

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor



Maryland

INSURANCE ADMINISTRATION

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202

Direct Dial: 410-468-2007 Fax: 410-468-2020

1-800-492-6116 TTY: 1-800-735-2258

www.insurance.maryland.gov

AL REDMER, JR.
Commissioner

JAY A. COON
Deputy Commissioner

BULLETIN No. 20-20

DATE: April 13, 2020

TO: All Property & Casualty Insurance Companies and Producers

RE: Commercial Insurance / COVID-19

On March 5, 2020, Governor Lawrence J. Hogan, Jr. declared a State of Emergency for the entire State as a result of the COVID-19 virus. As a result of this event, Maryland's business community is facing unprecedented operational and financial challenges. Accordingly, the Maryland Insurance Administration ("Insurance Administration") seeks the full cooperation of all property and casualty insurers writing commercial policies in the State with respect to the following issues:

1) Policies rated using estimated payroll / revenue:

Some commercial lines of business, including but not limited to workers compensation and commercial general liability, are priced based on an estimate of the annual payroll or revenue of the insured. The policy premium is then adjusted (up or down) at the end of the policy period by reconciling the estimated payroll or revenue with the actual payroll or revenue at the conclusion of the policy period. Many commercial policyholders are reporting furloughs and layoffs of employees driving payroll down and substantial loss of revenue. All insurers writing commercial policies of this sort should work with producers to accommodate policyholder requests for mid-term revisions to premium based on COVID-19 related changes in payroll or revenue rather than waiting for actual payroll / revenue results at the close of a policy period.

2) Short-rate penalty policy provisions

Some commercial policies contain short-rate penalty provisions for mid-term non-payment cancellations or other cancellation requests from the insured. The Insurance Administration requests all insurers to waive or reduce to the greatest extent possible short-rate cancellation penalties during the COVID-19 crisis.

3) Use of credit for underwriting

Some commercial insurers utilize credit / financial rating reviews of applicants and insureds for pricing and / or payment plan eligibility. The Insurance Administration requests insurers that utilize credit / financial rating reviews in this manner to take into consideration the unforeseeable economic impact of COVID-19 and to minimize to the greatest extent possible adverse pricing impact and eligibility outcomes for applicants and insureds resulting from the crisis. To the extent possible, insurers should weight such reviews heavily on pre-COVID-19 data; and, minimize the impact of COVID-19 by reviewing an insured's or applicant's credit / financial history over a period of several years.

4) COVID-19 claim inquiries

The Insurance Administration published an Advisory on March 18, 2020 advising consumers that Business Interruption claims arising from COVID-19 are typically not covered under commercial insurance contracts. The Insurance Administration requests all commercial insurers to refrain from attaching any adverse underwriting or pricing outcomes for insureds who have made inquiries or filed Business Interruption claims that have not resulted in a claim payment.

As always, the Insurance Administration appreciates the cooperation of our licensees in these challenging times. Please contact the Associate Commissioner for Property & Casualty, Robert Baron (Robert.Baron@Maryland.gov / 410.468.2353) with any questions concerning this Bulletin.

Special Note: The Maryland Insurance Administration remains fully operational during the COVID-19 emergency. If you would like to file an insurance complaint, please use our online portal:

<https://enterprise.insurance.maryland.gov/consumer/ConsumerPortalWelcomePage.aspx>

About the Maryland Insurance Administration

The Maryland Insurance Administration is an independent State agency charged with regulating Maryland's \$28.5 billion insurance industry. For more information about the Insurance Administration, please visit www.insurance.maryland.gov or follow us on Facebook at www.facebook.com/MDInsuranceAdmin, Twitter at [@MD_Insurance](https://twitter.com/MD_Insurance), LinkedIn at www.linkedin.com/company/maryland-insurance-administration or Instagram at [@marylandinsuranceadmin](https://www.instagram.com/marylandinsuranceadmin).

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