

Guidance to Department of Financial Services (“DFS”) Regulated Insurance Entities Regarding Support for Consumers and Businesses Impacted by Novel Coronavirus (COVID-19)

To: Chief Executive Officers or the Equivalents of DFS Regulated Insurance Entities

Last week, the World Health Organization declared the spread of the novel coronavirus COVID-19 a pandemic, and both New York State and the Federal Government have declared states of emergency. An increasing number of individuals and businesses are experiencing sizeable disruption to their everyday lives and operations. The economic impact to consumers and businesses around the globe is considerable. Facts are changing rapidly, and this disruption will continue to cause significant financial hardship for individuals and families, especially workers who cannot work remotely and do not have access to paid leave.

As the outbreak continues to spread, a growing number of companies have started to warn markets about the adverse impact of COVID-19 on their financial condition. Companies in certain sectors are already laying off employees and taking other drastic actions in response to the crisis, which is likely to cause more financial stress on local communities and consumers. The disruption in the operations of small businesses caused by the outbreak could make it difficult for these businesses to comply with financial and other covenants in their debt financing documents, possibly triggering other adverse consequences.

In response to this crisis, DFS is issuing guidance to urge all regulated entities during this outbreak to do their part to alleviate the adverse impact caused by COVID-19 on those consumers and small businesses that can demonstrate financial hardship caused by COVID-19, including taking reasonable and prudent actions to support affected New Yorkers by:

- Offering payment accommodations, such as allowing consumers to defer payments at no cost, extending payment due dates, or waiving late or reinstatement fees, where consumers are unable to make timely payments of premium or fees due to COVID-19-related disruptions;
- Working with consumers to avoid cancellation of insurance policies for (a) failure to pay premiums on time, (b) discovery of acts or omissions that may have increased the hazard insured against, or (c) physical changes in the property insured subsequent to issuance or last renewal that result in the property no longer meeting the insurer’s underwriting standards;
- Working with consumers to avoid non-renewal of insurance policies where a consumer fails to timely respond to a non-renewal notice;
- Increasing resources as necessary to accommodate increased claim submissions and increased inquiries from consumers about policy coverage benefits, including reviewing staffing plans to ensure that sufficient personnel are available to field claim submissions or inquiries and are informed on the most up-to-date developments relating to COVID-19;
- Preparing clear and concise descriptions of coverage benefits that may be triggered as the COVID-19 situation continues to evolve, which should be posted prominently on insurance company and producer websites and sent in response to policyholder inquiries;
- Alerting consumers to the heightened risk of scams and price gouging during financial disruptions, and reminding consumers to contact their insurance providers before purchasing unsolicited insurance policies or changing the terms of current insurance policies;

- Ensuring that consumers do not experience a disruption of service if regulated entities close their offices, including making available other avenues for consumers to continue to manage their products and to submit inquiries and claims;
- Providing flexibility regarding proof of death, disability, or other condition that triggers benefits under life insurance policies or annuity contracts;
- Providing consumers with information and timely access to all medically necessary covered health care services, including testing and treatment for COVID-19, in accordance with all applicable DFS guidance, including [DFS Guidance on Preparedness for Coronavirus \(COVID-19\)](#) and [DFS Guidance on Coronavirus and Telehealth Services](#); and
- Proactively reaching out to customers via app announcements, text, email, or otherwise to explain the above-listed assistance being offered to consumers.

DFS also urges all regulated entities, in their capacity as creditors to businesses of all sizes, to work with and provide accommodations to their borrowers during this unprecedented global emergency to the extent reasonable and prudent, including refraining from exercising rights and remedies based on potential technical defaults under material adverse change and other contractual provisions that might be triggered by the COVID-19 pandemic.

DFS believes that reasonable and prudent efforts by regulated entities during this outbreak to assist consumers and businesses under these unusual and extreme circumstances are consistent with safe and sound insurance practices as well as in the public interest, and will not be subject to examiner criticism.

If you have any questions, please contact your regular point of contact at DFS or email insurance.covid19@dfs.ny.gov.

Sincerely,

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Executive Deputy Superintendent – Insurance