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VT Bulletin No. 83 (July 23, 1987)
VERMONT INSURANCE BULLETINS AND RELATED MATERIALS
BULLETINS

Bulletin 83
July 23, 1987

FROM: James Amundson
Deputy Commissioner of Insurance
DATE: July 23, 1987
RE: REVISION OF CANCELLATION ENDORSEMENTS FOR COMMERCIAL
LINES POLICIES

On July 1, 1986 the requirements of Title 8, V.S.A. Chapter 128, Sections 4711 through 4715 became effective. ISO does not have an approved endorsement for these statutory requirements nor does any company which has not received approval of an independent endorsement. Title 8, Chapter 101, Section 3542 requires us to disapprove forms not in compliance with our statutes, and we can not approve any Commercial Lines Policies (except those relating to farm risks) without a current Vermont Amendatory Endorsement. NOTE THAT NONE OF THE ISO "SIMPLIFIED PROGRAMS" MAY BE IMPLEMENTED WITHOUT SUCH AN ENDORSEMENT.

To assist you in meeting our requirements we have prepared both a guide showing our requirements, and a suggested Vermont Endorsement, which we have enclosed for your convenience. Please note we did not author this form. We do not produce forms. We are enclosing it to aid you.

We anticipate your prompt cooperation in bringing your policies into compliance with our current requirements.

If you have any questions regarding this Bulletin please refer them to either Louis Penn or Paul Candage at (802) 828-3301.

ATTACHMENT

Two Proposals: (1) and (2), for compliance with Vermont Cancellation Statutes, i.e. 8 V.S.A., Sections 3880, and 4711 through 4715.

Proposal (1): “Two Time Period Approach”

- For policies cancelled either within the first sixty (60) days or cancelled after the first sixty (60) days:
 - 15 days notice of cancellation of nonpayment.
 - 45 days notice of cancellation for certain specified reasons, accompanied by the reason.
- All cancellations must be by certified mail.

Proposal (2): “The Four Time Period Approach”

- For policies cancelled within the first sixty (60) days:
 - 10 days notice of cancellation for nonpayment; notice by certified mail or certificate of mailing.
 - 30 days notice of cancellation for any reasons; notice by certified mail.
- For policies cancelled after the first sixty (60) days:
 - 15 days notice of cancellation for nonpayment.
 - 45 days notice of cancellation for certain specified reasons, accompanied by the reason.
- All cancellations must be by certified mail.

Conclusion:

We would recommend that you revise your cancellation endorsement in accordance with “Proposal (1)”, in the interest of ease of understanding and uniformity of administration. However, we recognize that if an insurer refuses to comport with Proposal (1), we believe that they have a statutory right to rely on the requirements set forth in [Section 3880](#). Therefore, you may desire to use “Proposal (2)” with the four stated time periods.

SAMPLE ENDORSEMENTS State Provisions—Vermont

*2 Any cancellation or nonrenewal provisions contained in the policy to which this endorsement is attached are deleted and replaced by the following:

I. Cancellation

A. This policy can be cancelled by either you or us.

1. You can cancel this policy at any time. To do, you must:

a. return the policy to us or any of our authorized representatives; or

b. mail a written notice to us stating when the cancellation is to be effective. We must receive the policy or written notice before the cancellation date.

2. We can cancel this policy by giving you:

a. at least fifteen (15) days advance notice if cancellation is for non-payment of premium. However, you may continue the coverage by payment in full at any time prior to the effective date of cancellation; or

b. at least forty-five (45) days advance notice if cancellation is for any other reason.

B. We will mail or deliver notice to you at the last mailing address known to us.

C. Notice of cancellation will state the effective date of cancellation. The policy will end on that date. The reason for such cancellation shall also be stated.

D. If this policy is cancelled, we will send you any premium refund due. If we cancel, the refund will be pro-rata. If you cancel, the refund may be less than pro-rata. The cancellation will be effective even if we have not made or offered a refund.

E. If this policy has been in effect for more than sixty (60) days, we shall not terminate this policy except for one or more of the following reasons:

1. non-payment of premium

2. any:

a. material misrepresentation; or

b. fraud relating to this policy or to a claim made under this policy by you or your representatives;

3. a substantial increase in hazard insured against, but only with the prior approval of the insurance regulatory authority;

4. violation of any terms or conditions of the policy by you.

II. Nonrenewal

If we decide not to renew this policy, forty-five (45) days advance written notice shall be mailed or delivered to you at the address shown in this policy. The notice shall include the reason for such nonrenewal. The provision shall not apply in the event that:

A. we have consented to renewal; or

B. you have:

1. requested or agreed to nonrenewal; or

2. insured elsewhere or accepted replacement coverage.

III. Renewal

If we elect to issue a renewal policy and we have the necessary information to do so, we will confirm our intention to renew the policy and the premium at which it will be renewed, in writing, at least forty-five (45) days prior to expiration.

If we have not given such advance notice, you will be granted renewal coverage at the rate in effect under the expiring or expired policy or at rates lawfully in effect on the expiration date. Coverage will continue for forty-five (45) days after we confirm renewal coverage and premium. You may cancel the policy sooner. Any earned premium shall be calculated on a pro-rata basis.

*3 IV. Notice Requirements

If notice is mailed, it shall be by certified mail.