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SENATE BILL NO. 612

Offered January 9, 2008

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A BILL to amend and reenact §§ 38.2-231, 38.2-2114, and 38.2-2212 of the Code of Virginia, relating to termination and nonrenewal of certain insurance policies.

Patron—Stolle

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-231, 38.2-2114, and 38.2-2212 of the Code of Virginia are amended and reenacted as follows:

§ 38.2-231. Notice of cancellation, refusal to renew, reduction in coverage or increase in premium of certain liability insurance policies.

A. 1. No cancellation or refusal to renew by an insurer of (i) a policy of insurance as defined in § 38.2-117 or 38.2-118 insuring a business entity; (ii) a policy of insurance that includes as a part thereof insurance as defined in § 38.2-117 or 38.2-118 insuring a business entity; (iii) a policy of motor vehicle insurance against legal liability of the insured as defined in § 38.2-124 insuring a business entity; or (iv) a policy of miscellaneous casualty insurance as defined in subsection B of § 38.2-111 insuring a business entity, shall be effective unless the insurer delivers or mails to the named insured at the address shown on the policy a written notice of cancellation or refusal to renew. Such notice shall:

a. Be in a type size authorized under § 38.2-311;

b. State the date, which shall not be less than 45 days after the delivery or mailing of the notice of cancellation or refusal to renew, on which such cancellation or refusal to renew shall become effective, except that such effective date may not be less than 15 days from the date of mailing or delivery when the policy is being cancelled or not renewed for failure of the insured to discharge when due any of its obligations in connection with the payment of premium for the policy;

c. State the specific reason or reasons of the insurer for cancellation or refusal to renew;

d. Advise the insured of its right to request in writing, within 15 days of the receipt of the notice, that the Commissioner of Insurance review the action of the insurer; and

e. In the case of a policy of motor vehicle insurance, inform the insured of the possible availability of other insurance which may be obtained through its agent, through another insurer, or through the Virginia Automobile Insurance Plan.

2. Nothing in this subsection shall apply to any policy of insurance if the named insured or his duly constituted attorney-in-fact has notified orally, or in writing, if the insurer requires such notification to be in writing, the insurer or its agent that he wishes the policy to be canceled or that he does not wish the policy to be renewed, or if, prior to the date of expiration, he fails to accept the offer of the insurer to renew the policy.

3. Nothing in this subsection shall apply if an affiliated insurer has manifested its willingness to provide coverage at a lower premium than would have been charged for the same exposures on the expiring policy. The affiliated insurer shall manifest its willingness to provide coverage by issuing a policy with the types and limits of coverage at least equal to those contained in the expiring policy unless the named insured has requested a change in coverage or limits. When such offer is made by an affiliated insurer, an offer of renewal shall not be required of the insurer of the expiring policy, and the policy issued by the affiliated insurer shall be deemed to be a renewal policy.

B. No insurer shall cancel or refuse to renew a policy of motor vehicle insurance against legal liability of the insured as defined in § 38.2-124 insuring a business entity solely because of lack of supporting business or lack of the potential for acquiring such business.

C. No reduction in coverage for personal injury or property damage liability initiated by an insurer and no insurer-initiated increase in the premium greater than 25 percent of (i) a policy of insurance defined in § 38.2-117 or 38.2-118 insuring a business entity; (ii) a policy of insurance that includes as a part thereof insurance defined in § 38.2-117 or 38.2-118 insuring a business entity; (iii) a policy of motor vehicle insurance against legal liability of the insured as defined in § 38.2-124 insuring a business entity; or (iv) a policy of miscellaneous casualty insurance as defined in subsection B of § 38.2-111 insuring a business entity, and which in the case of a reduction in coverage is subject to § 38.2-1912, shall be effective unless the insurer delivers or mails to the named insured at the address shown on the policy a written notice of such reduction in coverage or premium increase not later than 45 days prior to the effective date of same. The increase in premium shall be the difference between the renewal

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59 premium and the premium charged by the insurer at the effective date of the expiring policy. Such
60 notice shall:

61 1. Be in a type size authorized under § 38.2-311;

62 2. State the date, which shall not be less than 45 days after the delivery or mailing of the notice of
63 reduction in coverage or increase in premium, on which such reduction in coverage or increase in
64 premium shall become effective;

65 3. Advise the named insured of the specific reason for the increase and the amount of the increase,
66 or, if in the case of a reduction in coverage, the specific reason for the reduction and the manner in
67 which coverage will be reduced, or that such information may be obtained from the agent or the insurer;

68 4. Advise the insured of its right to request in writing, within 15 days of receipt of the notice, that
69 the Commissioner of Insurance review the action of the insurer.

