ACLI Advance Regulation Service

INDIANA Bulletin 163
Policy Cancellation Moratorium

Dated June 17, 2008

Summary: This bulletin places a 60-day moratorium for cancellation of any insurance policy in effect for any policyholder residing within the disasters areas impacted by recent storms and floods, including a suspension of late payment penalties, beginning June 17, 2008 and retroactive to May 30, 2008. The Department of Insurance has also released a list of zip codes for the affected areas.

Keywords: insurance department
lapsed policy
policy
policyholder

This regulation updates the following Compliance Service(s): None

Source: Indiana Department of Insurance

ACLI Doc ID: 08IN02

Text of bulletin follows:

© American Council of Life Insurers, 101 Constitution Avenue, NW,
Washington, DC 20001-2133. All rights reserved.

Bulletin 163 June 17, 2008

Policy Cancellation Moratorium

Due to the recent storms and flooding that have resulted in several Indiana counties being designated as disaster areas* by State Executive Order or by Presidential declaration ("impacted areas"), the Indiana Department of Insurance is calling on all insurance companies to implement the following extensions and/or grace periods in the administration of insurance policies including all lines:

A 60-day moratorium for cancellation of any insurance policy in effect for any policyholder residing within the impacted areas and a suspension of any penalty attached to late payment therein.

This "moratorium" is not a waiver; it is only an extension of the grace period in which to pay the premium. After the 60 days, the policyholder will have to resume making premium payments. The Department requests insurance companies work with the impacted policyholders in repaying the premiums that would have become due during the moratorium period by either allowing a repayment plan or a further extension in paying the amount due in full.

This moratorium applies only to cancellations/non-renewals attributed to a failure to pay premiums during the 60-day period. If a policy is to be cancelled or non-renewed for any other allowable reason, the cancellation or non-renewal may be made pursuant to the statutory notice requirements. However, the Department would request insurance companies take into consideration that persons in the heavily impacted areas may be unable to receive a notice of cancellation or non-renewal due to evacuation or delayed postal service in that area.

This moratorium will last 60 days and will take effect the date of the date of issuance of this Bulletin and the Department expects insurers to retroactively include the weather events that began with tornadoes and severe storms on May 30, 2008. We would anticipate that this time period would overlap with existing grace periods.

In addition, the Department will modify its own internal policies by implementing a 60-day grace period relating to renewal and cancellations for all licensees, certificate holders and registrants. This includes premium tax and surplus lines premium tax filings. Any penalties assessed due to late payment during this period will be waived. The 60-day extension will also be applied to the Continuing Education Requirements to those producers from impacted areas.

The Department, recognizing the massive displacement of personnel and documents, will accept temporary address changes at no fee either electronically through Sircon.com or NIPR.com, faxed to (317) 232-5251, or by phone to (317) 232-2411. The duplicate license fee of $10.00 for producers from impacted areas will be waived during this 60-day period. The Department stands ready to help rebuild damaged and destroyed essential insurance files by allowing copying of its own records without charge.

INDIANA DEPARTMENT OF INSURANCE

James Atterholt

James Atterholt, Commissioner

*As of this date the following Indiana Counties currently have been given the qualifying disaster designation: Adams, Bartholomew, Benton, Boone, Brown, Carroll, Clay, Daviess, Dearborn, Decatur, Elkhart, Franklin, Fulton, Gibson, Greene, Hamilton, Hancock, Henry, Huntington, Jackson, Jay, Jefferson, Jennings, Johnson, Knox, Lagrange, Lawrence, Madison, Marion, Martin, Miami, Monroe, Montgomery, Morgan, Newton, Ohio, Owen, Parke, Pike, Posey, Putnam, Randolph, Ripley, Rush, Shelby, Sullivan, Tippecanoe, Union, Vanderburgh, Vermillion, Vigo, Wabash, Warrick, Wayne, Wells, White.