

Article - Insurance

12-106.

[(a) This section does not apply to life insurance or health insurance.]

(A) THIS SECTION APPLIES ONLY TO A BINDER OR POLICY, OTHER THAN A RENEWAL POLICY, OF PRIVATE PASSENGER MOTOR VEHICLE, HOMEOWNERS, DWELLING CREDIT LOSS, OR COMMERCIAL PROPERTY INSURANCE OR LIABILITY INSURANCE.

(B) A BINDER OR POLICY IS SUBJECT TO A 45-DAY UNDERWRITING PERIOD BEGINNING ON THE EFFECTIVE DATE OF COVERAGE.

(C) AN INSURER MAY CANCEL A BINDER OR POLICY DURING THE UNDERWRITING PERIOD IF THE RISK DOES NOT MEET THE UNDERWRITING STANDARDS OF THE INSURER.

(D) IF APPLICABLE, AT THE TIME OF APPLICATION OR WHEN A BINDER OR POLICY IS ISSUED, AN INSURER SHALL PROVIDE WRITTEN NOTICE OF ITS ABILITY TO CANCEL A BINDER OR POLICY DURING THE UNDERWRITING PERIOD.

(E) A NOTICE OF CANCELLATION UNDER THIS SECTION SHALL:

(1) BE IN WRITING;

(2) HAVE AN EFFECTIVE DATE NOT LESS THAN 15 DAYS AFTER MAILING;

AND

(3) STATE CLEARLY AND SPECIFICALLY THE INSURER'S ACTUAL REASON FOR THE CANCELLATION.

[(b)](F) A binder or other contract for temporary insurance:

(1) may be made orally or in writing; and

(2) except as superseded by the clear and express terms of the binder, is considered to include:

(i) all the usual terms of the policy as to which the binder was given; and

(ii) the applicable endorsements designated in the binder.

[(c)](G) A binder is no longer valid after the policy as to which it was given is issued.

[(d)](H) (1) If a binder is given to a consumer borrower to satisfy a lender's requirement that the borrower obtain property insurance or credit loss insurance as a condition of making a loan secured by a first mortgage or first deed of trust on an interest in owner-occupied residential real property, the insurer or its insurance producer shall include in or with the binder:

(i) the name and address of the insured consumer borrower;