70 D. If an insurer does not provide notice in the manner required in subsection C, coverage shall
71 remain in effect until 45 days after written notice of reduction in coverage or increase in premium is
72 mailed or delivered to the insured at the address shown on the policy, unless the insured obtains
73 replacement coverage or elects to cancel sooner in either of which cases coverage under the prior policy
74 shall cease on the effective date of the replacement coverage or the elected date of cancellation as the
75 case may be. If the insured fails to accept or rejects the changed policy, coverage for any period that
76 extends beyond the expiration date will be under the prior policy's rates, terms and conditions as applied
77 against the renewal policy's limits, rating exposures, and additional coverages. If the insured accepts the
78 changed policy, the reduction in coverage or increase in premium shall take effect upon the expiration of
79 the prior policy.

80 E. Notice of reduction in coverage or increase in premium shall not be required if:

81 1. The insurer, after written demand, has not received, within 45 days after such demand has been
82 mailed or delivered to the insured at the address shown on the policy, sufficient information from the
83 insured to provide the required notice;

84 2. Such notice is waived in writing by the insured;

85 3. The insurer delivers or mails to the named insured a renewal policy or a renewal offer not less
86 than 45 days prior to the effective date of the policy or, in the case of a medical malpractice insurance
87 policy, not less than 90 days prior to the effective date of the policy;

88 4. The policy is issued to a large commercial risk as defined in subsection C of § 38.2-1903.1 but
89 excluding policies of medical malpractice insurance; or

90 5. The policy is retrospectively rated, where the premium is adjusted at the end of the policy period
91 to reflect the risk's actual loss experience.

92 F. No written notice of cancellation, refusal to renew, reduction in coverage or increase in premium
93 that is mailed by an insurer to an insured in accordance with this section shall be effective unless:

94 1. a. It is sent by registered or certified mail,

95 b. At the time of mailing the insurer obtains a written receipt from the United States Postal Service
96 showing the name and address of the insured stated in the policy, or

97 c. At the time of mailing the insurer (i) obtains a written receipt from the United States Postal
98 Service showing the date of mailing and the number of items mailed and (ii) retains a mailing list
99 showing the name and address of the insured stated in the policy, or the last known address, to whom
100 the notices were mailed, together with a signed statement by the insurer that the written receipt from the
101 United States Postal Service corresponds to the mailing list retained by the insurer; and

102 2. The insurer retains a copy of the notice of cancellation, refusal to renew, reduction in coverage or
103 increase in premium.

104 3. a. If the terms of a policy of motor vehicle insurance insuring a business entity require the notice
105 of cancellation, refusal to renew, reduction in coverage or increase in premium to be given to any
106 lienholder, then the insurer shall mail such notice and retain a copy of the notice in the manner required
107 by this subsection. If the notices sent to the insured and the lienholder are part of the same form, the
108 insurer may retain a single copy of the notice. The registered, certified or regular mail postal receipt and
109 the copy of the notices required by this subsection shall be retained by the insurer for at least one year
110 from the date of termination.

111 b. Notwithstanding the provisions of subdivision 3 a, if the terms of the policy require the notice of
112 cancellation, refusal to renew, reduction in coverage or increase in premium to be given to any
113 lienholder, the insurer and lienholder may agree by separate agreement that such notices may be
114 transmitted electronically provided that the insurer and lienholder agree upon the specifics for transmittal
115 and acknowledgement of notification. Evidence of transmittal or receipt of the notification required by
116 this subsection shall be retained by the insurer for at least one year from the date of termination.

117 4. Copy, as used in this subsection, shall include photographs, microphotographs, photostats,
118 microfilm, microcard, printouts or other reproductions of electronically stored data, or copies from
119 optical disks, electronically transmitted facsimiles, or any other reproduction of an original from a
120 process which forms a durable medium for its recording, storing, and reproducing.

