

**Introduced by Senator Burton**

February 28, 1997

An act to amend Sections 678.1 and 11664 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1315, as introduced, Burton. Insurance.

Existing law requires insurers to give a specified notice prior to the nonrenewal of certain commercial insurance and workers' compensation insurance.

This bill would, for certain commercial policies, require the insurer to attach to the notice of nonrenewal a premium and loss history report for the duration of the account's tenure with that insurer, not to exceed 3 years.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 678.1 of the Insurance Code is  
2 amended to read:

3 678.1. (a) This section applies only to policies of  
4 insurance of commercial insurance ~~which~~ *that* are subject  
5 to Sections 675.5 and 676.6.

6 (b) A notice of nonrenewal shall be in writing and shall  
7 be delivered or mailed to the producer of record and to  
8 the named insured at the mailing address shown on the  
9 policy. Subdivision (a) of Section 1013 of the Code of Civil  
10 Procedure shall be applicable if the notice is mailed.



1 (c) An insurer, at least 60 days, but not more than 120  
2 days, in advance of the end of the policy period, shall give  
3 notice of nonrenewal, and the reasons for the  
4 nonrenewal, if the insurer intends not to renew the  
5 policy, or to condition renewal upon reduction of limits,  
6 elimination of coverages, increase in deductibles, or  
7 increase of more than 25 percent in the rate upon which  
8 the premium is based.

9 (d) If an insurer fails to give timely notice required by  
10 subdivision (c), the policy of insurance shall be  
11 continued, with no change in its terms or conditions, for  
12 a period of 60 days after the insurer gives the notice.

13 (e) With respect to policies defined in subdivision (b)  
14 of Section 676.6, in addition to the bases for conditional  
15 renewal set forth in subdivision (c), an insurer may also  
16 condition renewal upon requirements relating to the  
17 underlying policy or policies. If the requirements are not  
18 satisfied as of (1) the expiration date of the policy, or (2)  
19 30 days after mailing or delivery of such notice,  
20 whichever is later, the conditional renewal notice shall be  
21 treated as an effective notice of nonrenewal, providing  
22 the insurer has sent written confirmation to the first  
23 named insured and the producer of record that the  
24 conditions were not met and that coverage ceased at the  
25 expiration date shown in the expiring policy.

26 (f) A notice of nonrenewal shall not be required in any  
27 of the following situations:

28 (1) The transfer of, or renewal of, a policy without a  
29 change in its terms or conditions or the rate on which the  
30 premium is based between insurers—~~which~~ *that* are  
31 members of the same insurance group.

32 (2) The policy has been extended for 90 days or less, if  
33 the notice required in subdivision (c) has been given  
34 prior to the extension.

35 (3) The named insured has obtained replacement  
36 coverage or has agreed, in writing, within 60 days of the  
37 termination of the policy, to obtain that coverage.

38 (4) The policy is for a period of no more than 60 days  
39 and the insured is notified at the time of issuance that it  
40 may not be renewed.



1 (5) The named insured requests a change in the terms  
2 or conditions or risks covered by the policy within 60 days  
3 prior to the end of the policy period.

4 (6) The insurer has made a written offer to the  
5 insured, within the time period specified in subdivision  
6 (c), to renew the policy under changed terms or  
7 conditions or at a changed premium rate. As used herein,  
8 “terms or conditions” includes, but is not limited to, a  
9 reduction in limits, elimination of coverages, or an  
10 increase in deductibles.

11 (g) *Attached to the notice of a nonrenewal, an insurer*  
12 *shall provide a premium and loss history report for the*  
13 *duration of the account’s tenure with that insurer, not to*  
14 *exceed three years. This subdivision does not apply to*  
15 *professional liability insurance.*

16 SEC. 2. Section 11664 of the Insurance Code is  
17 amended to read:

18 11664. (a) This section applies only to policies of  
19 workers’ compensation insurance.

20 (b) A notice of nonrenewal shall be in writing and shall  
21 be delivered or mailed to the producer of record and to  
22 the named insured at the mailing address shown on the  
23 policy. Subdivision (a) of Section 1013 of the Code of Civil  
24 Procedure shall be applicable if the notice is mailed.

25 (c) An insurer, at least 30 days, but not more than 120  
26 days, in advance of the end of the policy period, shall give  
27 notice of nonrenewal, and the reasons for the  
28 nonrenewal, if the insurer intends not to renew the  
29 policy.

30 (d) If an insurer fails to give timely notice required by  
31 subdivision (c), the policy of insurance shall be  
32 continued, with no change in its premium rate, for a  
33 period of 60 days after the insurer gives the notice.

34 (e) A notice of nonrenewal shall not be required in any  
35 of the following situations:

36 (1) The transfer of, or renewal of, a policy without a  
37 change in its terms or conditions or the rate on which the  
38 premium is based between insurers—~~which~~ *that* are  
39 members of the same insurance group.



1 (2) The policy has been extended for 90 days or less, if  
2 the notice required in subdivision (c) has been given  
3 prior to the extension.

4 (3) The named insured has obtained replacement  
5 coverage or has agreed, in writing, within 60 days of the  
6 termination of the policy, to obtain that coverage.

7 (4) The policy is for a period of no more than 60 days  
8 and the insured is notified at the time of issuance that it  
9 may not be renewed.

10 (5) The named insured requests a change in the terms  
11 or conditions or risks covered by the policy within 60 days  
12 prior to the end of the policy period.

13 (6) The insurer has made a written offer to the insured  
14 to renew the policy at a premium rate increase of less than  
15 25 percent.

16 ~~(f) This section shall become operative on November~~  
17 ~~30, 1994, in order to enable employers to be notified of an~~  
18 ~~insurer's intent to nonrenew 30 days prior to January 1,~~  
19 ~~1995~~ *Attached to the notice of nonrenewal, an insurer*  
20 *shall provide a premium and loss history report for the*  
21 *duration of the account's tenure with that insurer, not to*  
22 *exceed three years.*

