

## NONCANCELLABLE AND GUARANTEED RENEWABLE TERMINOLOGY DEFINED

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### Section 1. Applicability

The terms “non-cancellable” or “non-cancellable 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 until at least age fifty (50), or in the case of a policy issued after age forty-four (44), for at least five (5) 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.

### Section 2. Guaranteed Renewable Policies Defined

Except as provided above, the term “guaranteed renewable” may be used only in a policy that the insured has the right to continue in force by the timely payment of premiums until at least age fifty (50), or in the case of a policy issued after age forty-four (44), for at least five (5) 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 “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.

**Comment:** These minimum requirements have been prepared in an effort to make the language conform as closely as possible with various suggestions in the past and to be consistent with existing NAIC language, with state rulings, letters and existing law, and with the U.S. Senate Committee Report on HR 4245 of 1959 (life insurance company taxation). The recommended limiting ages are consistent with the NAIC Uniform Individual Accident and Sickness Policy Provisions Law with the definition used in 1956 (See 1956 NAIC Proceedings II 293) and with the definition in California’s law for non-cancellable insurance. We further recommend that your committee affirm the opinion that any required or optional provision contained in the 1950 NAIC Uniform Individual Accident and Sickness Policy Provisions Law which may be used in a “non-cancellable” or “non-cancellable and guaranteed renewable” policy may also be used in a “guaranteed renewable policy.”

**Drafting Note:** Section 7 of the NAIC Rules Governing the Advertisement of Accident and Sickness Insurance provides that any advertisement of a policy which refers to renewability or cancellability must disclose in a manner which would not minimize or render obscure any qualifications relating to renewability or cancellability. The same requirement of clear disclosure should also apply with respect to policy forms.

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*Chronological Summary of Action (all references are to the Proceedings of the NAIC)*

*1960 Proc. I 148, 153-154, 157 (adopted).*