**A** **BILL**

TO AMEND SECTION 38‑77‑30, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO DEFINITIONS APPLICABLE TO AUTOMOBILE INSURANCE COVERAGE, SO AS TO REMOVE CERTAIN REQUIREMENTS FOR THE RENEWAL OF AN AUTOMOBILE COVERAGE POLICY AND TO DEFINE THE TERM “REDUCTION IN COVERAGE”; AND TO AMEND SECTION 38‑77‑120, RELATING TO NOTICE REQUIREMENTS FOR CANCELLATION OR THE REFUSAL TO RENEW A POLICY, SO AS TO ALLOW FOR AN INSURER TO RENEW A POLICY WITH A REDUCTION IN COVERAGE AND TO PROVIDE CERTAIN REQUIREMENTS FOR THE REDUCTION IN COVERAGE.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 38‑77‑30(12) of the 1976 Code is amended to read:

“(12) ‘Renewal’ or ‘to renew’ means the issuance and delivery by an insurer of a policy superseding at the end of the policy period a policy previously issued and delivered by the same insurer~~, the renewal policy to provide types and limits of coverage at least equal to those contained in the policy being superseded,~~ or the issuance and delivery of a certificate or notice extending the terms of a policy beyond its policy period or term ~~with types and limits of coverage at least equal to those contained in the policy being extended~~. However, any policy with a policy period or term of less than six months or any period with no fixed expiration date is considered as if written for successive policy periods or terms of six months.

(12.5) ‘Reduction in coverage’ means a change made by the insurer which results in a removal of coverage, diminution in scope or less coverage, or the addition of an exclusion. Reduction in coverage does not include any change, reduction, or elimination of coverage made at the request of the insured. The correction of a typographical or scrivener’s error or the application of mandated legislative changes may not be considered a reduction in coverage.”

SECTION 2. Section 38‑77‑120(b) of the 1976 Code is amended to read:

“(b) Subsection (a) does not apply if the:

(1) insurer has manifested to the insured its willingness to renew or to renew with a reduction in coverage by actually issuing or offering to the insured to issue a renewal policy, certificate, or other evidence of renewal, or has manifested such intention to the insured by any other means provided that in the case of a reduction in coverage, the insurer provides notice of a reduction in coverage to the named insured in a separate document entitled the ‘Notice of Reduction in Coverage’ no less than fifteen days prior to the effective date of the renewal that includes the proposed reduction in coverage. This notice must:

(i) inform the insured of the reduction or elimination by the coverage section in the renewal policy or certificate;

(ii) provide that it is a notice of coverage changes; and

(iii) provide that it is for informational purposes only and may not be admissible in an action brought concerning a policy except for the sole purpose of showing that notice was provided to the insured.

The Notice of Reduction in Coverage does not amend, extend, or alter coverage provided in a policy. An insurer’s Notice of Reduction in Coverage must be provided to the director or his designee upon request when investigating a consumer complaint or when otherwise requested. The director or his designee may direct the insurer to provide the renewal without the reduction in coverage if the insurer fails to meet the requirements of this section. The director or his designee may issue guidance to an insurer or to the industry regarding the form and contents of the Notice of Reduction in Coverage in response to consumer inquiries or complaints;

(2) named insured has demonstrated by some overt action to the insurer or its agent that he expressly intends that the policy be canceled or that it not be renewed.”

SECTION 3. This act takes effect upon approval by the Governor

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