

# Sixty-Day Notice Requirement for Nonrenewal Inapplicable if Replacement Policy Obtained

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The Ninth Circuit, in an unpublished opinion, held that the 60-day notice of nonrenewal required under California law does not apply where the insured has obtained a replacement policy prior to termination of the policy that was not renewed. *Clarendon Nat'l Ins. Co. v. Foley & Bezek, LLP*, Nos. 01-56878, 02-55450, 2002 WL 31819692 (9th Cir. Dec. 13, 2002).

A law firm purchased a lawyers' professional liability insurance policy from insurer number one. Prior to the expiration of that policy, the law firm's insurance broker informed the law firm that the policy would not be renewed by insurer number one and that the policy was being replaced by a policy issued by insurer number two. Both policies required that claims be made and reported during the same policy period. After coverage was denied under both policies for a claim made during the first policy period and reported during the first 60 days of the second policy period, the law firm argued that it was entitled to invoke a 60-day extended reporting requirement under the first policy because insurer number one failed to give the 60-day notice of nonrenewal required under California law. The court rejected the argument in one sentence, stating that "[t]he extended reporting period was not available to [the law firm] because under the terms of the policy it applied only if [the law firm] had not obtained another policy of lawyers' professional liability insurance within sixty days of the policy's termination." The court did not quote the policy language on which it relied.

For more information, please contact one of WRF's Professional Liability Attorneys at 202.719.7130.