What's the difference between cancellation and nonrenewal?

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There is a big difference between an insurance company canceling a policy and choosing not to renew it. Insurance companies cannot cancel a policy that has been in force for more than 60 days except when:

- You fail to pay the premium
- You have committed fraud or made serious misrepresentations on your application.

Nonrenewal is a different matter. Either you or your insurance company can decide not to renew the policy when it expires. Depending on the state you live in, your insurance company must give you a certain number of days' notice and explain the reason for not renewing before it drops your policy. If you think the reason is unfair or want a further explanation, call the insurance company's consumer affairs division. If you don't get a satisfactory explanation, call your state insurance department.

The company may have decided to drop that particular line of insurance or to write fewer policies where you live, so the nonrenewal decision may not be because of something you did. On the other hand, if you did do something that raised the insurance company's risk considerably, like committing fraud, the premium may rise or you may not have your policy renewed.

If your insurance company did not renew your policy, you will not necessarily be charged a higher premium at another insurance company.

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