121 G. Nothing in this section shall prohibit any insurer or agent from including in a notice of
122 cancellation, refusal to renew, reduction in coverage or premium increase any additional disclosure
123 statements required by state or federal laws.

124 H. For the purpose of this section the terms (i) "business entity" shall mean an entity as defined by
125 subsection A of § 13.1-543, § 13.1-603 or 13.1-803 and shall include an individual, a partnership, an
126 unincorporated association, the Commonwealth, a county, city, town, or an authority, board, commission,
127 sanitation, soil and water, planning or other district, public service corporation owned, operated or
128 controlled by the Commonwealth, a locality or other local governmental authority; (ii) "policy of motor
129 vehicle insurance" shall mean a policy or contract for bodily injury or property damage liability insuring
130 a business entity issued or delivered in this Commonwealth covering liability arising from the
131 ownership, maintenance, or use of any motor vehicle, but does not include (a) any policy issued through
132 the Virginia Automobile Insurance Plan, (b) any policy providing insurance only on an excess basis, or
133 (c) any other contract providing insurance to the named insured even though the contract may
134 incidentally provide insurance on motor vehicles; and (iii) "reduction in coverage" shall mean, but not
135 be limited to, any diminution in scope of coverage, decrease in limits of liability, addition of exclusions,
136 increase in deductibles, or reduction in the policy term or duration except a reduction in coverage filed
137 with and approved by the Commission and applicable to an entire line, classification or subclassification
138 of insurance.

139 I. Within 15 days of receipt of the notice of cancellation, refusal to renew, reduction in coverage or
140 increase in premium, the insured shall be entitled to request in writing to the Commissioner that he
141 review the action of the insurer. Upon receipt of the request, the Commissioner shall promptly begin a
142 review to determine whether the insurer's notice of cancellation, refusal to renew, reduction in coverage
143 or premium increase complies with the requirements of this section. Where the Commissioner finds from
144 the review that the notice of cancellation, refusal to renew, reduction in coverage or premium increase
145 does not comply with the requirements of this section, he shall immediately notify the insurer, the
146 insured and any other person to whom such notice was required to be given by the terms of the policy
147 that such notice is not effective. Nothing in this section authorizes the Commissioner to substitute his
148 judgment as to underwriting for that of the insurer. Pending review by the Commission, this section
149 shall not operate to relieve an insured from the obligation to pay any premium when due; however, if
150 the Commission finds that the notice required by this section was not proper, the Commission may order
151 the insurer to pay to the insured any overpayment of premium made by the insured.

152 J. Every insurer shall maintain for at least one year records of cancellation, refusals to renew,
153 reductions in coverage and premium increases to which this section applies and copies of every notice
154 or statement required by subsections A, C, F and L of this section that it sends to any of its insureds.

155 K. There shall be no liability on the part of and no cause of action of any nature shall arise against
156 (i) the Commissioner of Insurance or his subordinates; (ii) any insurer, its authorized representative, its
157 agents, or its employees; or (iii) any firm, person or corporation furnishing to the insurer information as
158 to reasons for cancellation, refusal to renew, reduction in coverage or premium increase, for any
159 statement made by any of them in complying with this section or for providing information pertaining
160 thereto.

161 L. Notwithstanding anything in this section to the contrary, if an insurer cancels or refuses to renew
162 a policy of medical malpractice insurance as defined in § 38.2-2800, or if, as a result of an
163 insurer-initiated increase in premium, the premium increases for a medical malpractice insurance policy
164 by more than 25 percent of the previous policy's premium, the insurer shall provide no fewer than 90
165 days notice prior to the renewal effective date, or, if such policy is being cancelled or non-renewed for
166 failure of the insured to discharge when due any of its obligations in connection with the payment of
167 premium for the policy, the effective date of cancellation or refusal to renew shall not be less than 15
168 days from the date of mailing or delivery of the notice. The increase in the premium shall be the
169 difference between the renewal premium and the premium charged by the insurer at the effective date of
170 the expiring policy.

