

Frequently Asked Questions - Bulletin 5.41 - On-site Property Damage Inspections, Replacement Vehicles and Additional Living Expense (ALE) Requirements due to COVID-19

Q.1. Are insurers required to extend rental car coverage beyond the contractual amount of time (usually 30 days) allowed in the policy?

A.1. If repairs are delayed for reasons specifically related to the COVID-19 and/or the Public Health Orders, the Division strongly encourages the insurer to work with their policyholder to minimize the impact of such delays. Insurers should work with their insured's to determine the appropriate amount of time for a rental car to be covered.

Q.2. Does Bulletin 5.41 mandate the expansion of policy limits in all cases where there has been a delay? For example, would an insurer have to extend rental coverage if the individual does not need a replacement vehicle due to COVID circumstances (i.e. working at home, no school/activities, etc)?

A.2. Insurers should work with their policyholder or the claimant to establish their need for transportation. If the vehicle being repaired is the only transportation available the insurer should extend coverage until the repairs are complete.

Q.3. Are insurers required to extend Additional Living Expense or Loss of Rents coverage beyond the contractual time allowed in the policy (generally 12 months)?

A.3. If repairs to the property are delayed for reasons specifically related to the COVID-19 and/or the Public Health Orders, the Division strongly encourages the insurer to work with their policyholder to provide reasonable amounts of time to complete repairs and allow the property to be habitable. Insurers should work with their insured's to determine the appropriate amount of time needed.

Q.4. What if the policyholder is not complying with the policy conditions which results in delays in beginning or completing repairs that are not specifically related to COVID-19?

A.4. If repair or replacement of property is delayed for reasons that are not related to the COVID-19 health emergency the insurer should continue to handle the claim in a manner that is consistent with its claim handling procedures.

Q.5. When concerned about certain aspects of a claim, can an insurer continue to use claim investigation processes including examination under oath (EUO) and special investigative units (SIU) to investigate and assess the claim during the COVID-19 health emergency?

A.5. Nothing in the Bulletin prevents an insurer from conducting its investigations; however, if an insurer is scheduling an EUO or an interview, it should provide reasonable



accommodations and timeframes and follow proper social distancing practices, including the ability to perform an EUO or an interview virtually whenever possible, to ensure the involved parties are not at risk.

Q.6. What does the Division of Insurance (DOI) consider a “reasonable increment of time” given policy limits may be directly affected? Are there any requirements the policyholder must meet to mitigate any delays?

A.6. The DOI suggests the carrier work directly with their policyholder to establish a “reasonable increment of time” on a case-by-case basis. The policyholder is expected to communicate with the carrier if they are unable to meet the established deadlines. The carrier may request reasonable documentation or an explanation of the delays.

Q.7. Does this Bulletin 5.41 apply to surplus lines carriers?

A.7. Surplus lines carriers are not exempted from the requirements of Section 10-3-1104, C.R.S.; therefore, the Division expects the surplus lines to follow the guidance provided in Bulletin 5.41 and this FAQ.