

(b) (3) If the reason for the cancellation or nonrenewal is loss of or substantial changes in reinsurance, the plan of withdrawal shall contain a statement:

(i) That the insurer has made a good faith effort to obtain replacement reinsurance, but was unable to do so due to either the unavailability or unaffordability [or] OF replacement reinsurance;

(ii) Explaining how the loss of, or reduction in, reinsurance affects the company's risks throughout the entire line or category of insurance proposed for cancellation or nonrenewal; and

(iii) Explaining why cancellation or nonrenewal is necessary to cure the loss of or reduction in available reinsurance.

DRAFTER'S NOTE:

Error: Incorrect word usage in Article 48A, § 240A(b)(3)(i).

Occurred: Ch. 455, Acts of 1987.

240AA.

(b) An insurer intending to take an action subject to the provisions of this section shall, on or before 45 days prior to the proposed effective date of the action, send written notice of its intended action to the insured at his last known address. A written notice of cancellation or nonrenewal shall be sent by certified mail. All other notices of action subject to the provisions of this section shall be sent by certificate of mailing. The notice shall be in triplicate, and shall state in clear and specific terms, on a form approved by the Commissioner:

(3) The insurer's actual reason or reasons for proposing to take such action. The statement of reasons shall be sufficiently clear and specific so that a person of average intelligence can identify the basis for the insurer's decision, without making further inquiry. Generalized terms such as "personal habits[,"]", "living conditions[,"]", "poor [morale,] MORALS", or "violation or accident record" shall not suffice to meet the requirements of this section;

(c) Any statement of reasons contained in the notice given pursuant to subsection (b) (3) [hereof] OF THIS SECTION shall be privileged and shall not constitute grounds for any action against the insurer or its representatives or any person who in good faith furnishes to the insurer the information upon which the statement is based.