

Frequently Asked Questions - Bulletin 5.38 Actions to Protect Consumers with Property and Casualty Insurance Policies during the COVID-19 Public Health Emergency in Colorado

- Q.1. If an insurer sent a cancellation or non-renewal notice to an insured prior to March 27th in accordance with Article 4 of Title 10 and such cancellation or non-renewal notice was to become effective on or after March 27th, does the bulletin prohibit the cancellation or non-renewal of any such policy?**
- A.1.** The Division requests that carriers work with their consumers as much as possible in this difficult time. While the Bulletin was issued on March 27th, the economic impact from the virus was being felt by Coloradans much earlier in March. We have been very thankful for the insurance industry's willingness to step up in this historic moment to help Coloradans. We hope that would be the case in this hypothetical scenario as well.
- Q.2. Current law allows for cancellation or non-renewal of specific personal lines policies for several reasons unrelated to any issue associated with the COVID-19 pandemic. Many insurers rely on these current laws and act as necessary when a statutory reason, other than for non-payment of premium, arises with respect to a policy in effect on March 27th. Does the bulletin restrict insurer cancellation or non-renewal for reasons other than non-payment of premium?**
- A.2.** Nothing in this bulletin should be construed as requesting any insurer to refrain from cancelling or non-renewing coverage on the basis of fraud or material misrepresentation on an application for insurance or on a claim submitted. In addition, nothing in this bulletin should be construed as requesting any automobile insurer to refrain from cancelling or non-renewing coverage because of the suspension or revocation of the named insured's driver's license.
- Q.3. Does this bulletin prohibit an insurer from cancelling a policy upon the request of the policyholder?**
- A.3.** No, any actions requested by the policyholder are not governed by the bulletin. The bulletin is intended to assist policyholders impacted by COVID-19 with respect to potential actions taken by their insurer.
- Q.4. Does the bulletin prohibit the cancellation of any policy in accordance with state laws with respect to new business initially written prior to March 27th but has not yet been in effect 59 days.**



- A.4. With respect to the issuance of a new policy, a decision not to continue such new policy during the first fifty-nine days of the policy or, in accordance with Section 10-4-110.7, C.R.S., thirty business days, does not constitute a cancellation and is not governed by this bulletin. However, once such a policy is no longer subject to such statutorily prescribed period and is in full force, the provisions of the bulletin would then apply.
- Q.5. If an insurance carrier has a policy for which an application was submitted but coverage was not bound and no policy is in effect, and that policy does not qualify under underwriting guidelines, can the insurance carrier communicate the declination immediately since it does not constitute a cancellation?**
- A.5. Because the policy was never bound, the action would be considered a declination and would not constitute a cancellation; therefore, would not fall within the scope of the bulletin. Prompt communication is in the best interest of consumers, as they will be in a better position to initiate a search for coverage elsewhere.
- Q.6. Does the bulletin apply to premium finance companies that have a contractual agreement with the policyholder, have paid the premium to insurers and have a payment plan in place with the policyholder.**
- A.6. No, this bulletin does not apply to premium finance companies; however, the Division would hope and expect that the premium finance companies would follow the same guidance and provide their clients assistance during this unprecedented time. For additional information concerning the regulation of premium finance companies please visit the Colorado Attorney General's Office website at <https://coag.gov/licensing/uniform-consumer-credit-code/>
- Q.7. Does the bulletin apply to agency billed agreements, in which the agency has paid a company premium in full and has a payment agreement in place with the policyholder?**
- A.7. To the extent an agency has paid the premium on behalf of a policyholder, and the policyholder is insured with an admitted carrier, the carrier is encouraged to work with the agency to assume the credit risk if policyholders do not satisfy their payment commitments under the applicable agency bill agreement.
- Q.8. Does the bulletin apply to surplus lines carriers?**
- A.8. While the Division's authority over the surplus lines carriers is limited, the Division encourages the surplus lines carriers to consider the direction provided in Bulletin 5.38 to protect the Colorado consumer, and in particular policyholders who have coverage in the surplus lines market due to unavailability of personal lines coverage.



Q.9. Does the bulletin apply to workers' compensation insurance?

A.9. Yes, to the extent the Division of Insurance regulates workers' compensation under Article 4 of Title 10, Bulletin 5.38 applies.

Q.10. Will the Division hold the information requested confidential?

A.10. The Division will evaluate requests from insurers to hold information confidential as we do in the normal course of business. Even if certain information is held confidential at the individual insurer level, we may make information public in the aggregate.

Q.11. In accordance with the bulletin's purpose of providing assistance to policyholders impacted by COVID-19, how can policyholders contact their Company for assistance?

A.11. Insurers are asked to provide clear guidance, on their websites, to policyholders outlining how to contact the company or their agent, so that the insured can easily and promptly inform the insurer of his or her situation and difficulties complying with payment schedules. Insurers should include a general statement that indicates they will work with their policyholder to meet their needs during this unprecedented time related to the COVID-19. Insurers shall make every effort to work with their policyholders to alleviate their difficulties with the goal of maintaining continuous coverage and easing the burdens for policyholders. As such, insurers are strongly encouraged to use each of the accommodations identified in the bulletin as well as any other accommodations the company deems appropriate.