171 M. As used in this section, an "insurer-initiated increase in premium" means an increase in premium
172 other than one resulting from changes in (i) coverage requested by the insured, (ii) policy limits
173 requested by the insured, (iii) the insured's operation or location that result in a change in the
174 classification of the risk, or (iv) the rating exposures including, but not limited to, increases in payroll,
175 receipts, square footage, number of automobiles insured, or number of employees.

176 § 38.2-2114. Grounds and procedure for termination of policy; contents of notice; review by
177 Commissioner; exceptions; immunity from liability.

178 A. Notwithstanding the provisions of § 38.2-2105, no policy or contract written to insure
179 owner-occupied dwellings shall be canceled by an insurer unless written notice is mailed or delivered to
180 the named insured at the address stated in the policy, and cancellation is for one of the following
181 reasons:

- 182 1. Failure to pay the premium when due;
- 183 2. Conviction of a crime arising out of acts increasing the probability that a peril insured against will
- 184 occur;
- 185 3. Discovery of fraud or material misrepresentation;
- 186 4. Willful or reckless acts or omissions increasing the probability that a peril insured against will
- 187 occur as determined from a physical inspection of the insured premises; or
- 188 5. Physical changes in the property which result in the property becoming uninsurable as determined
- 189 from a physical inspection of the insured premises.
- 190 B. No policy or contract written to insure owner-occupied dwellings shall be terminated by an
- 191 insurer by refusal to renew except at the expiration of the stated policy period or term and unless the
- 192 insurer or its agent acting on behalf of the insurer mails or delivers to the named insured, at the address
- 193 stated in the policy, written notice of the insurer's refusal to renew the policy or contract.
- 194 C. A written notice of cancellation of or refusal to renew a policy or contract written to insure
- 195 owner-occupied dwellings shall:
- 196 1. State the date that the insurer proposes to terminate the policy or contract, which shall be at least
- 197 30 days after mailing or delivering to the named insured the notice of cancellation or refusal to renew.
- 198 However, when the policy is being terminated for the reason set forth in subdivision 1 of subsection A
- 199 of this section, the date that the insurer proposes to terminate the policy may be less than 30 days but at
- 200 least 10 days from the date of mailing or delivery;
- 201 2. State the specific reason for terminating the policy or contract and provide for the notification
- 202 required by the provisions of §§ 38.2-608 and 38.2-609 and subsection B of § 38.2-610. However, those
- 203 notification requirements shall not apply when the policy is being canceled or not renewed for the
- 204 reason set forth in subdivision 1 of subsection A of this section;
- 205 3. Advise the insured that within 10 days of receipt of the notice of termination he may request in
- 206 writing that the Commissioner review the action of the insurer in terminating the policy or contract;
- 207 4. Advise the insured of his possible eligibility for fire insurance coverage through the Virginia
- 208 Property Insurance Association; and
- 209 5. Be in a type size authorized by § 38.2-311.
- 210 D. Within 10 days of receipt of the notice of termination any insured or his attorney shall be entitled
- 211 to request in writing to the Commissioner that he review the action of the insurer in terminating a policy
- 212 or contract written to insure owner-occupied dwellings. Upon receipt of the request, the Commissioner
- 213 shall promptly initiate a review to determine whether the insurer's cancellation or refusal to renew
- 214 complies with the requirements of this section and of § 38.2-2113, if sent by mail. The policy shall
- 215 remain in full force and effect during the pendency of the review by the Commissioner except where the
- 216 cancellation or refusal to renew is for reason of nonpayment of premium, in which case the policy shall
- 217 terminate as of the date stated in the notice. Where the Commissioner finds from the review that the
- 218 cancellation or refusal to renew has not complied with the requirements of this section or of
- 219 § 38.2-2113, if sent by mail, he shall immediately notify the insurer, the insured, and any other person
- 220 to whom notice of cancellation or refusal to renew was required to be given by the terms of the policy
- 221 that the cancellation or refusal to renew is not effective. Nothing in this section authorizes the
- 222 Commissioner to substitute his judgment as to underwriting for that of the insurer.
- 223 E. Nothing in this section shall apply:
- 224 1. To any policy written to insure owner-occupied dwellings that has been in effect for less than 90
- 225 days when the notice of termination is mailed or delivered to the insured, unless it is a renewal policy;
- 226 2. If the insurer or its agent acting on behalf of the insurer has manifested its willingness to renew
- 227 by issuing or offering to issue a renewal policy, certificate or other evidence of renewal, or has
- 228 otherwise manifested its willingness to renew in writing to the insured. The written manifestation shall
- 229 include the name of a proposed insurer, the expiration date of the policy, the type of insurance coverage
- 230 and information regarding the estimated renewal premium;
- 231 3. If the named insured or his duly constituted attorney-in-fact has notified the insurer or its agent
- 232 orally, or in writing, if the insurer requires such notification to be in writing, that he wishes the policy
- 233 to be canceled, or that he does not wish the policy to be renewed, or if, prior to the date of expiration,
- 234 he fails to accept the offer of the insurer to renew the policy; or
- 235 4. To any contract or policy written through the Virginia Property Insurance Association or any
- 236 residual market facility established pursuant to Chapter 27 (§ 38.2-2700 et seq.) of this title; or
- 237 5. *If an affiliated insurer has manifested its willingness to provide coverage at a lower premium than*
- 238 *would have been charged for the same exposures on the expiring policy. The affiliated insurer shall*
- 239 *manifest its willingness to provide coverage by issuing a policy with the types and limits of coverage at*
- 240 *least equal to those contained in the expiring policy unless the named insured has requested a change*
- 241 *in coverage or limits. When such offer is made by an affiliated insurer, an offer of renewal shall not be*
- 242 *required of the insurer of the expiring policy, and the policy issued by the affiliated insurer shall be*
- 243 *deemed to be a renewal policy.*

