured has furnished all of the necessary information so as to enable the insurer to develop the renewal premium prior to the expiration date of the policy to be renewed.

Florida law requires that the notice of renewal premium be given to the insured (sending it to the producer alone is NOT sufficient) at least 45 days prior to the expiration of the current policy. If the insured has failed to provide the required renewal information in time for the company to meet the deadline, then the company is not held to the 45 period. A notice requiring the renewal information must be sent to the insured with sufficient advance notice that would allow the insured to provide the information in time for the 45 day period - a request for renewal information sent only to the producer is not enough. For example, it would not be sufficient for the company to send out the notice of the need for renewal information 50 days prior to expiration, as the insured would not have time to respond before the 45 day period runs.

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While the Department of Insurance understands the nature of the company/producer/insured relationships, they take the position that the statutes require this procedure. They have indicated that it is acceptable to them if the renewal quotes/requests for information are sent to the producer, **as long as the company's file documents that a copy was simultaneously sent to the insured, either as a "cc:" on the correspondence to the producer, or under separate cover.**

Non-Renewal

An insurer issuing a policy providing coverage for property (except commercial residential property), casualty (except mortgage guarantee, surety or marine insurance) shall give the named insured at least 45 days advance written notice of non-renewal. With respect to any commercial residential property policy, the insurer shall give the named insured at least 90 days prior written notice of non-renewal. If the policy is not to be renewed, the written notice shall state the reason or reasons as to why the policy is not to be renewed.

Cancellation

Except where noted below an insurer issuing a policy providing coverage for property (except commercial residential property), casualty (except mortgage guarantee, surety or marine insurance) shall give the named insured at least 45 days advance written notice of cancellation.

When cancellation is for nonpayment of premium, at least 10 days written notice accompanied by the reason shall be given.

When cancellation occurs during the first 90 days during which the insurance is in force and the insurance is cancelled for reasons other than nonpayment of premium, at least 20 days written notice shall be given accompanied by the reason except when there has been a material misstatement or misrepresentation or failure to comply with the underwriting requirements established by the insurer.

For commercial auto policies an insured may not cancel a policy or binder during the first sixty days following the effective date except:

- upon total destruction of the insured motor vehicle;
- upon transfer of ownership of the insured motor vehicle; or

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- after purchase of another policy or binder covering the motor vehicle that was covered under the policy being cancelled.

In addition, during this 60 day period, an insurer may only cancel if the check issued for the premium is dishonored for any reason.

After the policy has been in effect for 90 days, no policy shall be cancelled except when there is a material misstatement, a nonpayment of premium, a failure to comply with underwriting requirements established by the insurer within 90 days of the date of the effectuation of coverage, or a substantial change in the risk covered by the policy or when the cancellation is for all insureds under such policies for a given class of insureds. The provisions of this section shall not apply to individually rated risks having a policy term of less than 90 days.

Note: If the insurer fails to provide the 45-day or 20-day written notice, the coverage provided to the named insured shall remain in effect until 45 days after the notice is given or until the effective date of the replacement coverage obtained by the named insured, whichever occurs first. The premium for the coverage shall remain the same during such extension period except in the event of failure to provide notice on nonrenewal, if the rates in effect during this extension period would result in a reduction in premium, we must use these lower rates.

Cancellation- Commercial Residential Property

For any commercial residential property policy the insurer shall give the named insured at least 10 days advance notice of cancellation for non-payment of premium and at least 90 days advance notice of cancellation for any other reason.

When cancellation occurs during the first 90 days during which the insurance is in force and the insurance is cancelled for reasons other than nonpayment of premium, at least 20 days written notice shall be given accompanied by the reason except when there has been a material misstatement or misrepresentation or failure to comply with the underwriting requirements established by the insurer.

After the policy has been in effect for 90 days, no policy shall be cancelled except when there is a material misstatement, a nonpayment of premium, a failure to comply with underwriting requirements established by the insurer within 90 days of the date of the effectuation of coverage, or a substantial change in the risk covered by the policy or when the cancellation is for all insureds under such policies for a given class of insureds. The provisions of this section shall not apply to individually rated risks having a policy term of less than 90 days.

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Note: If the insurer fails to provide the notice required by this subsection, other than the 10-day notice, the coverage provided to the named insured shall remain in effect until the effective date of the replacement coverage or until the expiration of a period of days after the notice is given equal to the required notice period, whichever occurs first. The premium for the coverage shall remain the same during any such extension period except that, in the event of failure to provide notice of nonrenewal, if the rates in effect during this extension period would result in a reduction in premium, we must use these lower rates.

Record Retention Requirements

As set forth in Florida Statute 627.318:

Every insurer, rating organization, and advisory organization and every group, association or other organization of insurers which engages in joint underwriting or joint reinsurance shall maintain reasonable records, of this type and kind reasonably adapted to its method of operation of its experience or the experience of its members and of the data, statistics or information collected or used by it in connection with the rates, rating plans, rating systems, underwriting rules, policy or bond forms, surveys or inspections made or used by it, so that such records will be available at all reasonable times to enable the department to determine whether such organization, insurer, group or association, and, in the case of an insurer or rating organization, every rate, rating plan and rating system made or used by it, complies with the provisions of this part applicable to it. The maintenance of such records in the office of a licensed rating organization of which an insurer is a member or subscriber will be sufficient compliance with this section for any such insurer maintaining membership or subscribership in such organization, to the extent that the insurer uses the rates, rating plans, rating systems or underwriting rules of such organization. Such records shall be maintained in an office within this state or shall be made available for examination or inspection within this state by the department at any time upon reasonable notice.

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