

## **BULLETIN 2002-2**

TO: All Licensed Property and Casualty Insurers

FROM: Darla L. Lyon, Director, South Dakota Division of Insurance

RE: Legislative Change to SDCL 58-1-14

DATE: July 3, 2002

During the 2001 South Dakota Legislative Session, a law was passed to amend SDCL 58-1-14. The change amends this statute to require insurance companies to provide 60 days prior notice when nonrenewing commercial lines policies, rather than 30 days. Personal lines will remain the same with 30 days prior notice.

SDCL 58-1-14 now reads:

58-1-14. Notice of refusal to renew an insurance policy as defined in §§ 58-9-5 to 58-9-33, inclusive, is not effective unless mailed or delivered by the insurer to the named insured at least sixty days before the effective renewal date. The policy provisions control if the policy provides for a notice of refusal to renew that exceeds sixty days. This section does not apply to the cancellation and nonrenewal of automobile policies or coverages as defined in § 58-11-45 or to a policy of homeowner's insurance. This section also does not apply to any other personal lines policy. A notice of refusal to renew any other personal lines policy is not effective unless mailed or delivered by the insurer to the named insured at least thirty days before the effective renewal date. A notice of nonrenewal is not required if the policyholder is transferred to an insurer that is a member of the same insurance group as the previous insurer and notice of such transfer is given in the form adopted by rule by the Division of Insurance pursuant to chapter 1-26.

All insurance carriers that have commercial policies, endorsements or amendatory endorsements that contain the 30-day nonrenewal requirement shall make an immediate filing with the Director showing the appropriate change or changes in such policies, endorsements or amendatory endorsements.

All insurance carriers that have commercial policies, endorsements or amendatory endorsements that contain the 30-day nonrenewal requirement shall, at the next renewal date of said policies, provide a properly amended policy or endorsement to its policyholders.

Any insurance carrier that may have only given 30-day prior notice to nonrenew a commercial policy on or after July 1, 2002, shall immediately offer to reinstate the contract for another policy period.