

WEST VIRGINIA LEGISLATURE

2019 REGULAR SESSION

Introduced

House Bill 2993

BY DELEGATE WESTFALL

[Introduced February 12, 2019; Referred
to the Committee on Banking and Insurance then the
Judiciary.]

1 A BILL to amend and reenact §33-17A-3 of the Code of West Virginia, 1931, as amended, relating
 2 to defining a reduction in coverage and clarifying what is a termination for property
 3 insurance purposes.

Be it enacted by the Legislature of West Virginia:

**ARTICLE 17A. PROPERTY INSURANCE DECLINATION, TERMINATION AND
 DISCLOSURE.**

§33-17A-3. Definitions.

1 (a) "Declination" is the refusal of an insurer to issue a property insurance policy on a written
 2 application or written request for coverage. For the purposes of this article, the offering of
 3 insurance coverage with a company within an insurance group which is different from the
 4 company requested on the application or written request for coverage or the offering of insurance
 5 upon different terms than requested in the application or written request for coverage is not
 6 considered a declination if such offering of such insurance is based upon any valid underwriting
 7 reason which involves a substantial increase in the risk. Each company or groups of companies
 8 instituting such transfer shall give notice in the manner provided in subsection (c), section four of
 9 this article, to the insured as to the reasons for such transfer.

10 (b) "Nonpayment of premium" means the failure of the named insured to discharge any
 11 obligation in connection with the payment of premiums on policies of property insurance, subject
 12 to this article, whether the payments are directly payable to the insurer or its agent or indirectly
 13 payable to the insurer or its agent or indirectly payable under a premium finance plan or extension
 14 of credit. "Nonpayment of premium" includes the failure to pay dues or fees where payment of
 15 dues or fees is a prerequisite to obtaining or continuing property insurance coverage.

16 (c) "Renewal" or "to renew" means the issuance and delivery by an insurer at the end of a
 17 policy period of a policy superseding a policy previously issued and delivered by the same insurer,
 18 or the issuance and delivery of a certificate or notice extending the term of an existing policy

19 beyond its policy period or term. For the purpose of this article, any policy period or term of less
20 than six months is considered a policy period or term of six months, and any policy period or term
21 of more than one year or any policy with no fixed expiration date is considered a policy period or
22 term of one year.

23 (d) "Termination" means either a cancellation or nonrenewal of property insurance
24 coverage in whole or in part. A cancellation occurs during the policy term. A nonrenewal occurs
25 at the end of the policy term as set forth in subsection (c) of this section. For purposes of this
26 article, the transfer of a policyholder between companies within the same insurance group is not
27 considered a termination, if such transfer is based upon any valid underwriting reason which
28 involves a substantial increase in the risk. Each company or group of companies instituting such
29 transfer shall give notice in the manner provided in subsection (c), section four of this article, to
30 the insured as to the reasons for such transfer. Requiring a reduction in coverage ~~reasonable~~
31 ~~deductible, reasonable changes in the amount of insurance or reasonable reductions in policy~~
32 ~~limits or coverage~~ is not considered a termination: ~~if the requirements are directly related to the~~
33 ~~hazard involved and are made on the renewal date of the policy~~ Provided, That the insurer has
34 manifest its willingness to renew by issuing or offering to issue a renewal policy, certificate or
35 other evidence of renewal by mailing a renewal notice, including a notice of reduction in coverage,
36 if any, to the insured not less than 30 days in advance of the expiration date of the policy.

37 (e) "Reduction in coverage" means a change made by the insurer which results in a
38 removal of coverage, diminution in the scope, or less, coverage, a change in deductible , or the
39 addition of an exclusion.

NOTE: The purpose of this bill is to define reduction in coverage and to clarify what a termination means in regard to property insurance.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.