

**Federal Advisory Committee on Insurance (FACI)
COVID-19 Preparedness Subcommittee
Recommendations to FACI
September 9, 2021 FACI Meeting**

In addition to the COVID-19 Preparedness recommendations to the FACI in 2020, the COVID-19 Preparedness Subcommittee has continued to work on premium relief principles. In our discussions with the FACI, this recommendation had 2 elements, a condition for application and then specific definition of the type of relief.

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

Context: Since the June FACI meeting, the Subcommittee continued to refine the term “state of emergency”. This was in response to FACI member encouragement to add additional flexibility to the definition of state of emergency.

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, including but not limited to a pandemic similar to COVID-19.

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

Context: Since the initially proposed principles did not include recommendations for property and casualty insurance, the Subcommittee sought feedback from the American Property and Casualty Insurance Association (APCIA). Since our June meeting, the Subcommittee continued to work on incorporating property and casualty insurance with FOCI property and casualty insurance members as well as regulators and updated our proposed principle as follows:

Proposal:

If there is a state of emergency declared, the subcommittee supports applying the following principles to both the property and casualty and life insurance industries.

1. For property and casualty and life insurance premium payment 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;
 - e. Allowing insurers to reduce any first party claim payments by the amount of premium owed due to delayed payment during a state of emergency – any withholding of claim payments shall reduce the amount of premium owed in equal amount; and
 - f. 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.