

July 20, 2004

BULLETIN

TO: All Property & Casualty Insurers Licensed in Alabama

FROM: Walter A. Bell, Commissioner

SUBJECT: Prohibited Policy Cancellations and Non-Renewals

It shall be prohibited for an insurer to cancel or non-renew a property insurance policy based solely on claims arising from catastrophes, natural disasters, acts of nature, or weather related causes. It shall also be prohibited for an insurer to cancel or non-renew an automobile insurance policy for claims under the comprehensive coverage based solely on claims arising from catastrophes, natural disasters, acts of nature, or weather related causes. This prohibition does not preclude an insurer from canceling or non-renewing either policy in the event of such claim if there are additional substantial reasons for the action such as concealment, misrepresentation, or fraud by the insured relating to this insurance policy whether before or after this loss, which reasons can be verified by the insurer. An offer of placement in another tier within the same company or an offer to place coverage with an affiliate insurer does not constitute cancellation or non-renewal of coverage.

An insurer failing to comply with the directives set forth in this bulletin shall be considered to be engaging in an unfair trade practice and may be subject to a proceeding pursuant to Section 27-12-21, Code of Alabama 1975.

This bulletin supercedes and replaces the directives on this subject set forth in the bulletin issued dated July 11, 1995, and, for those reasons, said bulletin is hereby withdrawn.

WAB/RN/bc