244 F. Each insurer shall maintain, for at least one year, records of cancellation and refusal to renew and
245 copies of every notice or statement referred to in subsection E of this section that it sends to any of its
246 insureds.

247 G. There shall be no liability on the part of and no cause of action of any nature shall arise against
248 the Commissioner or his subordinates; any insurer, its authorized representative, its agents, or its
249 employees; or any firm, person or corporation furnishing to the insurer information as to reasons for
250 cancellation or refusal to renew, for any statement made by any of them in complying with this section
251 or for providing information pertaining to the cancellation or refusal to renew.

252 H. Nothing in this section requires an insurer to renew a policy written to insure owner-occupied
253 dwellings, if the insured does not conform to the occupational or membership requirements of an insurer
254 who limits its writings to an occupation or membership of an organization.

255 I. No insurer or agent shall refuse to renew a policy written to insure an owner-occupied dwelling,
256 solely because of any one or more of the following factors:

- 257 1. Age;
- 258 2. Sex;
- 259 3. Residence;
- 260 4. Race;
- 261 5. Color;
- 262 6. Creed;
- 263 7. National origin;
- 264 8. Ancestry;
- 265 9. Marital status;

266 10. Lawful occupation, including the military service; however, nothing in this subsection shall
267 require any insurer to renew a policy for an insured where the insured's occupation has changed so as to
268 increase materially the risk;

269 11. Credit information contained in a "consumer report," as defined in the federal Fair Credit
270 Reporting Act, 15 U.S.C. § 1681 et seq., bearing on a natural person's creditworthiness, credit standing
271 or credit capacity. If credit information is used, in part, as the basis for the nonrenewal, such credit
272 information shall be based on a consumer report procured within 120 days from the effective date of the
273 nonrenewal;

274 12. Any claim resulting primarily from natural causes;

275 13. One or more claims that were incurred more than 60 months immediately prior to the expiration
276 of the current policy period; or

277 14. Any inquiry from an insured about his insurance coverage or policy provisions. For purposes of
278 this subdivision, "inquiry" means a written or oral communication by an insured seeking information
279 regarding coverage or policy provisions that does not notify the insurer of a loss, incident or accident,
280 and that does not provide information indicating an increase in the hazard insured against. An insurer
281 shall not report any inquiry as a claim to a loss history database maintained by a consumer reporting
282 agency or insurance support organization.

283 Nothing in this section prohibits any insurer from setting rates in accordance with relevant actuarial
284 data.

285 J. No insurer shall cancel or refuse to renew a policy written to insure an owner-occupied dwelling
286 because an insured under the policy is a foster parent and foster children reside at the insured dwelling.

287 § 38.2-2212. Grounds and procedure for cancellation of or refusal to renew motor vehicle insurance
288 policies; review by Commissioner.

