

AMENDED IN ASSEMBLY JULY 9, 1997
AMENDED IN ASSEMBLY JUNE 24, 1997
AMENDED IN SENATE MAY 15, 1997
AMENDED IN SENATE MAY 1, 1997

SENATE BILL

No. 1315

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 amended, Burton. Insurance.

Under existing law, an insurer is required to give the insured and the producer of record written notice of the nonrenewal of certain commercial insurance and workers' compensation insurance policies within a specified time before the end of the policy period.

This bill would, for those policies, require the insurer, on receiving a written request, to provide a premium and loss history report for the past 3 years, plus *loss* experience during the current policy year, within 15 business days for commercial insurance, and within 10 business days for workers' compensation insurance, of receiving the request. ~~There would be no insurer liability for any loss occurring after the policy termination date.~~

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 that are subject to
5 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.

11 (c) An insurer, at least 60 days, but not more than 120
12 days, in advance of the end of the policy period, shall give
13 notice of nonrenewal, and the reasons for the
14 nonrenewal, if the insurer intends not to renew the
15 policy, or to condition renewal upon reduction of limits,
16 elimination of coverages, increase in deductibles, or
17 increase of more than 25 percent in the rate upon which
18 the premium is based.

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

23 (e) With respect to policies defined in subdivision (b)
24 of Section 676.6, in addition to the bases for conditional
25 renewal set forth in subdivision (c), an insurer may also
26 condition renewal upon requirements relating to the
27 underlying policy or policies. If the requirements are not
28 satisfied as of (1) the expiration date of the policy, or (2)
29 30 days after mailing or delivery of such notice,
30 whichever is later, the conditional renewal notice shall be
31 treated as an effective notice of nonrenewal, providing
32 the insurer has sent written confirmation to the first
33 named insured and the producer of record that the
34 conditions were not met and that coverage ceased at the
35 expiration date shown in the expiring policy.

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



1 (1) The transfer of, or renewal of, a policy without a
2 change in its terms or conditions or the rate on which the
3 premium is based between insurers that are members of
4 the same insurance group.

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

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

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

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

17 (6) The insurer has made a written offer to the
18 insured, within the time period specified in subdivision
19 (c), to renew the policy under changed terms or
20 conditions or at a changed premium rate. As used herein,
21 “terms or conditions” includes, but is not limited to, a
22 reduction in limits, elimination of coverages, or an
23 increase in deductibles.

24 (g) After an insured has received a notice of
25 nonrenewal, upon receiving a written request from the
26 insured or the agent or broker of record on the
27 nonrenewed policy, an insurer shall provide a premium
28 and loss history report for the past three years, plus *loss*
29 experience during the current policy year, within 15
30 business days of receiving the request. ~~There shall be no~~
31 ~~insurer liability for any loss occurring after the policy~~
32 ~~termination date.~~ This subdivision does not apply to
33 professional liability insurance.

34 SEC. 2. Section 11664 of the Insurance Code is
35 amended to read:

36 11664. (a) This section applies only to policies of
37 workers’ compensation insurance.

38 (b) A notice of nonrenewal shall be in writing and shall
39 be delivered or mailed to the producer of record and to
40 the named insured at the mailing address shown on the



1 policy. Subdivision (a) of Section 1013 of the Code of Civil
2 Procedure shall be applicable if the notice is mailed.

3 (c) An insurer, at least 30 days, but not more than 120
4 days, in advance of the end of the policy period, shall give
5 notice of nonrenewal, and the reasons for the
6 nonrenewal, if the insurer intends not to renew the
7 policy.

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

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

14 (1) The transfer of, or renewal of, a policy without a
15 change in its terms or conditions or the rate on which the
16 premium is based between insurers that are members of
17 the same insurance group.

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

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

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

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

30 (6) The insurer has made a written offer to the insured
31 to renew the policy at a premium rate increase of less than
32 25 percent.

33 (f) After an insured has received a notice of
34 nonrenewal, upon receiving a written request from the
35 insured or the agent or broker of record on the
36 nonrenewed policy, an insurer shall provide a premium
37 and loss history report for the past three years, plus *loss*
38 experience during the current policy year, within 10
39 business days of receiving the request. ~~There shall be no~~



1 ~~insurer liability for any loss occurring after the policy~~
2 ~~termination date.~~

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