

February 12, 2015

Members of the House Business and Labor Standing Committee
Utah Capitol
Salt Lake City, Utah

Via email

RE: Opposition to House Bill 76

Committee Members:

The National Association of Mutual Insurance Companies (NAMIC) appreciates the opportunity share its concerns regarding HB 76, pertaining to insurance cancellation and nonrenewals.

We are the largest property/casualty insurance trade association in the country, serving regional and local mutual insurance companies on main streets across America as well as many of the country's largest national insurers. The 1,400 NAMIC member companies serve more than 135 million auto, home and business policyholders and write more than \$196 billion in annual premiums, accounting for 50 percent of the automobile/homeowners market and 31 percent of the business insurance market. In Utah, we represent 143 insurers doing business in the state, comprising 42 percent of the marketplace.

Rep. Anderegg has been very willing to discuss the insurance industry's concerns with the bill; we are appreciative of him for that. While we oppose the bill in its current form, he has provided amendments to assuage the concerns of the insurance industry. We continue to study those amendments to determine whether they adequately address our concerns.

In its current form, we are concerned the bill would effectively create a ten day period at the end of the policy term during which the policyholder would have free insurance coverage. While Rep. Anderegg has signaled that is not his intent, we believe that is the practical effect of the bill as currently written.

Insurers need certainty in knowing when a policy begins and ends. The current version does not provide that certainty, allowing a policyholder to pay a premium for a lapsed policy as late as ten days after the policy expires. A policyholder could allow the policy to lapse and get the benefit of ten days of coverage, paying the premium at any time during that ten day period. A

policyholder could allow the policy lapse on Day 1, have a covered loss on Day 5, and pay the renewal premium on Day 9, effectively allowing them to pay for coverage retroactive to the loss. If the policyholder does not have a loss during that ten day period, they could simply walk away and pay no premium at all.

We are not aware of any data (other than anecdotal examples) or concerns from the Department of Insurance which would require legislative intervention to address the perceived issue. Accordingly, we oppose the bill.

Having said that, we remain willing to work with Rep. Anderegg to see if there is a path to an acceptable solution.

I hope you will feel free to contact me if you have questions or concerns about our position.

Sincerely,

A handwritten signature in black ink that reads "Paul Martin". The signature is written in a cursive style with a large, stylized "P" and "M".

Paul Martin
Director – State Affairs
Southwest Region