

Part 3 Chapter 3: (LA&H 62-1) Clarification of “Non-Cancelable” and “Guaranteed Renewable”

Rule 3.01

WHEREAS, a marked degree of confusion exists in this state by reason of various interpretations relative to use of the terms “non-cancellable” and “guaranteed renewable” insurance, it is deemed in the public interest for the Mississippi Insurance Department to adopt the interpretation of the National Association of Insurance Commissioners with reference to such terms approved in December 1959, which interpretation is as follows:

The terms “non-cancellable” or “non-cancelable and guaranteed renewable” may be used only in a policy which the insured has the right to continue in force by the timely payment of premiums set forth in the policy (1) until at least age 50, or (2) in the case of a policy issued after age 44, for at least five years from its date of issue, during which period the insurer has no right to make unilaterally any change in any provision of the policy while the policy is in force.

Except as provided above, the term “guaranteed renewable” may be used only in a policy which the insured has the right to continue in force by the timely payment of premiums (1) until at least age 50, or (2) in the case of a policy issued after age 44, for at least five years from its date of issue, during which period the insurer has no right to make unilaterally any change in any provision of the policy while the policy is in force, except that the insurer may make changes in premium rates by classes.

The foregoing limitation on use of the term “non-cancellable” shall also apply to any synonymous term such as “not cancellable” and the limitation on use of the term “guaranteed renewable” shall apply to any synonymous term such as “guaranteed continuable.”

Nothing herein contained is intended to restrict the development of policies having other guarantees of renewability, or to prevent the accurate description of their terms of renewability or the classification of such policies as guaranteed renewable or non-cancellable for any period during which they may actually be such, provided the terms used to describe them in policy contracts and advertising are not such as may readily be confused with the above terms.

Adoption of the above interpretation shall be effective as of the date of this Order as to new policy approvals; any policy forms now approved which are in conflict with the above interpretation are hereby disapproved for sale in the State of Mississippi on and after January 1, 1963.

So Ordered this 24TH Day of July, 1962.

Source: Miss code Ann §§83-5-1; 83-5-29 (Rev. 2011)