

November 7, 1974

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 2(1974)

TO: ALL INSURERS AUTHORIZED TO WRITE AUTOMOBILE INSURANCE IN THE STATE OF NEW YORK

Re: Cancellation Notices

On February 25, 1966, the Department issued Circular Letter No. 10(1966) which required all insurers to use a uniform notice of cancellation for non-payment of premium for automobile insurance policies. The Circular Letter required that the notice contain a specific date and hour when the insurance would terminate.

Since then the Insurance Law has been amended twice. In 1971 (Chapter 1033 of the Laws of 1971) the law was amended to provide that:

"Payment to the insurer, or to an agent or broker authorized to receive such payment, shall be timely if made within ten days after receipt by the insured of a notice of cancellation for nonpayment of premium." (Section 167-a(1)(f))

In 1974 (Chapter 1072 of the Laws of 1974) the law was changed to provide that:

"Payment to the insurer, or to an agent or broker authorized to receive such payment, shall be timely if made within fifteen days after the mailing to the insured of a notice of cancellation for nonpayment of premium." (Section 167-a(1)(d))

Thus, while Section 313 of the Vehicle and Traffic Law requires at least ten days notice of cancellation for non-payment of premium and the Circular Letter requires that such cancellation be unconditional, Section 167-a of the Insurance Law requires a grace period of 15 days, during which the insured may retain coverage even though a notice of cancellation has been issued.

In view of the foregoing, the February 25, 1966 Circular Letter is hereby REPEALED.

The following procedures are required in order for cancellation notices to comply with the provisions of both Section 313 of the Vehicle and Traffic Law and Section 167-a of the Insurance Law:

Every notice of cancellation for nonpayment of premium for an automobile insurance policy must contain the following:

- 1) The language required by Section 313 of the Vehicle and Traffic Law with respect to maintenance of financial security;
- 2) The date and hour of cancellation must be specified and be at least 15 days from the date of mailing, which must also be specified; and

3) A statement that the policy will terminate on the effective date of cancellation unless on or before such date the premium is paid to the insurer, or to an agent or broker authorized to receive such payment.

It should also be noted that no insurer may mail or deliver what purports to be a "notice of cancellation" for non-payment of premium until the due date for payment of such premium has passed.

A copy of this Circular Letter should be distributed forthwith to appropriate personnel and receipt of this Letter should be acknowledged in writing by a responsible officer of the company.

[SIGNATURE]

BENJAMIN R. SCHENCK

Superintendent of Insurance