Jim Poolman
Commissioner of Insurance

DEPARTMENT OF INSURANCE
STATE OF NORTH DAKOTA

MEMORANDUM

TO: All Property and Casualty Companies Writing Commercial Insurance

FROM: Jim Poolman, Commissioner

DATE: July 13, 2006

SUBJECT: Addition of Unsolicited Coverage

It has come to my attention that when issuing a new commercial property or liability policy to a North Dakota consumer, some companies are adding coverage via endorsement that was not requested in the application.

An insurance company has a right to underwrite an account, but I am concerned that a consumer may unknowingly pay for coverage the consumer did not request or want.

I recognize that during underwriting, an insurance company may discover facts about the risk that require an endorsement. For example, an on-site inspection may reveal the need to exclude coverage to a building because of previous unrepaired damage.

A company can and should continue to underwrite the risk based on valid underwriting principals. However, if coverage that was not requested in the application is added, the company should make it clear to the consumer that additional coverage requiring additional premium was added to the policy.

I am writing to request that if a company adds coverage to a commercial property or liability policy that it do so only after receiving a clear directive from the consumer to do so.

Questions should be addressed to Larry Maslowski at (701) 328-4976 or lmaslows@nd.gov.

JP/njb

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