STATE OF NEBRASKA

DEPARTMENT OF INSURANCE

Robert G. Lange

acting Director

May 18, 1994

CB-40 (Amended)

E. Benjamin Nelson
Governor

BULLETIN

SUBJECT: UNDERWRITING REFUSALS BASED SOLELY ON PREVIOUS NON-
RENEWAL REJECTION OR CANCELLATION OF PROPERTY AND
CASUALTY INSURANCE

It has come to the attention of this Department that it is the practice of some property and
casualty insurers to take underwriting action, usually either declining or placing a risk in a
higher rated company, based solely upon an applicant’s response to questions concerning
previous nonrenewal, rejection or cancellation of the applicant’s property and casualty insurance.

It is this Department’s position that no such action should be taken in underwriting a risk
based solely upon the response to such questions. Additional information seeking the reasons
for past nonrenewals, rejections or cancellations, should be solicited. The underlying reasons
are essential for intelligent underwriting decisions.

It is recommended that all companies review their applications either eliminating this
question or expanding upon it to include the reasons.

ROBERT G. LANGE
Acting Director of Insurance

941 "O" Street  •  Suite 400  •  Lincoln, Nebraska 68508-3690  •  Phone (402) 471-2201  •  Facsimile (402) 471-4610
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