

# Consumer insurance: You have worn out your welcome, but ...

by [Yvonne R. Hunter](#) | Jul 26, 2017



*This is Part III of a blog series on consumer insurance policies cancelled or not renewed by an insurance company and addresses your response when you get the notice. In addressing the*

*consequences for the cancellation of an [auto policy](#) or [homeowner policy](#), we know that the first steps involve contacting the insurance company directly, or through your agent. Acting immediately may ensure success in staying insured.*

*If contacting the insurance company failed to stop the cancellation or convince the insurance company to renew your policy, this commentary provides information about a little-known process available in Arizona and may apply in other states. If you object to the insurance company's decision, the state insurance department or insurance commissioner may be helpful.*

When the insurance company decides to cancel or not renew an insurance policy, this is an “adverse underwriting decision.” Think of it as a divorce started by your insurance company. Since you want to keep insurance on your mortgaged residence or want to follow the law by having auto insurance, the news that your insurance company wants to end the relationship is rarely welcome news.

An adverse underwriting decision happens when the insurance company has made a calculated decision based on hopefully “lawful” facts that you and your house or car will not be insured by that company, or that you have to pay a higher premium to stay insured. This adverse underwriting decision may happen when you are applying for insurance, receive a cancellation notice or a notice to not renew your policy.

Arizona law defines six situations that may be an adverse underwriting decision and includes the cancellation or non-renewal of insurance coverage. [ARS § 20-2102](#).

Typically, a notice of cancellation or non-renewal (“The Notice”) is sent by U.S. Mail, or by email because the notice date becomes important in determining next steps. You should act quickly and focus on protecting your rights using the process called an “Objection.”

Arizona policyholders can have the insurance company's decision to cancel or not renew your insurance policy reviewed by the Director of the Arizona Department of Insurance. You will need to contact the Director **within 10 days of the notice** and let the Director know that you “**OBJECT**” to the insurance company's decision and want to preserve your rights under [ARS § 20-1633](#).

Important information to have available includes your policy, claims history, premium payment history or any other documentation about your insurance company to support your position. Make copies of your documents and include them in your request for help from the [Director](#). If you are not in Arizona, you may want to contact your own state's insurance department or commissioner to determine whether similar rights are available in your home state or the state that issued the policy.

Once you contact the Director regarding your Objection, the Director must take certain steps to notify the insurance company of your appeal, and conduct an examination of the reasons for the cancellation. The costs for the examination are paid by the insurance company.

If the Director reaches the conclusion that the reasons for the cancellation or non-renewal are “arbitrary, capricious or otherwise in violation of the law”, the Director can order the insurance company to cancel the cancellation as of the date of the notice to you. ARS § 20-1633.B. Either party may appeal the Director’s decision to superior court.

The Objection process protects you because it places the cancellation or non-renewal on hold until the examination ends. This buys you time to shop for replacement insurance and you remain insured during the period that the Director conducts the examination.

If you miss the appeal deadline, you may still ask the department of insurance or your commissioner for help. In Arizona, you can contact the Arizona Department of Insurance, [Consumer Affairs Division](#).

Remember, if you have a notice from your insurance company canceling or not renewing your policy, you want to act immediately to protect yourself and your property.