

WSIA Policy Positions on State Regulatory and Federal Legislative Responses to the Impacts of the COVID-19 Pandemic

As of April 1, 2020

As the unprecedented impact of the COVID-19 pandemic evolves, the insurance industry continues to serve our insureds and provide stability in uncertain times, even as many industry participants are affected by social distancing policies and reduced access to physical operations. The daily lives and operations of our insureds have been significantly disrupted, as has the economy. We do not know the breadth or length of this pandemic we are facing, but we know the disruption will continue to cause significant operational and financial hardships throughout the nation. To protect our insureds/policyholders, help facilitate continuation of service among all industry participants, and uphold the industry's responsibility to provide critical services that support our nation's economy and infrastructure, the Wholesale & Specialty Insurance Association (WSIA) encourages all industry participants to extend relief to insureds managing through COVID-19-related business and financial distress.

The effects of COVID-19 on insureds and the business operations of all industry stakeholders will vary. State regulators are issuing bulletins and guidance with varying approaches that present challenges for the entire market. As an association, we understand that balancing all the above will inform the business decisions that each of our member firms make to best respond to their insureds and business partners.

State Regulatory Responses

In support of the above, WSIA offers the following perspective to all industry participants:

1. Conduct business operations in as standard a manner as possible with the same level of care, concern and exceptional service to policyholders and business partners for which our industry is known.
2. Work with insureds and business partners managing through COVID-19-related business and financial disruption as you customarily do in the wake of a catastrophic event and in compliance with state regulatory requirements.
3. In cases where state regulators request or mandate policyholder accommodations in the areas of premium payments, policy cancellation and nonrenewal, etc., WSIA will seek manageable, consistent and uniform guidance from the NAIC and states, where possible, to promote continued, effective and stable service to all insureds and business partners.
4. In cases where state regulators recommend or request grace periods, we encourage that those requests be honored. Where a non-specified grace period is requested, we will encourage a grace period from the due date of policy premium through June 1, 2020.

Policyholder Accommodations

Based on our review of state regulatory responses to date, the most common policyholder accommodations include:

- **Policy Cancellations and Nonrenewal** — Temporary suspensions of cancellations and nonrenewals of policies during a grace period and continued work with insureds to avoid cancellation for:
 - Failure to pay premiums on time;
 - Failure to respond in a timely manner to nonrenewal notices; and
 - Any other reasonable accommodations for circumstances other than those that constitute fraud and/or intentional misrepresentation by the insured.
- **Payment Accommodations** — Temporary payment accommodations, including:
 - Extended payment due dates or installment plans;
 - Waivers of late or reinstatement fees and penalties; and
 - Waivers of interest charges on late payments.

Such accommodations are intended when the need for such accommodations is necessitated by operational or financial hardship caused by the pandemic. They are not intended to apply to policyholders and industry participants whose business operations or financial health are not significantly impaired by COVID-19, nor are they intended to waive any required premium payment or otherwise change the existing terms, conditions, limitations and exclusions of insurance policies as issued.

Regulatory Relief Considerations

As industry participants work to extend relief to insureds and business partners experiencing hardships created by COVID-19, WSIA will also ask that state insurance regulators extend certain accommodations to industry participants whose operations are disrupted by social distancing policies and curtailed business operations. Relaxing certain regulatory requirements, in the following areas, will be beneficial to all parties.

- **Delivery of Policies, Notices and Tax or Stamping Payment** — During the COVID-19 pandemic, insurers, agents, brokers and other industry stakeholders, including managing general agents and underwriters, should be relieved from certified mail requirements and permitted to utilize electronic delivery of notices and documentation to insureds whenever possible and utilize electronic payment methods for any taxes, stamping fees or other state payments.
- **Wet Signature Requirements** — Electronic signatures should be acceptable for all business during a grace period.
- **Notarization Requirements** — To the extent reasonable, notarization requirements should be suspended.
- **Maintain the Integrity of the Contract** — Regulators should acknowledge that accommodations for insureds are not intended to otherwise change the terms, conditions, limitations and exclusion of insurance policies as issued or be considered a forgiveness of any premium.

- **Allowing Accommodations** — Regulators should not view accommodations made to insureds incurring economic hardship during the COVID-19 public health emergency as violating insurance laws such as unfair discrimination or inducement prohibitions.

WSIA Position on Business Interruption Coverage

WSIA applauds the National Association of Insurance Commissioner (NAIC) March 25 statement on [Congressional Action Relating to COVID-19](#), which stated:

Business interruption policies were generally not designed or priced to provide coverage against communicable diseases, such as COVID-19 and therefore include exclusions for that risk. Insurance works well and remains affordable when a relatively small number of claims are spread across a broader group, and therefore it is not typically well suited for a global pandemic where virtually every policyholder suffers significant losses at the same time for an extended period. While the U.S. insurance sector remains strong, if insurance companies are required to cover such claims, such an action would create substantial solvency risks for the sector, significantly undermine the ability of insurers to pay other types of claims, and potentially exacerbate the negative financial and economic impacts the country is currently experiencing.

WSIA strongly opposes proposals that would require insurers to pay for coverage that was never sold. As of April 1, we are opposing legislative proposals in Louisiana, Massachusetts, New Jersey, New York, Ohio and Pennsylvania in this regard. The National Conference of State Insurance Legislators (NCOIL) expressed similar views in opposition to such proposals in its [March 25 letter to members of Congress](#).

WSIA Position on COVID-19 Business and Employee Continuity and Recovery Fund

This week, WSIA signed a joint trades letter in support of the establishment of a COVID-19 Business and Employee Continuity and Recovery Fund to provide additional federal assistance to businesses and workers. The [letter](#) urges Congress to fund an additional tool to assist businesses in maintaining employees, maintain benefits for employees and meet expense obligations during this extraordinary time. We, and our partner organizations, believe that a proactive approach to assist the business community is an important part of the recovery plan for the economy, which the insurance industry also works to protect.

Our hope is that the disruption and financial hardships created by COVID-19 will be short-term in nature, and we are encouraged by the likelihood of continued development of robust federal stimulus measures that will provide economic relief to many businesses and insureds. We further support such similar federal and state efforts to aid in this type of relief, help our economy recover and mitigate a larger financial crisis.