



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

ADVISORY LETTER 2019-01

TO: ALL SURPLUS LINES INSURERS ISSUING PROPERTY AND CASUALTY POLICIES IN LOUISIANA

FROM: JAMES J. DONELON, COMMISSIONER OF INSURANCE

RE: NOTICE REQUIREMENT FOR NON-RENEWAL OR CANCELLATION OF SURPLUS LINES PROPERTY AND CASUALTY INSURANCE POLICIES

DATE: APRIL 9, 2019

The purpose of Advisory Letter 2019-01 is to advise all surplus lines insurers of the notice requirement for non-renewal or cancellation of surplus lines property and casualty insurance policies.

Non-renewal

La. R.S. 22:887(G) provides:

- (1) No insurer shall fail to renew a policy providing property or casualty insurance unless a notice of intention not to renew is mailed or delivered to the named insured at the address shown on the policy at least thirty days prior to the effective date of nonrenewal.
- (2) Like notice shall also be delivered or mailed to each mortgagee, pledgee, or other known person shown by the policy to have an interest in any loss which may occur. For purposes of this Paragraph, "delivered" includes electronic transmittal, facsimile, or personal delivery.
- (3) This Subsection shall not apply:
 - (a) To policies regulated by R.S. 22:1266 and 1267.
 - (b) If the insurer has manifested its willingness to renew the policy either through the same company or a company in the same group of companies.
 - (c) In the case of nonpayment of the premium.
 - (d) If the named insured has provided written notification to the insurer of the insured's intention to not renew the policy.
 - (e) In cases of fraud by the insured.

La. R.S. 22:887(G) is a statute of general applicability and therefore applies to property and casualty policies issued by all insurers except policies regulated by La. R.S. 22:1266 (automobile policies) and La. R.S.22:1267 (certain commercial property and casualty policies, excluding surplus lines). Since property and casualty policies issued by surplus lines insurers are

not excluded from the application of La. R.S. 22:887(G), surplus lines policies are subject to the thirty-day notice requirement for non-renewal of policies.

Cancellation

La. R.S. 22:887(A)(1) provides:

(A) Cancellation by the insurer of any policy which by its terms may be cancelled at the option of the insurer, or of any binder based on such policy, may be effected as to any interest only upon compliance with either of the following:

(1) (a) Written notice of such cancellation must be actually delivered or mailed to the insured or to his representative in charge of the subject of the insurance not less than thirty days prior to the effective date of the cancellation except when termination of coverage is for nonpayment of premium.

(b) Upon the written request of the named insured, the insurer shall provide to the insured in writing the reasons for cancellation of the policy. There shall be no liability and no cause of action shall arise against any insurer or its producers, employees, or representatives for any action taken by them to provide the reasons for cancellation as required by this Subparagraph.

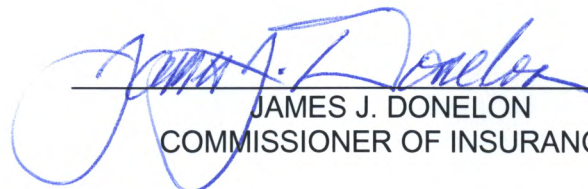
La. R.S. 22:887(A)(1) is a statute of general applicability and therefore applies to property and casualty policies issued by all insurers. Since property and casualty policies issued by surplus lines insurers are not excluded from the application of La. R.S. 22:887(A)(1), surplus lines policies are subject to the thirty-day notice requirement for cancellation of policies where the cancellation is not based on non-payment of premium.

All surplus lines property and casualty insurers operating in the State of Louisiana are required to comply with the cancellation provisions of La. R.S. 22:887(A)(1)(a) and the non-renewal provisions of La. R.S. 22:887(G)(1) and to provide at least thirty days notice to the insured prior to cancellation or non-renewal, except in cases of nonpayment of premium or fraud by the insured.

Please note, Advisory Letter 02-01, issued June 24, 2002, indicates that surplus lines insurers may be removed from the list of unapproved authorized insurers if the Commissioner finds that it is not in the best interest of policyholders or the citizens of Louisiana for the insurer to be allowed to continue to do business in this state. This language is no longer supported by current law, and Advisory Letter 02-01 is hereby rescinded.

Questions regarding Advisory Letter 2019-01 should be directed to Mr. Warren Byrd, Office of Property & Casualty, at (225) 342-5203.

Baton Rouge, Louisiana, this 9th day of April, 2019.



JAMES J. DONELON
COMMISSIONER OF INSURANCE