

## Bulletin No. B-5.4X

### Guidance for Repayment of Deferred Premium Payments and Postponed Cancellation and Nonrenewal Underwriting Actions

#### 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 including 20-20, 20-22, 20-23, 20-24 and 20-28, (collectively "Orders") which have limited otherwise normal business and personal interactions and activities.

#### II. Applicability and Scope

Concurrent with the amendment of Bulletin 5.38, this bulletin provides guidance to all property and casualty insurers that issued and had in effect, as of March 27, 2020, personal lines 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. This bulletin provides protections for those insureds whose premiums were deferred, nonrenewals postponed and policies continued without payment of premium under Bulletin 5.38, and provides guidance to insurance companies and producers on how the removal of the requirement for reasonable accommodations can be accomplished.

#### III. Division Position

A. Sections 10-4-109.7 (1) and 10-4-603 (1), C.R.S., require that if timely payment of premium is not made insurers must provide a notice that the policy will be canceled by giving at least ten days notice of cancellation. Due to the exceptional circumstances which resulted in the promulgation of Bulletin 5.38, insurers are hereby directed to provide property and casualty insureds no less than thirty days notice of cancellation for nonpayment of premium.

i. For insurance policies that were continued without payment of premium and have met or exceeded three months without payment as outlined in amended Bulletin 5.38, the insurer shall include with the notice of cancellation instructions to their insured that explains the insured's repayment options.

ii. At a minimum, the notice of cancellation and the terms of a premium payment agreement shall provide:



- a. The insured no less than twenty (20) days to contact the insurer to make arrangements to pay the earned but unpaid policy premium; and,
  - b. The insured a reasonable amount of time, but no less than twelve (12) months from the date of the notice, to pay the earned, but unpaid, policy premium.
- B. If the nonrenewal of the policy was deferred due to the Orders and Bulletin 5.38, the insurer may proceed with its intended underwriting action at the renewal date following the date of the promulgation of this Bulletin.
- C. If an insured makes arrangements to pay the earned but unpaid policy premium, the insurer shall not take any of the following adverse actions against the insured:
  - i. Cancel the policy for nonpayment of the earned but unpaid premium unless the insured fails to pay the premium in accordance with the terms set forth in the repayment agreement; or,
  - ii. Report the insured to a collection agency for nonpayment of policy premium unless the insured fails to pay the premium in accordance with the terms set forth in the repayment agreement.
- D. If an insured had requested cancellation or failed to pay policy premium due to the inability to pay, as a result of circumstances involving COVID-19 and the Orders, and does not wish to continue the policy the insurer shall:
  - i. Work with the insured to establish a date certain for cancellation of the policy; and,
  - ii. Allow the insured to cancel the policy with no earned premium effective the agreed upon date.
- E. At the consumers request, insurers should facilitate the use of electronic payment technology on websites, apps and electronic bank transfers whenever possible.

#### **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:**

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**V. History**

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