

[Dropped by your home insurer? Information for New Jersey residents](#)

Most people stay with the same home insurer for years. But in areas of the United States where disasters have occurred, including New Jersey, the marketplace is changing. In these areas, some homeowners are losing the option of staying with the brand name insurer they've known and trusted and having to shop around and switch to a company they may never have heard of. Companies such as Allstate and State Farm and other well-known brands are dropping long time customers and not selling new policies. The situation may be temporary or permanent.

An insurer that wants to end its relationship with you can either "non renew" you or cancel your policy. Non-renewal means your insurer won't give you a new insurance policy contract when your current one expires. A cancellation is different. A cancellation means your policy is being canceled before it expires. This is also called a "mid-term" cancellation because it happens in the middle of the term (length) of your policy's contract period. New Jersey residents are legally protected against unfair non-renewals and cancellations. Below is a list of some specific rules insurance companies must comply with before they can non-renew or cancel you:

Non-Renewal rules:

Your insurer is free to **non-renew** your policy for any reason but must provide you with formal written notice and a reason at least 30 days before your policy expires.[1] To avoid non-renewal, United Policyholders ("UP") recommends that you avoid filing small claims, maintain the condition of your home and your credit score as best you can, and don't ignore letters and emails from your insurance company.

If you get a non-renewal notice, contact the insurer right away and ask that they reconsider. If their stated reason relates to a claim, contact the New Jersey Division of Banking and Insurance ("NJDOBI" **1-800-446-7467**)

or a qualified lawyer to make sure the non-renewal is legal. Insurance companies in New Jersey are not

allowed to increase your premium or drop you just because you called them to ask a question.[2]

Cancellation rules:

A New Jersey insurer can **cancel** your policy within the first 60 days as long as they mail you a written notice at least 30 days before the cancellation date. The cancellation takes effect 10 days after the written notice is mailed or delivered.[3] If you can prove that you did not receive the required notice of cancellation, your policy will be deemed renewed on an annual basis.[4] Once your policy has been in effect more than 60 days, a New Jersey insurer can only cancel for the following reasons:

- **Non-payment of premiums due;**
- **You destroy your own property, commit a crime, etc.;**[5]
- **The insurer discovers you made a false statement on your application or misrepresented your property or the risks you're asking them to cover;**
- **There's a change to your property or situation that increases/changes the insured risk (a remodel, unrepaired damage, etc.);**
- **You fail to cooperate with requirements by your insurer to make repairs/do work to make your home safer or more resistant to damage. Typical requirements are clearing brush, repairing roofs, siding, etc.;**
- **Fraudulent acts against the company by the insured or its representatives that materially affect the nature of the risk insured; or**
- **The insurer is no longer financially healthy enough to honor its promises to insure you.**[6]

What to do:

If you get a non-renewal or cancellation notice, always start by contacting the insurer and asking them to reconsider. If you feel you've been non-renewed or canceled unfairly, contact the [New Jersey Department of Banking and Insurance](#) (NJDOBI) to make an inquiry or file a complaint. If the insurer complied with the law and just doesn't want you as a customer anymore, start shopping right away for a replacement policy. Don't panic.

Look for a financially healthy insurance company (with a good or excellent rating from A.M. Best) and use

[UP's buying tips](#) and the NJDOBI's guidance on [insuring your home](#). If you're like most people your home is your most valuable asset. Your insurance should protect you and your assets, and not all policies will. Compare the quality of the coverage, limits, exclusions and deductibles – not just price. Compare “apples to apples” as much as possible by asking questions about the features that matter:

- **What is the Coverage A (dwelling limit)? Can it be extended and if so, by how much?**
- **Are Building Code upgrades covered?**
- **Does the policy pay Replacement value or Actual Cash Value?**
- **Does the policy limit payment for mold and water damage, and if so, how?**
- **How long will Loss of Use benefits last if a covered loss makes my home uninhabitable?**

If you need shopping help, contact an experienced and reputable agent or broker. Review [UP's tips](#) on hiring a good one. If you live in a coastal area, your options are more limited and you may end up with less coverage at a higher price. Look around, find the best option, lock in a policy then continue to check in from time to time on new options. The home insurance market is generally competitive and new options become available over time. In some regions, brand name insurers have come back into a market they left for a period of time. As a last resort, New Jersey also offers a basic FAIR Plan through the New Jersey Underwriting Association. Visit www.njiua.org or call (973) 622-3838 for more information.

Switching to a new insurer can have advantages: By comparison shopping, you may end up with better coverage at the same or even a better price. Brand name insurers spend a lot of money on ads. That doesn't necessarily mean you're in better hands with them. If you have trouble finding affordable coverage, keep UP informed by emailing info@uphelp.org.

FLOOD INSURANCE: The information above does not pertain to flood insurance policies issued through the National Flood Insurance Program, which are governed by federal law. (See www.floodsmart.gov).

[1] N.J.S.A. 17:29B-4.1

[2]. Id. at (e).

[3] N.J.A.C. 11:1-20.2 (2014) § 11:1-20.2(e).

[4] Id. at (i).

[5] Id.at (f).

[6] N.J.A.C. 11:1-20.4 (2014) § 11:1-20.4(b).