

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Bulletin 2020-16-INS

In the matter of

Insurer Flexibility Due to COVID-19
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**Issued and entered
this 13th day of April 2020
by Anita G. Fox
Director**

The Director of the Department of Insurance and Financial Services recognizes that many Michiganders are experiencing extreme financial hardship during the COVID-19 pandemic and may have difficulty timely paying their insurance premiums or filing claims. The Director is concerned that the potential loss of valuable insurance coverage may create additional uncertainty and financial hardship for Michiganders.

This bulletin advises all insurers doing business in Michigan, regardless of the line of coverage, to consider flexibility to help insureds avoid additional financial consequences as a result of their inability to pay insurance premiums or timely file claims.

Regarding insurance premium payments, the Director strongly encourages insurers to provide their insureds with at least a 60-day grace period to pay insurance premiums so that insurance policies are not cancelled for nonpayment of premium. Insurers may effectuate this directive by offering payment accommodations, such as allowing consumers to defer payments (without incurring interest), extending payment due dates, and/or waiving late or reinstatement fees. DIFS encourages insurers to allow for payment plans for the back-due premium at the end of an insured's 60-day grace period, in lieu of a balloon-type premium bill. Furthermore, automobile and home insurers offering insurance under the Essential Insurance Act should consider allowing flexibility related to eligibility determinations related to non-payment of premium.

The Director urges insurers to work with their insureds experiencing financial hardship during the COVID-19 pandemic to discuss specific policy options available to them that may modify the amount of premium owed. For example, a consumer who is laid off or teleworking may wish to change the designation on their auto policy to remove commuting from their driving use; or a consumer may want to look at modifying deductibles amounts or types of coverage

In addition, the Director asks that insurers make adjustments to claim filing deadlines to accommodate insureds who may encounter difficulty in timely providing notice of a claim. When an insured is unaware of a loss or unable to provide timely notice of a claim as a result of COVID-19, insurers are requested to be lenient in the application of any policy language that requires prompt notice of a claim, or that a claim be filed within a certain time period. Similarly, many policies include a requirement that an insured submit a sworn statement

in proof of loss within a specific time period, or that an insured submit to an examination under oath. Insurers should consider waiving or allowing flexibility in fulfilling these requirements, including the ability to do so electronically whenever possible. Insurers must memorialize these arrangements with their insureds in writing.

Many property losses may be exacerbated by COVID-19 and may result in insureds facing much longer repair or replacement times. In these instances, insurers should consider extending coverage for living expenses, rentals, and loss of use when circumstances necessitate.

The Director requires insurers taking any measures to provide flexibility due to COVID-19 to submit their plan regarding the steps to be followed to implement flexibility for their insureds during this state of emergency. The plan should include a description of any measures taken; how insureds will be notified of the flexibility; how claims will be handled during the defined time period; and an estimate of when the measures will cease. These plans must be submitted as soon as possible, but no later than 7 days after implementation, to dennisk1@michigan.gov.

This bulletin expires 90 days after the expiration of the state of emergency declared by Governor Gretchen Whitmer on March 10, 2020, and any extension thereof.

Any questions regarding this bulletin should be directed to:

Department of Insurance and Financial Services
Office of Insurance Rates and Forms
530 West Allegan Street, 7th Floor
Lansing, Michigan 48933
Toll Free: (877) 999-6442

/s/

Anita G. Fox
Director