

TECHNICAL ADVISORY

TA 350 REVISED

Subject

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July 7, 2021

**LDI Advisory Letter 2021-03
Renewal of Commercial
Insurance Policies**

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EXECUTIVE SUMMARY

Authorized/admitted insurers are subject to [LA R.S. 22:1267](#) which provides guidelines for cancellation and renewal of commercial insurance policies, including a provision which mandates a written notice, at least 30 days prior to the expiration date of the policy, for any rate increase, change in deductible, or reduction in limits or coverage.

LDI recently issued [Advisory Letter 2021-03](#) which provides additional clarification on that required notice provision. It states that, **in order to be in compliance with the statute, the 30 day written notice must include specific details of the amount of the renewing premium, any and all deductibles applicable to the renewing policy, and any and all changes involving coverage limits:** It is NOT sufficient to provide 30 day notice that the premiums and/or deductible may change at renewal, followed by a renewal quote with the specifics at a later date.

Note: it is important to remember that this statute applies only to authorized/admitted insurers. Excess/Surplus insurers are specifically excluded.

Necessary Action

For Agents: Ensure that all commercial lines staff are aware of this important consumer protection.

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BACKGROUND

Although this law has been in place for years (the last revision to the statute was in 2015), its application has been uneven, in some cases. Some carriers have issued general 30 day notices stating that the premium and terms may change at renewal but have waited until shortly before the expiration date to provide a renewal quote with the specific terms. This can leave insureds and agents in an uncomfortable situation, as they do not have time to find alternative markets and may be forced to bind inferior coverage.

At the direction of our board of directors, IIABL approached Commissioner Donelon to discuss the issue and whether the subject needed further legislative efforts. The LDI staff looked into it and determined that the current statute does, in fact, require specific notice from authorized insurers at 30 days, and they produced Advisory Letter 2021-03 to advise companies and agents of the appropriate application of the existing statute. IIABL would like to thank Commissioner Donelon and the LDI staff for quickly looking into this concern and for issuing guidance on an important consumer protection.

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