**South Carolina General Assembly**

124th Session, 2021-2022

**A14, R20, H3587**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Sandifer and Hardee

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Introduced in the House on January 12, 2021

Introduced in the Senate on February 3, 2021

Passed by the General Assembly on March 24, 2021

Governor's Action: April 12, 2021, Signed

Summary: Reduction in coverage

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

1/12/2021 House Introduced and read first time ([House Journal‑page 249](file:///h:\hj\20210112.docx))

1/12/2021 House Referred to Committee on **Labor, Commerce and Industry** ([House Journal‑page 249](file:///h:\hj\20210112.docx))

1/28/2021 House Committee report: Favorable **Labor, Commerce and Industry** ([House Journal‑page 3](file:///h:\hj\20210128.docx))

2/2/2021 House Read second time ([House Journal‑page 28](file:///h:\hj\20210202.docx))

2/2/2021 House Roll call Yeas‑114 Nays‑0 ([House Journal‑page 28](file:///h:\hj\20210202.docx))

2/3/2021 House Read third time and sent to Senate ([House Journal‑page 12](file:///h:\hj\20210203.docx))

2/3/2021 Senate Introduced and read first time ([Senate Journal‑page 37](file:///h:\sj\20210203.docx))

2/3/2021 Senate Referred to Committee on **Banking and Insurance** ([Senate Journal‑page 37](file:///h:\sj\20210203.docx))

2/25/2021 Senate Committee report: Favorable **Banking and Insurance** ([Senate Journal‑page 13](file:///h:\sj\20210225.docx))

3/23/2021 Senate Read second time ([Senate Journal‑page 15](file:///h:\sj\20210323.docx))

3/23/2021 Senate Roll call Ayes‑44 Nays‑0 ([Senate Journal‑page 15](file:///h:\sj\20210323.docx))

3/24/2021 Senate Read third time and enrolled ([Senate Journal‑page 14](file:///h:\sj\20210324.docx))

4/8/2021 Ratified R 20

4/12/2021 Signed By Governor

4/15/2021 Effective date 04/12/21

4/15/2021 Act No.  14

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**VERSIONS OF THIS BILL**

[1/12/2021](file:///p:\pprever\2021-22\3587_20210112.docx)

[1/28/2021](file:///p:\pprever\2021-22\3587_20210128.docx)

[2/25/2021](file:///p:\pprever\2021-22\3587_20210225.docx)

(A14, R20, H3587)

**AN ACT TO AMEND SECTION 38‑77‑30, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE DEFINITION OF “REDUCTION IN COVERAGE”, SO AS TO PROHIBIT AN INSURER FROM TREATING A CORRECTION OF A TYPOGRAPHICAL OR SCRIVENER’S ERROR AS A REDUCTION IN COVERAGE; AND TO AMEND SECTION 38‑77‑120, RELATING TO NOTICE REQUIREMENTS FOR CANCELLATION OR THE REFUSAL TO REVIEW A POLICY, SO AS TO MAKE CONFORMING CHANGES.**

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

**Definitions**

SECTION 1. Section 38‑77‑30(12.5) of the 1976 Code, as last amended by Act 174 of 2020, is further amended to read:

“(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 is not a reduction in coverage.”

**Requirements for notice of cancellation or refusal to renew policy**

SECTION 2. Section 38‑77‑120(b) of the 1976 Code, as last amended by Act 174 of 2020, is further 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, however, 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; and

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

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.”

**Time effective**

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

Ratified the 8th day of April, 2021.

Approved the 12th day of April, 2021.

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