

Administrative Bulletin 2020-3

DATE: June 22, 2020

TO: All insurers licensed or authorized to transact insurance business in Minnesota

SUBJECT: Insurance Business Practices Following the Issuance of Executive Order 20-64

On May 28, 2020, Governor Tim Walz issued Executive Order 20-64 declaring a Peacetime Emergency following the killing of George Floyd. The killing of Mr. Floyd and subsequent events highlight structural inequities in our society that must be addressed. To ensure policyholders are handled in an equitable manner, the Department plans to request claims handling data from Minnesota insurance carriers offering commercial property, homeowners, and auto policies. The Department understands the important role the insurance industry plays during times of great loss and thanks insurers in advance for handling claims in a fair and timely way.

The Department hereby requests all insurers licensed or authorized to transact insurance business in this State to immediately implement the following protective measures:

- Insurers should apply claims best practices consistent with categorizing the circumstances following the killing of Mr. Floyd as a catastrophic event, including, but not limited to, expedited claims handling, advance claim payments, and fair treatment of all policyholders. Insurers should implement a moratorium on the cancellation or non-renewal of impacted policyholders for a period of 90 days from the issuance of the Governor's Executive Order 20-64 dated May 28, 2020.
- Insurers should not take into account whether commercial policyholders were unable to make full premium payments during any portion of the period beginning with the issuance of the Governor's Executive Order 20-01 dated March 13, 2020 when evaluating claims stemming from riots or civil commotion, or vandalism.
- To the extent business interruption provisions are included and operative under a policy, insurers should base payouts on expected business activity during the time of closure. These losses are occurring at a time of business reopening following months of closures due to COVID-19. The Department does not believe it is appropriate to calculate businesses losses using the time period under the Governor's Stay Home orders. Alternative calculations could include revenue from the same time period in previous years or a similar calculation.

- Insurers should err on the side of the policyholder when considering the applicability of exclusions. For example, Executive Order 20-64 and the City of Minneapolis' Mayoral Declaration of Local Emergency dated May 28, 2020 both resulted in limitations and restrictions on public access to affected areas. Insurers should take into account the practical effect of such orders, in addition to the Executive Orders related to the global Covid-19 pandemic, when evaluating the applicability of exclusions.
- Insurers should not prevent or otherwise delay policyholders from making immediate repairs in advance of a physical inspection if needed for health or safety. Insurers should allow for reasonable proof of damage documentation including, but not limited to, video and photographs.
- Insurers should work collaboratively with policyholders to allow for the replacement of structures and equipment with renewable, resilient, or sustainable technologies that may lower long-term risk following rebuilding or repair.

Signed,

A handwritten signature in black ink that reads "Steve Kelley". The signature is written in a cursive, flowing style.

Steve Kelley
Commissioner