

# **Federal Advisory Committee on Insurance (FACI) COVID-19 Preparedness Subcommittee Recommendations**

**June 2, 2021**

In December, the FACI approved several recommendations related to responses, emerging learnings, and making permanent several temporary actions. In addition, the Subcommittee was asked to refine its recommendations with respect to principles for life insurance premium relief. Specifically, we were asked to define the state of emergency that would precipitate such premium relief.

Further, to most comprehensively address this issue, the Subcommittee considered incorporating principles for property casualty coverages.

## **TOPIC #1: Definition of State of Emergency for Inclusion in Recommendation to Federal Insurance Office (FIO) About Principles for Life Insurance Premium Relief**

**Context:** Previously proposed principles did not define reference term “state of emergency” in their principles since we were essentially relying on the state to make the declaration. We were encouraged by our FACI peers to add more specificity to the definition.

### **Proposal:**

1. A national public health emergency for which a Public Health Emergency is declared by the Secretary of Health and Human Services pursuant to the Public Health Service Act OR an Emergency Declaration is made by the President of the United States (pursuant to the Stafford Act or the National Emergencies Act); AND
2. The closure or significant curtailment of normal business activity for an extended period in any state where accommodations are considered, pursuant to state orders or other circumstances.

**TOPIC #2: Recommendation to Federal Insurance Office (FIO) About Principles for Life Insurance Premium Relief**

**Context:** Since previously proposed principles did not include recommendations for property and casualty insurance, this Subcommittee sought feedback from the American Property and Casualty Insurance Association (APCIA); however, we did not reach consensus.

Therefore, we continue to propose the following principles and recommend working with our property and casualty insurance FACI peers to seek consensus as to how to edit these principles to be consistently applied for property/casualty. At present, there are no property and casualty insurance members on this Subcommittee.

**Proposal:**

If there is a state of emergency declared, the Subcommittee supports applying the following principles to the life insurance industry.

1. For life insurance premium relief,
  - a. Allowing premium payments up to a total of 90 days from the premium due date so that the policy is not canceled or lapsed;
  - b. Allowing reasonable repayment options for unpaid premiums;
  - c. Waiving any late premium payment fees or penalties;
  - d. Providing reasonable flexibility to policyholders or their beneficiaries regarding proof of claim; and
  - e. Providing policyholders the ability to make premium payments, report a claim or otherwise communicate with the policyholders' insurer or producer electronically, or if in person, by maintaining safe social distancing standards.