

Dropped by your insurer? Information for New York residents

If your home insurance company notifies you that they're dropping you, you will either get a non-renewal notice or a cancellation notice. If you get a non-renewal notice, it means the insurer has decided not to sell you a new policy when the current one expires. If you get a cancellation notice, it means the insurer is dropping you as a customer before your current policy expires. Two different scenarios. Both can be unpleasant and time-consuming to deal with. The rules that apply to non-renewals and cancellations are different, but the impact on you is the same: Non-renewed or canceled means you need to replace that insurance safety net ASAP.

In either scenario, your first step should be to contact that insurer and ask them to reconsider. They may say yes, but only if you agree to put on a new roof, or clear more brush from around the home, etc. They may say no. If they say no, and they gave you the 45-day notice your state requires for a non-renewal to stick, start shopping right away for a replacement policy and don't panic.

Switching to a new insurer can have advantages: By working with an experienced local agent and comparison shopping online, you may end up with better coverage at the same or even a better price. Lesser known insurers can be financially healthy and offer good protection. But you do need to research their financial health and do your best to compare coverage, limits, exclusions, and deductibles as well as price.

If you live in a coastal area, such as Long Island, your options are more limited, and you may end up with less coverage at a higher price. Find the best option, lock in a policy then continue to check in from time to time on new options. Chances are your replacement policy will be more expensive and the brand name may not be familiar. You may have only one choice, but one is better than none.

If you need shopping help, contact a local, experienced and reputable agent or broker. Review our tips on hiring a good one. If you feel you've been non-renewed or cancelled unfairly, contact the New York Department of Financial Services ("NYDFS"). They can help you get information from your current

insurer, process a complaint (www.dfs.ny.gov/consumer/fileacomplaint.htm), or offer guidance on securing a replacement policy.

Cancellation is different from Non-Renewal

Under New York law, an insurer may cancel your homeowners or tenants policy by issuing a cancellation notice during the first 60 days it is in effect as long as the cancellation notice states the specific reason or reasons for the cancellation. After your policy has been in effect for 60 days it may not be canceled or non-renewed for a three-year period, except generally for the following reasons:

- Nonpayment of premium beyond the grace period;
- Conviction of a crime arising out of acts increasing the hazard insured against;
- Discovery of fraud or material misrepresentation by you, the insured;
- Discovery of willful or reckless acts or omissions increasing the hazard insured against;
- Physical changes in the property occurring after issuance or last annual anniversary date of the policy which result in the property becoming uninsurable in accordance with the insurance company's objective uniformly applied underwriting standards;
- A determination by the Superintendent that the continuation of the policy would violate or would place the insurer in violation of the Insurance Law.

At the end of this three-year period, your company may non-renew your policy. New York law requires that any notice of non-renewal must be provided at least 45 days, but not more than 60 days, prior to the expiration date of the policy. Experts recommend you avoid filing small claims to avoid having insurers charge you as "high-risk." Both UP and the NYDFS recommend carrying a higher deductible, performing routine maintenance, and researching the claims history of a property (CLUE or LexisNexis) to reduce your risk of non-renewal.

If you do not succeed in getting your current insurer to reinstate or renew your coverage, use [UP's buying tips](#) to find a replacement policy through a reputable insurance company. Compare options "apples to apples" as best you can. You may find a policy that's cheaper and even better than your current policy. Here are some of the key 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 ALE/Loss of Use benefits be payable?

As a last resort, New York also offers a basic FAIR Plan through the New York Property Insurance Underwriting Association (www.nypiua.com or (212) 208-9700). Please notify UP if you have trouble finding affordable coverage for your property by emailing info@uphelp.org, asking a question on our Ask-an-Expert Forum™, or by calling our office at 415-393-9990.

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. (www.floodsmart.gov).

More Information:

- [Insuring your home: Understanding the different types of insurance companies](#)