

**INDEPENDENT INSURANCE AGENTS OF LOUISIANA
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TA 209

Date: July 8, 2002

**SUBJECT: LDI Advisory Letter 02-02
Surplus Lines Notice of Cancellation and Nonrenewal**

BACKGROUND:

Acting Commissioner of Insurance Robert Wooley has released an advisory letter regarding surplus lines notice of cancellation or nonrenewal. The Advisory Letter is attached.

MAIN POINTS:

Some surplus lines insurers are canceling and/or non-renewing insurance policies with little or no notice to the insured. The Commissioner has determined that surplus lines insurers must give reasonable notice of cancellation or Nonrenewal. A notice of a minimum of thirty (30) days is reasonable, unless the cancellation is for non-payment, in which case a notice of not less than ten (10) days is reasonable.

For more information regarding this Advisory Letter, contact Ms. Kathlee Hennigan, Director of the Property and Casualty Division, at lhennigan@ldi.state.la.us, or by telephone at 225/342-0073; or C. Noel Wertz, Chief Attorney, Property and Casualty Section at nwertz@ldi.state.la.us, or by telephone at 225/342-4632.

NECESSARY ACTION:

Please distribute this Technical Advisory and the attached Advisory Letter to all appropriate agency personnel and surplus lines insurers.



OFFICE OF THE COMMISSIONER OF INSURANCE
STATE OF LOUISIANA

ADVISORY LETTER NUMBER 02-01
June 24, 2002

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**TO: ALL PROPERTY AND CASUALTY INSURERS APPROVED TO ISSUE
POLICIES INSURING RISKS IN LOUISIANA**

**RE: NOTICE OF CANCELLATION
NOTICE OF NONRENEWAL**

STATUTE AND REGULATION REFERENCES:

Title 22 of the Louisiana Revised Statutes §§ 2, 1211 et seq., and 1262.1

It has come to the attention of the Commissioner that surplus lines insurers are canceling and/or non-renewing insurance policies with little or no notice to the insured. Please be advised that the Commissioner finds that such conduct is not in the best interest of the policyholders or the citizens of Louisiana.

Pursuant to LRS 22:1262.2 a surplus lines insurer may be removed from the list of approved unauthorized 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.

Unapproved insurers doing business in Louisiana should take note that the surplus lines market in the state is much broader than in other states. Indeed, the surplus lines market competes directly with the admitted market for many lines and/or classes of business. Therefore, the manner in which such insurers conduct business is of greater concern than might otherwise exist if the market were more limited in scope.

Surplus lines insurers are hereby advised that they should make every effort to give reasonable notice to their policyholders prior to canceling or non-renewing an insurance policy or risk removal from our white list. It is the opinion of the Commissioner that a minimum of thirty (30) days is reasonable, unless the cancellation is for non-payment of premium, in which case notice of not less than ten (10) days would be reasonable as called for in LSA-R.S. 22:636 for admitted insurers.

Any questions regarding this Advisory Letter may be directed to Ms. Kathlee Hennigan, Director of the Property and Casualty Division, at khennigan@ldi.state.la.us or by telephone at 225-342-0073 or to C. Noël Wertz, Chief Attorney, Property and Casualty Section at nwertz@ldi.state.la.us or by telephone at 225-342-4632.

A handwritten signature in black ink, appearing to read "J. Robert Wooley", is written over a horizontal line.

J. ROBERT WOOLEY
ACTING COMMISSIOER OF INSURANCE

JRW/cnw