



June 18, 2008

Circular 2008-06

Policy Cancellation Moratorium
IDOI Bulletin 163

Background

Over half of the counties in Indiana have been declared disaster areas. In response, the Indiana Department of Insurance (IDOI) issued its Bulletin 163 dated June 17, 2008. The bulletin calls on all insurance companies to implement a 60 day moratorium/grace period for cancelling or non-renewing any insurance policy attributed to a failure to pay premium by policyholders who live in counties impacted by the recent storms and flooding.

Timeframe

This 60 day moratorium or grace period begins retroactively to May 30, 2008 and ends August 17, 2008 (60 days after the Bulletin date of June 17, 2008).

The expectation is that any policy scheduled to cancel or non-renew during the grace period, due to non payment, will not cancel until August 17, 2008 and can be renewed through August 17, 2008 with no lapse in coverage.

For instance, a policy due to cancel on June 10, 2008 would be within the moratorium period and therefore, would not cancel until August 17, 2008. After August 17, 2008, normal cancellation and nonrenewal laws and regulations would again apply.

Implementation

In the spirit of assistance in reducing the affected employers' burden during this difficult time, and to facilitate the implementation of the moratorium by insurance companies, there is no need to send revised notices or offers (but you can). However, in an effort to reduce confusion for policyholders, it would be appropriate to suspend your systems from automatically generating past due notices or cancellation notices during the moratorium. Your systems should be programmed to know that you would not cancel any policies for non-pay during the moratorium and you would accept past due renewal payments during this extended grace period.

Sincerely,

Ronald W. Cooper, CWCP
President

Attachments:

IDOI News Release dated June 17, 2008
IDOI Bulletin 163 dated June 17, 2008

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Indiana Department
of Insurance

News Release

Indiana Department of Insurance Issues Bulletin to Prevent Cancellation of Insurance Policies for 60 Days

Indianapolis, IN June 17, 2008:

Indiana Insurance Commissioner Jim Atterholt issued a Bulletin today calling on all insurance companies doing business in Indiana to implement a 60-day moratorium on the cancellation of any insurance policy for late payment by policyholders who live in counties impacted by the recent storms and flooding. The Bulletin also asks for a waiver of any penalties or late fees during the time of this moratorium. "People are hurting and the last thing they need to worry about is having their various insurance policies cancelled during this very difficult time," said Governor Mitch Daniels. This action will give policyholders in the Indiana counties impacted by the disaster an additional 60 days to pay their premiums. The 60-day moratorium begins today, June 17, 2008 but will retroactively cover the storms from their inception on May 30, 2008.

Governor Daniels tasked Insurance Commissioner Jim Atterholt to find ways for the insurance industry to reduce Hoosier victims' burden during this very difficult time. When the Commissioner approached the various insurance associations (Indiana Insurance Institute (III), Association of Indiana Life Insurance Companies [AILIC], Indiana Association of Health Plans [IAHP]), as well as individual companies within the associations, with the idea of a moratorium on cancellations, the response was extremely positive. "The response by the insurance industry to this bulletin has been overwhelmingly supportive," said Atterholt.

Included as well in the Bulletin, as directed by the Governor, the Indiana Department of Insurance (IDOI) will modify its own internal policies and will grant a 60-day grace period for renewal and cancellation for all licensees, certificate holders and registrants. A copy of IDOI Bulletin #163 is attached.

For Release 10:00 a.m., June 17 2008

Policy Cancellation Moratorium

Due to the recent storms and flooding that have resulted in several Indiana counties being designated as disaster areas* by State Executive Order or by Presidential declaration ("impacted areas"), the Indiana Department of Insurance is calling on all insurance companies to implement the following extensions and/or grace periods in the administration of insurance policies including all lines:

A 60-day moratorium for cancellation of any insurance policy in effect for any policyholder residing within the impacted areas and a suspension of any penalty attached to late payment therein.

This "moratorium" is not a waiver; it is only an extension of the grace period in which to pay the premium. After the 60 days, the policyholder will have to resume making premium payments. The Department requests insurance companies work with the impacted policyholders in repaying the premiums that would have become due during the moratorium period by either allowing a repayment plan or a further extension in paying the amount due in full.

This moratorium applies only to cancellations/non-renewals attributed to a failure to pay premiums during the 60-day 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 the statutory notice requirements. However, the Department would request insurance companies take into consideration that persons in the heavily impacted areas may be unable to receive a notice of cancellation or non-renewal due to evacuation or delayed postal service in that area.

This moratorium will last 60 days and will take effect the date of the date of issuance of this Bulletin and the Department expects insurers to retroactively include the weather events that began with tornadoes and severe storms on May 30, 2008. We would anticipate that this time period would overlap with existing grace periods.

In addition, the Department will modify its own internal policies by implementing a 60-day grace period relating to renewal and cancellations for all licensees, certificate holders and registrants. This includes premium tax and surplus lines premium tax filings. Any penalties assessed due to late payment during this period will be waived. The 60-day extension will also be applied to the Continuing Education Requirements to those producers from impacted areas.

The Department, recognizing the massive displacement of personnel and documents, will accept temporary address changes at no fee either electronically through Sircon.com or NIPR.com, faxed to (317) 232-5251, or by phone to (317) 232-2411. The duplicate license fee of \$10.00 for producers from impacted areas will be waived during this 60-day period. The Department stands ready to help rebuild damaged and destroyed essential insurance files by allowing copying of its own records without charge.

INDIANA DEPARTMENT OF INSURANCE


James Atterholt, Commissioner

*As of this date the following Indiana Counties currently have been given the qualifying disaster designation: Adams, Bartholomew, Benton, Boone, Brown, Carroll, Clay, Daviess, Dearborn, Decatur, Elkhart, Franklin, Fulton, Gibson, Greene, Hamilton, Hancock, Henry, Huntington, Jackson, Jay, Jefferson, Jennings, Johnson, Knox, Lagrange, Lawrence, Madison, Marion, Martin, Miami, Monroe, Montgomery, Morgan, Newton, Ohio, Owen, Parke, Pike, Posey, Putnam, Randolph, Ripley, Rush, Shelby, Sullivan, Tippecanoe, Union, Vanderburgh, Vermillion, Vigo, Wabash, Warrick, Wayne, Wells, White.