

## OII TIP GUIDE TO: Auto and Homeowners Insurance Cancellation Laws

### GENERAL GUIDELINES

Every insurance company has its own procedures for cancellation. These are explained in the conditions section of your insurance policy. The Ohio Department of Insurance has established regulations governing the grounds for cancellation or nonrenewal of auto and homeowners insurance which follow.

### AUTO INSURANCE

In the first 90 days of policy issuance, an insurer may cancel coverage for almost any reason. This protects insurers who may be checking the driving record(s) and general policy information provided by the applicant. During the initial 90-day period, speeding tickets, accidents or claims could result in policy cancellation.

At 90 days, insurers are required to provide at least liability insurance coverage for a one-year period. At the end of each one-year period the policy is up for renewal. A policy can be nonrenewed for almost any reason at the end of the period. If this happens, the policyholder has the right to receive proper notification.

During the one-year cycle, Ohio law is specific as to grounds for cancellation.

Insurance policy language may vary, but cancellation grounds include:

- Falsifying information on your insurance application or on a claim.
- Suspension/revocation/expiration of any named insured's driver's license.
- Nonpayment of premium. Check your policy—late payment grace periods vary by insurer.
- The policyholder (insured) moves to a location where the insurer isn't authorized to write auto insurance.

When a policy is subject to cancellation, an insurer must send written notice at least 30 days prior to the effective date. If the notice does not contain an explanation for the cancellation, the company is required to provide an explanation in writing within five days upon receipt of a written request from the policyholder. If a policy is being cancelled due to premium nonpayment, only 10 days notice is required. If the policy is cancelled prior to the expiration date, the insurer is required to refund any premium difference that's due.

When a policy is subject to nonrenewal, an insurer is required to follow procedures similar to cancellation.

Policyholders may apply to the Ohio Department of Insurance for a review of the cancellation notice any time prior to the effective date of cancellation. If the commissioner of insurance finds that grounds for a hearing do not exist, written notice is provided to both the policyholder and the insurance carrier. If there are grounds for a review, a hearing is conducted within 10 days of the written request.

If the hearing results in a finding that the cancellation complies with the law, the commissioner issues a written order approving the cancellation within five days of the hearing. If the order is issued less than 10 days prior to the cancellation date, the policy continues in force for 10 days following the date of the order or until the policyholder secures other coverage, whichever comes first.

If the commissioner overrules the cancellation at the hearing, the policy continues to remain in force if the premiums are paid to the insurer.

An insurer cannot nonrenew an auto insurance policy solely because of age, national origin, creed or race of the applicant.

Sources: Ohio Department of Insurance [Ohio Shopper's Guide to Auto Insurance](#) (page 13) and [Ohio Revised Code Section 3937](#)

### HOMEOWNERS INSURANCE

Procedures for cancellation of homeowners insurance are found under [Ohio Rule 3901-1-18, Section C](#), The Ohio FAIR Plan—Plan of Operation. Under this rule, insurers must provide written notice of cancellation or nonrenewal at least 30 days prior to the cancellation date. A notice of cancellation will contain information regarding procedures for applying to the Ohio FAIR Plan for coverage. ([Click here](#) for information on FAIR Plan coverage.)

Policyholders should be aware that cancellation and nonrenewal provisions are provided under the conditions section of the homeowners insurance policy. Insurers' provisions may vary, so take note of the company's conditions for such action.

The 30-day notice is not required if cancellation occurs during a binder period of 30 days or less or under the following conditions:

- Nonpayment of premium
- Evidence of arson
- Providing false information on your insurance application or when filing a claim

For more, see the Ohio Department of Insurance [Ohio Shopper's Guide To Homeowners Insurance](#) (page 12).

(Rev. 1/17)