289 A. The following definitions shall apply to this section:

290 "Cancellation" or "to cancel" means a termination of a policy during the policy period.

291 "Insurer" means any insurance company, association, or exchange licensed to transact motor vehicle
292 insurance in this Commonwealth.

293 "Policy of motor vehicle insurance" or "policy" means a policy or contract for bodily injury or
294 property damage liability insurance issued or delivered in this Commonwealth covering liability arising
295 from the ownership, maintenance, or use of any motor vehicle, insuring as the named insured one
296 individual or husband and wife who are residents of the same household, and under which the insured
297 vehicle designated in the policy is either:

298 a. A motor vehicle of a private passenger, station wagon, or motorcycle type that is not used
299 commercially, rented to others, or used as a public or livery conveyance where the term "public or
300 livery conveyance" does not include car pools, or

301 b. Any other four-wheel motor vehicle which is not used in the occupation, profession, or business,
302 other than farming, of the insured, or as a public or livery conveyance, or rented to others. The term
303 "policy of motor vehicle insurance" or "policy" does not include (i) any policy issued through the
304 Virginia Automobile Insurance Plan, (ii) any policy covering the operation of a garage, sales agency,

305 repair shop, service station, or public parking place, (iii) any policy providing insurance only on an
306 excess basis, or (iv) any other contract providing insurance to the named insured even though the
307 contract may incidentally provide insurance on motor vehicles.

308 "Renewal" or "to renew" means (i) the issuance and delivery by an insurer of a policy superseding at
309 the end of the policy period a policy previously issued and delivered by the same insurer, providing
310 types and limits of coverage at least equal to those contained in the policy being superseded, or (ii) the
311 issuance and delivery of a certificate or notice extending the term of a policy beyond its policy period
312 or term with types and limits of coverage at least equal to those contained in the policy. Each renewal
313 shall conform with the requirements of the manual rules and rating program currently filed by the
314 insurer with the Commission. Except as provided in subsection K of this section, any policy with a
315 policy period or term of less than 12 months or any policy with no fixed expiration date shall for the
316 purpose of this section be considered as if written for successive policy periods or terms of six months
317 from the original effective date.

318 B. This section shall apply only to that portion of a policy of motor vehicle insurance providing the
319 coverage required by §§ 38.2-2204, 38.2-2205 and 38.2-2206.

320 C. 1. No insurer shall refuse to renew a motor vehicle insurance policy solely because of any one or
321 more of the following factors:

322 a. Age;

323 b. Sex;

324 c. Residence;

325 d. Race;

326 e. Color;

327 f. Creed;

328 g. National origin;

329 h. Ancestry;

330 i. Marital status;

331 j. Lawful occupation, including the military service;

332 k. Lack of driving experience, or number of years driving experience;

333 l. Lack of supporting business or lack of the potential for acquiring such business;

334 m. One or more accidents or violations that occurred more than 48 months immediately preceding
335 the upcoming anniversary date;

336 n. One or more claims submitted under the uninsured motorists coverage of the policy where the
337 uninsured motorist is known or there is physical evidence of contact;

338 o. A single claim by a single insured submitted under the medical expense coverage due to an
339 accident for which the insured was neither wholly nor partially at fault;

340 p. One or more claims submitted under the comprehensive or towing coverages. However, nothing in
341 this section shall prohibit an insurer from modifying or refusing to renew the comprehensive or towing
342 coverages at the time of renewal of the policy on the basis of one or more claims submitted by an
343 insured under those coverages, provided that the insurer shall mail or deliver to the insured at the
344 address shown in the policy written notice of any such change in coverage at least 45 days prior to the
345 renewal;

346 q. Two or fewer motor vehicle accidents within a three-year period unless the accident was caused
347 either wholly or partially by the named insured, a resident of the same household, or other customary
348 operator;

349 r. Credit information contained in a "consumer report," as defined in the federal Fair Credit
350 Reporting Act, 15 U.S.C. § 1681 et seq., bearing on a natural person's creditworthiness, credit standing
351 or credit capacity. If credit information is used, in part, as the basis for the nonrenewal, such credit
352 information shall be based on a consumer report procured within 120 days from the effective date of the
353 nonrenewal. The provisions of this subdivision shall apply only to insurance purchased primarily for
354 personal, family, or household purposes; or

355 s. The refusal of a motor vehicle owner as defined in § 46.2-1088.6 to provide access to recorded
356 data from a recording device as defined in § 46.2-1088.6.

