March 13, 2020

The Honorable David Altmaier
Commissioner of Insurance
Office of Insurance Regulation
The Larson Building
200 East Gaines Street
Tallahassee, Florida 32399-0305

Dear Commissioner Altmaier,

The insurance industry has vast experience with crisis management and helping consumers in the wake of natural catastrophes. This experience enables our industry to respond to the increased demands presented by the national and global implications of COVID-19. Property casualty insurers are focused on helping to protect and serve customers as well as protecting our employees from potential pandemic exposure. Property casualty insurers are now implementing their contingency and continuity plans for pandemics to protect their employees and ensure they can provide uninterrupted service. Nevertheless, given the current situation there will inevitably be changes in how we service customers and unavoidable factors that will slow down response times.

The American Property Casualty Insurance Association (APCIA) would like to partner with our regulators as soon as possible to ensure a smooth, successful and coordinated response to the current COVID-19 environment and to protect the health and safety of customers and employees. The National Association of Insurance Commissioners is in a unique position to serve as a clearing house for issues and promote the critical need for consistency and uniformity. To that end, we encourage the NAIC to consider the following efforts:

1. To the extent states need to issue data calls, the NAIC should play an essential role in coordinating information requests. Insurers are extremely focused on processing the high volume of policyholder questions and claims while many employees are transitioning to remote or virtual work stations. The more the NAIC can help coordinate data calls to make them uniform, limited in scope, and reasonable in timing, the more able insurers will be to focus on our customer service obligations. Additionally, regulators should first assess the data they have through existing reporting tools to avoid unnecessary duplication.

2. Urge states to be flexible in administering and enforcing statutory time restrictions related to claims handling, notification obligations, third-party administrator audits, and regulatory filings, for example. The increasing movement to virtual work environments complicates the speed at which interactions take place.

3. Allow insurers to deploy new technologies such as drones and mobile applications without running afoul of regulatory barriers. Increasingly virtual work environments make it difficult to access locations, vehicles, and property for claims assessments and loss control surveys. Similarly, regulators should allow telemedicine for workers’ compensation claims.

4. Relax requirements for first-class mail delivery and allow electronic delivery for all communications to customers, the NAIC, and state insurance departments.

5. Avoid implementing demands on the content of consumer communications. If there are necessary communication mandates, they must be uniform and flexible.
(6) Discourage efforts to impose retroactive coverage on insurance policies.

The above list is intended to reflect important issues that APCIA believes warrant immediate consideration by the NAIC and state regulators and we are happy to provide additional detail for any of these issues (attached is a longer list of questions for discussion). It is my intent that this letter serve as the beginning of an open line of communication where we can keep you informed of our members’ challenges as well as create an opportunity for you to let us know how we can help you and your fellow regulators.

APCIA would like to meet as soon as possible with the NAIC leadership to discuss anticipated and potential marketplace complications arising out of the current COVID-19 crisis. Thank you and we look forward to working with you.

Regards,

David A. Sampson
Questions for Regulators and the NAIC Related to COVID-19 Response

Property casualty insurers are focused on helping to protect and serve customers as well as protecting our employees from potential pandemic exposure. Many property casualty insurers are implementing contingency and continuity plans for pandemics to protect their employees and ensure they can provide uninterrupted service. Nevertheless, given the current situation there will inevitably be changes in how we service customers and unavoidable factors that will slow down response times.

Businesses, insurers included, are beginning to implement telecommuting policies for their employees and restrict access to brick and mortar locations. This will impact the insurer’s (i.e. claims adjusters/loss control surveyors) ability to investigate insurance claims and properties to determine the extent of the insuring company’s liability. Also, although employees can and will work from home, residential internet service will likely be slowed because of high demand. We’re moving from several large pipes to many small pipes. We will have no control over that and system response times will uncontrollably be slowed.

We look to partner with our regulators to ensure a smooth, successful and coordinated response to the current COVID-19 environment and to protect the health and safety of customers and employees.

To that end, APCIA raises the following questions for consideration:

**Administrative**
- Due to the cancellation of the NAIC’s National Meeting in Phoenix, will there be an adjustment to the cancellation refund policy?

- Flexibility in regulatory filing deadlines are important as companies prioritize consumer needs and institute robust employee telecommuting policies.

**Cancellation/Non-Renewal Notices**
- Following natural catastrophes regulators have proactively addressed consumer time constraints through moratoria and flexibility in compliance deadlines. If such measures are considered in response to COVID-19, we would request consistency and uniformity nationally.

- Similarly, COVID-19 has significant impacts on company operations that warrant regulator consideration of extending flexibility and forbearance in cancellation and nonrenewal notice delivery deadlines for insurers.
**Electronic Delivery**

- Recognizing insurer offices may be closed and employees are working remotely, access to letterhead and printing services may not be readily available. Regulators should allow electronic delivery of all communication to the department and customers in lieu of or in advance of first-class mail delivery where required.

**Claims**

- **Flexibility in statutory and regulatory time requirements and the tools used to adjust claims is important.** There will be delays in claims handling due to the ability to gain physical access to respective properties.

- Additional restraints on meeting claims handling obligations include the potential inability to get building products or auto parts, because imports are not available or U.S. manufacturing has been stalled. Also, would if prior authorization committees are unable to meet?

- Now is the time when insurers should be able to deploy new technologies that can virtually facilitate claims handling without running afoul of regulatory barriers. Examples include: the use of drones and mobile applications. Regulators should also consider allowing telemedicine for workers’ compensation claims. Insurers have virtual resources that they are ready to deploy for the benefit of all, if authorized to use them.

- Insurers are doing their best to keep business as usual, but as offices close and employees work from home, it will take additional time to process transactions and pay claims. Insurers will have to prioritize. In the Workers’ Compensation context, many insurers would consider paying injured workers a top priority while doing our best to timely make payments to the physicians. However, many states will fine or penalize a carrier for not paying physicians timely. APCIA hopes that states would consider suspending these fines and penalties given the current circumstances.

**Loss Prevention Surveys**

- Similar to the claims scenarios, insurers are going to have difficulty accessing brick and mortar businesses to conduct loss prevention surveys. As such, the statutory timing requirements should be relaxed.

**Data Calls**

- APCIA recognizes that state insurance departments will want data to assess how insurers are addressing the current environment. **Uniformity, limited data demands, and reasonable timing constraints are critical.** Without these elements, insurers will be forced to misdirect valuable resources that are better used to serve the consumer.

- APCIA also recommends that given the high demand on insurer resources, that regulators should **identify the information they already have in their possession** through other reporting mechanisms to prevent unnecessary duplication of efforts.
Customer Communications

- Clear and concise communication to consumers regarding their coverage and how insurers are handling the current environment is important. However, we urge regulators to avoid mandating specific notices and, importantly, the contents and timing of any of these communications. Insurers are in the best position to accurately communicate coverage availability and their operation plans to consumers. In addition, it will become unworkable and frustrate an already demanding situation, if every state were to require different notification obligations.

- If regulators feel it is necessary to issue communication mandates, these should be **nationally uniform and leave the details to the insurer**.

Third Party Administrators

- Many states have adopted the NAIC Model Third Party Administrator Act, which requires insurers to perform onsite audits semiannually. States should consider relaxing the time requirement for these audits at least temporarily.