

CARRIER MARKET ACTION QUESTIONS & ANSWERS

NEW YORK

Personal Lines

How much notice does a carrier have to give to non-renew a homeowners or personal auto policy?

At least 45 days but no more than 60.

How much notice does a carrier have to give a homeowners or personal auto insured of a premium increase greater than 10%?

None.

Do carriers have to give homeowners and personal auto insureds conditional renewal notices?

Yes, if they intend to change the limits or reduce any coverages.

How many days before renewal must a carrier send a conditional renewal notice?

At least 45 but no more than 60.

When can a carrier non-renew or conditionally renew a personal auto policy?

Once a year.

When can a carrier non-renew or conditionally renew homeowners and other types of personal lines policies?

Once every 3 years unless the non-renewal is based on reason for which the carrier could legally cancel the policy (non-payment of premium; conviction of a crime that increases the hazard; fraud/material misrepresentation; acts or omissions that increase the hazard; physical change to the property; determination by the state Department of Financial Services (DFS) that the carrier would break the law by continuing coverage.)

Is it legal for a carrier to simply stop writing new business?

Yes.

Is it legal for a carrier to cut agents' commissions?

Yes, if the contract between the carrier and the agency permits them to do so. New York Insurance Law does not address commission arrangements between carriers and agents.

Is a carrier required to do anything if it wants to pull out of a market?

Yes. The carrier must submit a plan to the DFS at least 30 days (personal auto) or 60 days (homeowners) before implementing the withdrawal that describes:

- What they want to do
- Why they're doing it
- What they will do to minimize market disruptions, and
- Anything else DFS may require.

For auto insurance, the carrier is permitted to non-renew no more than 2% of its policies in each rating territory per year. Consequently, it may take years for the carrier to completely exit the market unless the insureds obtain replacement coverage on their own.

For homeowners, the plan is required if the carrier intends to reduce its net number of homeowners policies by either:

- 20% or more or by 500, whichever is greater, during a 5-year period.
- 4% or more or by 100, whichever is greater, during a 1-year period.

Policies that the carrier can legally cancel mid-term (see the reasons stated above) are not included in those limits.

For homeowners, the carrier's plan must also explain the steps it will take to minimize market disruptions. A regulation that applies to homeowners market withdrawals identifies specific details the carrier must provide in the plan. DFS must approve any plan before it can be implemented.

Can a carrier try to get around these requirements by increasing premiums, limiting coverages that are not required by law, reducing agents' commissions, or some other means?

The law applies when a carrier "intends to materially reduce its volume of policies written ..." Therefore, it appears that a carrier must always submit a plan for that circumstance. However, nothing in the law appears to prohibit it from using any of these means to get insureds to move their coverage.

Commercial Lines

How much notice does a carrier have to give to non-renew a commercial lines policy?

- Workers' Compensation: 30 days
- Commercial umbrella or excess: At least 30 days but no more than 120
- Other commercial policies (not including surety or marine insurance): At least 60 days but no more than 120.

How much notice does a carrier have to give a commercial lines insured of a premium increase greater than 10%?

The same number of days as stated above for non-renewal notices.

Do carriers have to give commercial lines insureds conditional renewal notices?

Yes, if they intend to

- Change the limits
- Change the type of coverage
- Reduce any coverages

- Increase deductibles
- Add exclusions
- Increase the premium by more than 10% (not including increases generated by changes in exposure units, experience rating, loss rating, retrospective rating, or audit.)

How many days before renewal must a carrier send a conditional renewal notice?

The same number of days as stated above for non-renewal notices.

When can a carrier non-renew or conditionally renew a commercial lines policy?

Once a year.

Is it legal for a carrier to simply stop writing new business?

Yes.

Is it legal for a carrier to cut agents' commissions?

Yes – same as for personal lines stated above.

Are carriers required to file market withdrawal plans with DFS for commercial lines?

No.

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Personal and Commercial Lines

How much notice does a carrier have to give to non-renew a policy?

At least 60 days.

How much notice does a carrier have to give a homeowners or personal auto insured of a premium increase greater than 10%?

None, but the premium bill for the renewal must be sent at least 30 days prior to the renewal date.

How much notice does a carrier have to give a commercial lines insured of a premium increase greater than 10%?

At least 30 days.

Do carriers have to give insureds conditional renewal notices?

Yes, if they intend to reduce the limits, reduce any coverages, or increase deductibles.

How many days before renewal must a carrier send a conditional renewal notice?

At least 60.

When can a carrier non-renew or conditionally renew a policy?

Once a year.

Is it legal for a carrier to simply stop writing new business?

Yes, but they must inform the Connecticut Department of Insurance (DOI) at least 60 days before initiating the action.

Is it legal for a carrier to cut agents' commissions?

Yes, if the contract between the carrier and the agency permits them to do so. Connecticut Insurance Law does not address commission arrangements between carriers and agents.

Is a carrier required to do anything if it wants to pull out of a market?

Yes. It must:

- Report that to the DOI at least 60 days before it starts cancelling or non-renewing policies; and
- Renew the policies in question for 18 months after the effective date of the exit.

Can a carrier try to get around these requirements by increasing premiums, limiting coverages that are not required by law, reducing agents' commissions, or some other means?

A carrier may increase premiums at renewal without providing advance notice other than the premium billing required 30 days before renewal. It may reduce limits, reduce coverages, or increase deductibles on renewal if they give the insured at least 60 days' notice before renewal. It appears, however, that they

cannot use commission reductions to push business away unless they have given the required notice of withdrawal to the DOI. The DOI stated in bulletin PC 34-23 on September 19, 2023 that the notice requirement always applies "... to the use of agency-facing applications and other technology, processes (e.g., referrals to underwriters) or communications to producers, which effectively results in the discontinuation or substantial reduction in a line or subline of business."