357 2. Nothing in this section shall require any insurer to renew a policy for an insured where the
358 insured's occupation has changed so as to materially increase the risk. Nothing contained in subdivisions
359 C 1 n, 1 o and 1 p of this subsection shall prohibit an insurer from refusing to renew a policy where a
360 claim is false or fraudulent. Nothing in this section prohibits any insurer from setting rates in accordance
361 with relevant actuarial data.

362 D. No insurer shall cancel a policy except for one or more of the following reasons:

363 1. The named insured or any other operator who either resides in the same household or customarily
364 operates a motor vehicle insured under the policy has had his driver's license suspended or revoked
365 during the policy period or, if the policy is a renewal, during its policy period or the 90 days
366 immediately preceding the last effective date.

367 2. The named insured fails to pay the premium for the policy or any installment of the premium,
 368 whether payable to the insurer or its agent either directly or indirectly under any premium finance plan
 369 or extension of credit.

370 3. The named insured or his duly constituted attorney-in-fact has notified the insurer of a change in
 371 the insured's legal residence to a state other than Virginia and the insured vehicle will be principally
 372 garaged in the new state of legal residence.

373 E. No cancellation or refusal to renew by an insurer of a policy of motor vehicle insurance shall be
 374 effective unless the insurer delivers or mails to the named insured at the address shown in the policy a
 375 written notice of the cancellation or refusal to renew. The notice shall:

376 1. Be in a type size authorized under § 38.2-311.

377 2. State the effective date of the cancellation or refusal to renew. The effective date of cancellation
 378 or refusal to renew shall be at least 45 days after mailing or delivering to the insured the notice of
 379 cancellation or notice of refusal to renew. However, when the policy is being canceled or not renewed
 380 for the reason set forth in subdivision 2 of subsection D of this section the effective date may be less
 381 than 45 days but at least 15 days from the date of mailing or delivery.

382 3. State the specific reason of the insurer for cancellation or refusal to renew and provide for the
 383 notification required by §§ 38.2-608, 38.2-609, and subsection B of § 38.2-610. However, those
 384 notification requirements shall not apply when the policy is being canceled or not renewed for the
 385 reason set forth in subdivision 2 of subsection D of this section.

386 4. Inform the insured of his right to request in writing within 15 days of the receipt of the notice that
 387 the Commissioner review the action of the insurer.

388 The notice of cancellation or refusal to renew shall contain the following statement to inform the
 389 insured of such right:

390 **IMPORTANT NOTICE**

391 Within 15 days of receiving this notice, you or your attorney may request in writing that the
 392 Commissioner of Insurance review this action to determine whether the insurer has complied with
 393 Virginia laws in canceling or nonrenewing your policy. If this insurer has failed to comply with the
 394 cancellation or nonrenewal laws, the Commissioner may require that your policy be reinstated. However,
 395 the Commissioner is prohibited from making underwriting judgments. If this insurer has complied with
 396 the cancellation or nonrenewal laws, the Commissioner does not have the authority to overturn this
 397 action.

398 5. Inform the insured of the possible availability of other insurance which may be obtained through
 399 his agent, through another insurer, or through the Virginia Automobile Insurance Plan.

400 6. If sent by mail, comply with the provisions of § 38.2-2208.

401 Nothing in this subsection prohibits any insurer or agent from including in the notice of cancellation
 402 or refusal to renew, any additional disclosure statements required by state or federal laws, or any
 403 additional information relating to the availability of other insurance.

