

RE: PRIVATE PASSENGER AUTOMOBILE INSURANCE – CHANGES TO GUARANTEED RENEWAL PERIOD MAY AFFECT THE RATING OF RENEWAL BUSINESS

Effective September 22, 2013, Ohio Revised Code (ORC) 3937.31 has been amended to reduce the guaranteed renewal period for automobile insurance policies from two years to one year.

When rating a private passenger automobile policy an insurer may consider all accidents that occur prior to the original inception date of the policy with the insurer. However, ORC 3937.22 and ORC 3937.23 limit the use of not-at-fault accidents that occur subsequent to policy inception for private passenger automobile insurance policies.

ORC 3937.22 provides that no insurer shall increase the cost of a private passenger automobile insurance policy based on the insured's involvement in a single motor vehicle accident during the policy period under certain circumstances. Prior to the amendment to ORC 3937.31, this meant an insurer could not consider the first not-at-fault accident that occurred during each two year guaranteed renewal policy period (counted from the original inception date) when rating a private passenger automobile insurance policy at renewal. Effective September 22, 2013, the insurer may not consider the first not-at-fault accident that occurs **in each successive one year guaranteed renewal policy period.**

ORC 3937.23 provides that no insurer shall increase the cost of a private passenger automobile insurance policy based on the insured's involvement in a not-at-fault motor vehicle accident with an uninsured or underinsured motorist under certain circumstances. Since insurers could not consider any not-at-fault accident with an uninsured or underinsured motorist that occurred after the original inception date, the change in the guaranteed renewal period language to one year should not require any changes to your rating plan. However, an insured's involvement in a not-at-fault accident with an uninsured or underinsured motorist may have resulted in payment under Collision coverage as well as UM/UIM or UMPD coverage. Therefore, it is important to confirm that your rating plan is not increasing the cost of private passenger automobile insurance for these types of accidents when payment was made under Collision coverage.

When complying with both ORC 3937.22 and ORC 3937.23, "increasing the cost of insurance" includes, but is not limited to:

- applying a surcharge;
- removing, withholding or reducing a discount;
- placement into a higher-priced tier or withholding a lower-priced tier; or
- any other cost-related action directly related to the existence of this accident.

If your private passenger automobile insurance rating plan for renewal business considers an insured's involvement in a not-at-fault accident or an accident with an uninsured or underinsured motorist where the insured's actions were not the proximate cause of the accident and the accident occurred after the policy originally incepted, your rating plan may not comply with ORC 3937.22 and ORC 3937.23.

Review this document, the statutes at <http://codes.ohio.gov/orc/> and your rating plan. If necessary, submit revisions to your rating plan for the Department's review.

If you have questions, you may contact:

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