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Bulletin 152

Notice of Commercial Coverage Change

This Bulletin is directed to all property and casualty insurers that provide insurance to commercial policyholders. House Bill 1452 (Pub. Law 173-2007) §16 amends IC 27-1-22-4 to require insurers to provide upon renewal written notice that a policy has been changed.

The notice requirement becomes effective July 1, 2007. The Department interprets this effective date to apply to notices deposited for mailing on or after July 1, 2007. The requirement does not apply to renewals of July 1, 2007, or after, as many of those mailings were made before the bill was signed into law.

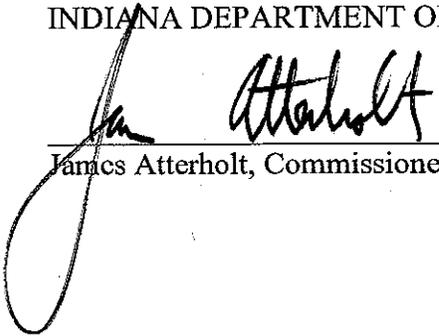
The notice provisions apply when an insurer changes coverage. Notice is required for insurer-initiated actions that have an impact on an insured's coverage. If an insured requests the change in coverage, the prescribed notice is not required.

IC 27-1-22-4(o) requires the insurer to provide "a written notice that the policy has been changed." A description of the change in coverage is not required, but the notice must contain more than a reference to a policy, section, rider, or endorsement number. The change must be identified by title or name to fulfill the notice requirement.

The notice must be sent to the policyholder and the insurance producer through which the policyholder obtains the coverage. The insurance producer notified may be either the applicable agency or the individual agent. Notice may be sent through the United States mail or via electronic means, at the election of the policyholder or insurance producer.

An insurer that fails to provide notice in compliance with IC 27-1-22-4(o) is subject to administrative proceedings under IC 27-4-1-4 as an unfair and deceptive act or practice in the business of insurance and subject to penalties including monetary fines and suspension or revocation of the insurer's certificate of authority.

INDIANA DEPARTMENT OF INSURANCE



James Atterholt, Commissioner