



News Release

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FOR RELEASE: May 11, 2004

Connecticut Insurance Department accepts PIACT's suggestions regarding conditional renewal procedures

GLENMONT, N.Y.—Representatives of the Professional Insurance Agents of Connecticut Inc. met with Connecticut Insurance Commissioner Susan Cogswell earlier this year to voice the association's most pressing concerns—including the state's lack of an established procedure requiring insurers to provide conditional renewal notices to their insureds. The meeting led to ongoing discussions between PIACT and the Insurance Department, and as a result, the department has issued a revised Bulletin PC-42, which addresses this issue.

"The Insurance Department and PIACT are both working to protect the state's insurance policyholders," said PIACT president Jeff Parmenter, CPCU. "We are pleased the department took the time to listen to our concerns and acted upon them in a positive manner by revising this bulletin."

Some states require advance notice to an insured if, at renewal, an insurer is planning to change the terms of the insurance policy. For instance, New York state requires insurers to give notice to an insured if they intend to condition a renewal upon a change of the prior policy's terms. The New York statutes name the specific types of changes that will trigger the insurer's notice requirement, such as a change of limits or a change in coverage.

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“This requirement is not imposed in Connecticut and insureds can be put in a position of either being unaware of potentially significant changes to their policies or having to battle with insurers over what constitutes a ‘significant change,’” said Parmenter.

The Connecticut Insurance Department previously had taken the position that in cases involving significant changes, the new policy was not a renewal of the former policy and that advance notice equivalent to that of a nonrenewal notice should be given. However, a “significant change” is not defined in the statutes. Bulletin 42 helps remedy the situation by requiring insurers intending to continue a risk under terms or conditions less favorable than previously provided to notify the insured by sending either a notice of nonrenewal or a conditional renewal notice.

“This requirement, along with other clarifications contained within the bulletin, will go a long way toward eliminating the surprise some insureds experience when they discover significant changes have been made to their policies,” said Parmenter. “Proper notice of these types of changes will enable insureds to more carefully decide whether they want to pay for the renewal policy or seek coverage elsewhere.”

PIACT is a trade association representing professional, independent insurance agencies, brokerages and their employees throughout the state.