PIACT’s 2020 Legislative Priorities

This year, the PIACT Legislative/Business Issues Committee decided to focus the association’s efforts on four issues. These efforts will benefit agents and consumers alike by ensuring: better coverage; ease of getting coverage; and protection from unexpected increases in rates.

**Extending notice period for premium increases on renewals**

Raised Bill S.198, Insurance and Real Estate Committee—An act extending the premium billing notice period for renewal of certain personal and commercial risk insurance policies.

Consumers have faced issues with policies being renewed with significant increases to premiums. PIACT supports the extension of the statutory notice period for premium increases upon policy renewal. Currently, an insurance carrier must give a policyholder no less than 30 days’ notice of an increase in the premium upon renewal for personal insurance policies and commercial insurance policies with an increase greater than 10%. PIACT supports extending the statutory notice period to 60 days for personal-lines policies and commercial-lines policies with a premium increase of at least 10%.

Extending the notice period for increases in premiums on renewal would give policyholders adequate time to make a researched decision on whether to renew the policy. For many policyholders—particularly on less common risks in the admitted market—the 30 days’ notice does not allow for a reasonable time to seek an alternative policy at a different premium.

**‘Bait-and-switch’—prevent rerating of insurance policies after binding coverage**

Currently, a customer may be quoted an insurance premium that may be greatly increased after the policy has been bound. PIACT supports legislation that would require any carriers, and producers representing them, who utilize insureds’ driving history records as an underwriting or rating factor for personal automobile policies, to run motor vehicle reports prior to binding a policy. Currently, carriers are permitted to run driving history record reports at any time, which can change the cost of a policy, unbeknownst to a client.

This issue originated from the reported practice of certain insurance carriers rerating policies as a result of running individuals’ motor vehicle reports after binding coverage. In these instances when an applicant agrees to the terms and price of a policy, he or she is not aware that the policy could be rerated—and often, the premium is increased substantially. This issue is known as “bait and switch.” This practice is unfair to policyholders who are making financial decisions without having all of the information, and to professional, independent producers who strive to present accurate, bindable quotes to their customers.
Reforms for surplus-lines insurance—eliminate the need for three declinations of coverage at each policy renewal

Currently, when placing business in the surplus-lines insurance market, insurance agents must get declinations of coverage from three carriers in the admitted market to prove that they cannot place the risk with an admitted insurance carrier. This process must be done every time the policy is up for renewal (which can be anywhere from one to three years). For myriad reasons, agents don’t place insurance in the surplus-lines market unless coverage is not available in the admitted market. The requirement to get three declinations detracts from the time agents can spend working for their clients.

PIACT is pursuing legislation that would waive the declinations requirement when an agent places insurance in the surplus-lines market through an unaffiliated wholesaler. Agents will not place insurance in the surplus-lines market unless they need to, so having an agent and a wholesaler involved would satisfy due diligence, thus negating the need for the declinations from admitted carriers.

Continuing-education credits for association members

Active trade association members usually know more on current developments in the industry. To encourage more involvement from insurance producers, PIACT supports legislation that would allow insurance producers to receive continuing-education credit for active membership in a statewide professional insurance producer association. It would define what a “statewide professional insurance producer association” is and outline certain requirements the association must meet in order for the credits to be granted. To qualify as active members, producers would need to belong to and regularly attend board or committee meetings of a qualifying association.

PIACT supports this bill because insurance agents who are active in an insurance association are better prepared to serve their clients and they are more informed when it comes to changes to laws or regulations. Insurance associations regularly communicate with their members about new requirements they must meet in their businesses, which ensures the agents are not only complying with the law, but offering the best services possible to their clients.