

HOUSE BILL 49, 1973

Title:AN ACT to create sections 26.1-690 through 26.1-699 of the statutes relating to cancellation of casualty insurance; providing that proposed cancellations are subject to review; creating the insurance cancellations review board; defining its duties and procedure; and providing an appropriation.

HOUSE BILL 48, 1973

Introduced by:

Introduced by: Rafael McDermid
William C. Stetler
Gary M. Greenhalgh

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1973

STATE OF WYOMING

LSA-013.01

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HOUSE BILL NO. 49

Insurance - Review of policy cancellations required.

Introduced by: Representative McDANIEL

Robert McDaniel
Demas C. Shockey

Gary M. Greenhalgh

A BILL

for

1 AN ACT to create sections 26.1-690 through 26.1-699 of the
2 statutes relating to cancellation of casualty insurance;
3 providing that proposed cancellations are subject to
4 review; creating the insurance cancellations review board;
5 defining its duties and procedure; and providing an appro-
6 priation.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WYOMING:

8 Section 1. Sections 26.1-690 through 26.1-699 of the
9 statutes are created to read:

10 26.1-690. Name of act. This act may be cited as the
11 Insurance Cancellation Review Act.

12 26.1-691. Definitions. As used in this act:

13 (a) "Cancel" means the failure or refusal of an
14 insurer to continue or renew a policy of casualty insur-
15 ance, or any coverage under the policy for any reason
16 except nonpayment of premium. Changes in policy terms,
17 coverages, or premiums applicable to all policyholders

1 alike shall not be deemed a cancellation;

2 (b) "Nonpayment of premium" means the failure of an
3 insured to discharge when due any obligation for the pay-
4 ment of a premium or any installment of the premium,
5 whether payable directly to the insurer or its agent or
6 indirectly under any premium finance plan or extension of
7 credit;

8 (c) "Policy term" means the period for which pre-
9 miums are prepaid or the period for which the policy may
10 be continued in force upon payment of a fixed or guaran-
11 teed premium, even though payable in installments,
12 whichever period is longer;

13 (d) "Casualty insurance" means casualty insurance as
14 defined in section 26.1-88 of the statutes.

15 (e) "Insurer" means insurer as defined in section
16 26.1-3 of the statutes;

17 (f) "Board" means the insurance cancellations review
18 board.

19 26.1-692. Cancellation of casualty insurance; when.

20 (a) An insurer doing business in Wyoming may not
21 cancel any policy of casualty insurance except for good
22 cause, including but not limited to:

23 (i) Fraud or misrepresentation by the
24 insured in procuring the insurance;

25 (ii) Violation by the insured of the express

1 terms of the insurance policy;

2 (iii) In the case of motor vehicle insurance,
3 revocation or suspension of the driver's
4 license or motor vehicle registration of
5 the insured or any person who custom-
6 arily operates the insured vehicle,
7 during the policy term.

8 26.1-693. Notice of cancellation required; proof of
9 notice.

10 (a) No cancellation of casualty insurance by the
11 insurer is effective unless the insurer mails or delivers
12 to the insured at least 30 days prior to the effective
13 date of the proposed cancellation a written notice of
14 cancellation containing a statement of the reason or
15 reasons for the cancellation.

16 (b) Proof of mailing the notice of cancellation to
17 the last address provided by the insured, or to the
18 address shown on the policy if no change of address has
19 been received from the insured, or proof of delivery of
20 the notice to the insured personally, shall be sufficient
21 proof of notice.

22 26.1-694. Insurance cancellations review board
23 created; membership; compensation.

24 (a) The insurance cancellation review board is
25 created.

1 (b) Board members shall be the state insurance
2 commissioner, who shall act as chairman, and two persons
3 appointed by the governor neither of whom may derive any
4 portion of their income from the insurance industry. The
5 appointees shall serve at the pleasure of the governor and
6 shall receive \$15 per day salary plus mileage and per diem
7 in the same manner and amount as other state employees,
8 when engaged in the duties of the board.

9 26.1-695. Petition for review of cancellation. Any
10 insured may petition the board for review of any reason
11 for cancellation stated in the notice of cancellation.
12 The petition for review must be filed in the office of the
13 state insurance commissioner within 10 days after receipt
14 of the notice of cancellation, and must state any reason
15 relied on for cancellation or be accompanied by a copy of
16 the notice of cancellation.

17 26.1-696. Hearing on petition for review. Upon
18 receiving a petition for review, timely filed in proper
19 form, the chairman of the board shall set the matter for
20 hearing within 15 days of receipt of the petition or at a
21 later date if agreed to by both parties. The chairman
22 shall notify the parties of the date set.

23 26.1-697. Duties of board; procedure; appeal from
24 decision.

25 (a) The board shall determine whether there is just

1 cause for the proposed cancellation. If it determines
2 that the cancellation is not justified it shall require
3 the insurer to maintain the insurance policy and coverage
4 in force until such time as cause for cancellation is
5 shown.

6 (b) Proceedings for review of proposed cancellations
7 and appeals from the decisions of the board shall be con-
8 ducted in accordance with the Wyoming Administrative
9 Procedure Act.

10 26.1-698. Cancellation effective; when. Cancel-
11 lation of a policy of casualty insurance is effective 30
12 days after mailing or delivery of the notice of cancel-
13 lation to the insured unless a petition for review is
14 timely filed with the board.

15 26.1-699. Extension of policy coverage pending
16 review; prepayment of premium. If proceedings for review
17 of a proposed cancellation extend beyond the policy term,
18 the insurance coverage of the policy shall remain in force
19 until final determination of the review provided the
20 insured shall deposit with the chairman of the board a sum
21 sufficient to prepay the premium on the policy until a
22 final decision is made. Upon final decision, the chair-
23 man shall distribute the deposit to the insurer and the
24 insured as their entitlement thereto then appears.

25 Section 2. There is appropriated from the general

1 fund of Wyoming \$5,000 or so much thereof as may be neces-
2 sary for the administration and enforcement of this act.

3 (END)