

Arkansas Insurance Department

Asa Hutchinson
Governor



Alan McClain
Commissioner

August 17, 2020

BULLETIN NO. 28-2020

TO: ALL ADMITTED AND SURPLUS LINES INSURANCE CARRIERS DOING BUSINESS IN THIS STATE, AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: MORATORIUM ON CANCELLATION FOR CERTAIN POLICYHOLDERS AFFECTED BY THE COVID-19 EMERGENCY

The Arkansas Insurance Commissioner is issuing this Bulletin to assist consumers with insurance policies affected by the outbreak of the COVID-19 virus in Arkansas, providers of health services attempting to treat and contain the outbreak, and entities regulated by the Arkansas Insurance Department as they deal with urgent needs caused by the occurrence of the virus in Arkansas.

The Arkansas Insurance Department is committed to assisting its fellow state agencies, local health departments, emergency managers, and health care providers in providing for the health and welfare of the people of Arkansas.

On August 14, 2020, Governor Asa Hutchinson issued Executive Order 20-45 declaring a statewide state of emergency for the purpose of extending the public health and disaster emergency and declaration of the State of Arkansas as a disaster area resulting from the state-wide impact of COVID-19 an additional sixty (60) days from the issuance of EO 20-45.

The Order may impact various insurance regulatory statutes so that the Department may effectively render maximum assistance to overcome any potential impediment to the rapid and orderly rendering of assistance to our citizens affected by the virus.

MORATORIUM AGAINST CANCELLATION

To assist citizens who may struggle to overcome obstacles during this health emergency, the Commissioner is hereby **issuing a moratorium on the cancellation/non-renewal of personal lines and life and health insurance policies for the non-payment of premiums** for the following Arkansas residents who, since March 11, 2020, have:

- Been diagnosed with/positively tested for COVID-19; or
- As a consequence of the COVID-19 health emergency, have been terminated, laid off, or who are self-employed or an independent contractor and have experienced a cessation of work.

Additionally, the Commissioner **directs all insurers and regulated entities** that personal lines and life and health insurance policies for Arkansas residents described above in effect on August 17, 2020 remain in effect until such time as Executive Order 20-45 expires.

PREMIUM OFFSET

With the exception of health insurance, all insurers subject to this bulletin receiving a claim on or after the effective date of EO 20-45 from a policyholder who owes a premium may offset the premium owed from any claim payment made to the insured under the insurance policy. Such an offset shall be limited to the policy for which a claim is made and shall not exceed \$500.00.

POLICYHOLDER RESPONSIBILITIES

This moratorium extension is not automatic. To be eligible for the moratorium, affected policyholders must request this extension from their insurance carriers.

Insurance carriers may request evidence of diagnosis or employment disruption. Citizens who apply for unemployment benefits as a result of the health emergency and are approved are presumptively subject to this moratorium.

The moratorium period, when requested by the policyholder, is effective starting from the date of issuance of Executive Order 20-45.

Policyholders are advised that this moratorium is not a waiver; it is only an extension or grace period in which to pay premiums. Insurers are directed to work with affected policyholders in paying the premiums that become due during the moratorium period by either allowing a payment plan or a further extension of the due date for the amount in full.

For those policies with an automatic bank draft or electronic funds transfer arrangement, the Department is aware that the policyholder must contact their financial institution for these payments to cease. Therefore, the insurance company may continue deducting those premiums unless the policyholder contacts the insurance company and their financial institution to request that such an automatic bank draft or electronic funds transfer arrangement cease.

CANCELLATION/NON-RENEWAL FOR OTHER REASONS

This moratorium applies only to cancellation or non-renewals attributed to a **failure to pay premiums during the applicable period.**

If a policy is to be cancelled or non-renewed for any other allowable reason, the cancellation or non-renewal may be made pursuant to statutory notice requirements and for legally recognized reasons. This moratorium does not prevent an insurance company from cancelling or terminating an insurance policy for fraud or material misrepresentation by the insured.

The Department also requests that insurance companies take into consideration that persons diagnosed with COVID-19 may be unable to receive a notice of cancellation or non-renewal.

Any questions regarding this Bulletin should be directed to insurance.consumers@arkansas.gov at the Arkansas Insurance Department or by phone at 501-371-2600.



ALAN MCCLAIN
INSURANCE COMMISSIONER
STATE OF ARKANSAS

August 17, 2020
DATE