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BULLETIN NO. 2010-10

TO: All admitted insurers authorized to write property and casualty insurance

FROM: Jim L. Ridling
Commissioner of Insurance 

DATE: November 4, 2010

EFFECTIVE: January 1, 2011

RE: Unlawful trade practices – property and automobile insurance - prohibition against certain cancellations, non-renewals, or premium increases

RESCINDS: Bulletin dated July 20, 2004 (prohibited policy cancellations and non-renewals)

1. At its effective date, this Bulletin supersedes the bulletin dated July 20, 2004, addressing prohibited policy cancellations and non-renewals.

2. Certain actions described in this Bulletin are deemed unlawful trade practices for purposes of the Trade Practices Law, Ala. Code §§ 27-12-1 *et seq.* This Bulletin applies to all personal and commercial property and automobile insurance policies issued by insurance companies authorized to write property and casualty insurance in Alabama and by the Alabama Insurance Underwriting Association.

3. Effective **January 1, 2011**, an insurer shall not cancel or non-renew a personal or commercial property insurance policy or automobile insurance policy if based solely on a claim arising from a catastrophe, natural disaster, acts of nature, or weather-related causes.

4. Effective for new policies written on or after **February 1, 2011**, and for policy renewals on or after **April 1, 2011**, an insurer shall not do any of the following acts with respect to a personal or commercial property insurance policy or automobile insurance policy if based solely on a claim arising from a catastrophe, natural disaster, acts of nature, or weather-related causes:

(a) Apply a premium surcharge to such policy; or

(b) Offer to place the coverage in another rating tier with the same insurer or place the coverage through an affiliated insurer if either such action would result in a higher premium.

5. By **January 1, 2011**, each insurer that has rating rules which do not comply with this Bulletin must file an amendment to its rating manual through SERFFSM and provide a complete updated manual in the filing.

6. This Bulletin does not prohibit:

(a) Cancelling or non-renewing a policy in the event of a claim arising from a catastrophe, natural disaster, acts of nature, or weather-related causes if there are additional substantial reasons for such action such as concealment, misrepresentation, or fraud by the insured relating to the policy, whether before or after the claim; or

(b) Removing or discontinuing a claims-free discount after a claim arising from a catastrophe, natural disaster, acts of nature, or weather-related causes.

JLR/JFM/bc