404 F. Nothing in this section shall apply:

405 1. If the insurer or its agent acting on behalf of the insurer has manifested its willingness to renew
 406 by issuing or offering to issue a renewal policy, certificate, or other evidence of renewal, or has
 407 manifested its willingness to renew in writing to the insured. The written manifestation shall include the
 408 name of a proposed insurer, the expiration date of the policy, the type of insurance coverage, and
 409 information regarding the estimated renewal premium. The insurer shall retain a copy of each written
 410 manifestation for a period of at least one year from the expiration date of any policy that is not
 411 renewed;

412 2. If the named insured, or his duly constituted attorney-in-fact, has notified the insurer or its agent
 413 orally, or in writing, if the insurer requires such notification to be in writing, that he wishes the policy
 414 to be canceled or that he does not wish the policy to be renewed, or if prior to the date of expiration he
 415 fails to accept the offer of the insurer to renew the policy; ~~or~~

416 3. To any motor vehicle insurance policy which has been in effect less than 60 days when the
 417 termination notice is mailed or delivered to the insured, unless it is a renewal policy; *or*

418 4. *If an affiliated insurer has manifested its willingness to provide coverage at a lower premium than*
 419 *would have been charged for the same exposures on the expiring policy. The affiliated insurer shall*
 420 *manifest its willingness to provide coverage by issuing a policy with the types and limits of coverage at*
 421 *least equal to those contained in the expiring policy unless the named insured has requested a change*
 422 *in coverage or limits. When such offer is made by an affiliated insurer, an offer of renewal shall not be*
 423 *required of the insurer of the expiring policy, and the policy issued by the affiliated insurer shall be*
 424 *deemed to be a renewal policy.*

425 G. There shall be no liability on the part of and no cause of action of any nature shall arise against
 426 the Commissioner or his subordinates; any insurer, its authorized representatives, its agents, or its
 427 employees; or any person furnishing to the insurer information as to reasons for cancellation or refusal

428 to renew, for any statement made by any of them in complying with this section or for providing
429 information pertaining to the cancellation or refusal to renew. For the purposes of this section, no
430 insurer shall be required to furnish a notice of cancellation or refusal to renew to anyone other than the
431 named insured, any person designated by the named insured, or any other person to whom such notice
432 is required to be given by the terms of the policy and the Commissioner.

433 H. Within 15 days of receipt of the notice of cancellation or refusal to renew, any insured or his
434 attorney shall be entitled to request in writing to the Commissioner that he review the action of the
435 insurer in canceling or refusing to renew the policy of the insured. Upon receipt of the request, the
436 Commissioner shall promptly begin a review to determine whether the insurer's cancellation or refusal to
437 renew complies with the requirements of this section and of § 38.2-2208 if the notice was sent by mail.
438 The policy shall remain in full force and effect during the pendency of the review by the Commissioner
439 except where the cancellation or refusal to renew is for the reason set forth in subdivision 2 of
440 subsection D of this section, in which case the policy shall terminate as of the effective date stated in
441 the notice. Where the Commissioner finds from the review that the cancellation or refusal to renew has
442 not complied with the requirements of this section or of § 38.2-2208, he shall immediately notify the
443 insurer, the insured and any other person to whom such notice was required to be given by the terms of
444 the policy that the cancellation or refusal to renew is not effective. Nothing in this section authorizes the
445 Commissioner to substitute his judgment as to underwriting for that of the insurer. Where the
446 Commissioner finds in favor of the insured, the Commission in its discretion may award the insured
447 reasonable attorneys' fees.

448 I. Each insurer shall maintain for at least one year, records of cancellation and refusal to renew and
449 copies of every notice or statement referred to in subsection E of this section that it sends to any of its
450 insureds.

451 J. The provisions of this section shall not apply to any insurer that limits the issuance of policies of
452 motor vehicle liability insurance to one class or group of persons engaged in any one particular
453 profession, trade, occupation, or business. Nothing in this section requires an insurer to renew a policy
454 of motor vehicle insurance if the insured does not conform to the occupational or membership
455 requirements of an insurer who limits its writings to an occupation or membership of an organization.
456 No insurer is required to renew a policy if the insured becomes a nonresident of Virginia.

457 K. Notwithstanding any other provision of this section, a motor vehicle insurance policy with a
458 policy period or term of five months or less may expire at its expiration date when the insurer has
459 manifested in writing its willingness to renew the policy for at least 30 days and has mailed the written
460 manifestation to the insured at least 15 days before the expiration date of the policy. The written
461 manifestation shall include the name of the proposed insurer, the expiration date of the policy, the type
462 of insurance coverage, and the estimated renewal premium. The insurer shall retain a copy of the written
463 manifestation for at least one year from the expiration date of any policy that is not renewed.