

My Homeowner's Insurance Policy Was Cancelled Without Notice. Is This Legal?

July 27, 2012 | by

Dear Ask the Attorney:

Hi. My insurance agent failed to tell me the payment was not received on my home and due to the last year's storms, caused me to have 2 claims and another never put thru (sic). They will not renew my policy and I've had this agency for at least 20 yrs. It should have been called to my attention by my agent who says she never received a cancellation notice; now to get insurance, other agencies want 5 times what I was paying. Is this legal?

L.E.

Our guest blogger is Timothy J. Ford, Esq. an associate with the firm of Einhorn, Barbarito, Frost & Botwinick, PC Tim practices in the closely held business group concentrating on employment law, general and commercial litigation, and working with owners/managers of assisted living facilities.

Dear L.E.:

An insurer must provide the insured with written notice 30 days prior to renewal if the terms or premium will be changed. However, there is generally no grace period if insurance premiums are not paid in a timely manner. As a result, an insurer may cancel coverage if an insured has failed to pay insurance premiums in a timely manner. It is more difficult for an insurer to cancel coverage mid-terms rather than for purposes of renewal. The proper manner for the lawful cancellation of homeowners insurance depends on whether the renewal is for the same terms, conditions and premium as the prior coverage period.

Insurance agents are licensed professionals regulated by the New Jersey Department of Banking and Insurance. An insurance agent has a fiduciary duty to his or her client. If the agent did deviates from a professional standard of conduct or acted in a negligent manner, the agent may be responsible for his or her failure to act appropriately. In order to be successful in a professional malpractice claim, a party must show the following:

1. That the professional had a duty to act consistent with a standard of conduct
2. The professional breached the standard of conduct
3. You sustained damages as a result of the professional's breach of his or her duty; and
4. The damages were caused by the breach.

It is also important to keep in mind that insurance premiums and underwriting is regulated by the State of New Jersey. If you think that your insurance company or agent may have acted improperly or deviated from a standard of conduct, you can contact the New Jersey Department of Banking and Insurance or an attorney to discuss your options.