

Bulletin No. B-5.38

Actions to Protect Consumers with Property and Casualty Insurance Policies During the COVID-19 Public Health Emergency in Colorado

I. Background and Purpose

The novel coronavirus (COVID-19) outbreak and emergency public health measures by state and local leaders has led to widespread business interruptions, unemployment and disruption of daily activities for consumers, including but not limited to self-quarantine and isolation to protect their and the public's health. Due to the unprecedented and extraordinary impact of the COVID-19 emergency, the Colorado Department of Public Health and Environment has issued multiple Public Health Orders which have limited otherwise normal business and personal interactions and activities.

II. Applicability and Scope

This bulletin is intended to provide directives and guidance to all insurers that issue and have in effect property and casualty insurance policies in the State of Colorado under Article 4 of Title 10, C.R.S. and insurance producers who collect and remit premiums in accordance with Section 10-2-704, C.R.S.

III. Division Position

The Division directs all insurance companies issuing coverage to personal and commercial policyholders to make reasonable accommodations to prevent individuals and businesses from losing coverage due to cancellation for the non-payment of premium if the insured contacts the insurer regarding any financial hardship resulting from COVID-19 requesting a reasonable accommodation before the date the policy is set to expire or cancel.

Nothing in this Bulletin is intended to relieve an insured of the obligation to pay earned premium for coverage under a policy.

A. Reasonable accommodations should include, but not be limited to:

1. Suspension of non-payment cancellations;
2. Payment options to pay overdue premiums; and,
3. Waiver of late payment or reinstatement fees.



- B. Insurers should offer their insureds flexible payment arrangements to allow them to bring their policy current. Such payment arrangements should allow their insureds an opportunity to pay overdue policy premiums within a reasonable amount of time within the current active policy period and, if appropriate, during the immediate subsequent renewal.
- C. If an insured makes arrangements to pay the overdue premium owed, the insurer shall not take either of the following adverse actions against the insured:
 - 1. Cancel the policy for nonpayment of the overdue premium unless the insured fails to pay the premium in accordance with the terms set forth in the payment arrangement to bring the policy current.
 - 2. Report the insured to a credit reporting agency or debt collection agency for nonpayment of policy premium unless the insured fails to pay the overdue premium in accordance with the terms set forth in the payment arrangement.
- D. If an insured failed to pay policy premium due to a financial hardship as a result of COVID 19 and the insured has not entered into a payment arrangement, then the insured may request to discontinue coverage, in which case the insurer should:
 - 1. Work with the insured to establish a retroactive date certain for cancellation of the policy based on the non-payment of premium; and,
 - 2. Allow the insured to cancel the policy retroactively to the agreed upon date certain of the non-payment of premium with no earned premium owed. However, an insurer may request a statement of no losses prior to agreeing to a cancellation effective date.
- E. An insurer should not surcharge a new personal lines policy for a lapse in coverage if the applicant can demonstrate the lapse in coverage was because of a financial hardship due to COVID-19.
- F. Insurers should take steps to encourage the use of electronic payment technology on websites, apps and electronic bank transfers whenever possible.

Insurers should be aware that the Division may request additional data from the insurers related to the Division's position and number of accommodations made or rejected by the insurer.

IV. Additional Resources

For More Information on COVID-19, please see the CDPHE website here: <https://www.colorado.gov/pacific/cdphe/2019-novel-coronavirus>

For More Information or questions about your current coverage, please contact:

Colorado Division of Insurance
Consumer Services, Property & Casualty Section
1560 Broadway, Suite 850
Denver, CO 80202
Tel. 303-894-7490 Toll-free (in state): 800-930-3745
Internet: <http://www.dora.colorado.gov/insurance>

V. History

Issued March 27, 2020
Reissued September 17, 2020