

# **WEST VIRGINIA LEGISLATURE**

**2019 REGULAR SESSION**

**Introduced**

## **Senate Bill 485**

BY SENATOR AZINGER

[Introduced January 31, 2019; Referred  
to the Committee on Banking and Insurance]

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. Reduction in coverage does not include any change, reduction, or  
40 elimination of coverage made at the request of the insured. The correction of typographical or  
41 scrivener's errors or the application of mandated legislative changes is not a reduction in  
42 coverage.

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.