

Committee on Banking and Insurance

CS/CS/HB 805 — Insurance Policy Transfers

by Commerce Committee; Insurance and Banking Subcommittee; and Rep. Ingoglia (CS/CS/SB 812 by Rules Committee; Banking and Insurance Committee; and Senators Perry and Gibson)

The bill (Chapter 2017-19, L.O.F.) allows the transfer of a personal lines residential or commercial residential policy as a renewal if the authorized insurer to which the policy is being transferred:

- Is admitted in this state and other states;
- Is writing residential property insurance in multiple states;
- Is not converting the policy to a surplus lines policy; and
- Has been determined by the Office of Insurance Regulation to have the same or better financial strength than the transferring insurer.

The policyholder of the policy being transferred must be selected on a nondiscriminatory basis. The authorized insurer to which the policy is being transferred must provide a notice of change in policy terms to the policyholder. The notice must include notice of the policy transfer and the authorized insurer's financial rating and must be provided to the insured at least 60 days before the effective date of the transfer.

The transfer must result in substantially similar coverage and the Office of Insurance Regulation must approve the transfer.

Prior to the passage of the bill, insurance companies that write personal lines residential and commercial residential policies, except for certain farmowners policies, could not transfer renewal policies. Such insurers had to first cancel, nonrenew, or terminate residential policies, providing 120 days notice pursuant to state law.

These provisions were approved by the Governor and take effect July 1, 2017.

Vote: Senate 38-0; House 113-0