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BULLETIN 21-08

Date: March 5, 2021

To: All Property and Casualty Insurers and Producers; the Maryland Automobile Insurance Fund; the Chesapeake Employers Insurance Company; and, the Joint Insurance Association

All Life and Health Insurers; Nonprofit Health Service Plans; Health Maintenance Organizations; Dental Plan Organizations; and, Producers

All Premium Finance Companies

Re: United States Postal Service (“USPS”) delays

The Maryland Insurance Administration (“Insurance Administration”) is aware of ongoing delays by the United States Postal Service with the delivery of mail. The Insurance Administration has received consumer complaints and inquiries regarding premium bills and payments that are not being delivered in customary time frames. In one instance, the Insurance Administration learned of a policyholder who mailed a payment eight days before the due date that was not received by the insurer for three weeks, resulting in a policy lapse and claim denial. The Insurance Administration was able to resolve that case in favor of the policyholder.

On February 16, 2021, the Insurance Administration published a Consumer Advisory in order to inform consumers of the potential problems and provide suggestions to avoid them (see link in # 4 below). In addition, the Insurance Administration sought input from various stakeholders, including licensees, regarding the extent to which mail delivery delays are impacting premium payments and workable solutions.

Because of the serious insurance repercussions that can result from delayed delivery of mail, the Insurance Administration expects that insurers, producers, and premium finance companies (i) will actively monitor non-pay cancellations and non-renewals resulting from the failure to pay renewal premium and (ii) will proactively implement measures that are designed to avoid, to the greatest extent possible, cancellations and non-renewals resulting from non-payment of premium

payments where the delay in the receipt of payment may be attributable to mail delivery delays. These measures include, but are not limited to:

1. Utilization of electronic delivery of notices and bills to supplement required paper mailings;
2. Utilization of producers and customer service representatives to make telephone contact in addition to required mailings to the greatest extent possible;
3. Utilization of multiple communication channels, including but not limited to: email, text, phone, social media, and website and app content to inform policyholders of the availability of electronic and telephonic payment methods;
4. Informing policyholders of the Insurance Administration's February 16, 2021 Consumer Advisory by all available means: <https://insurance.maryland.gov/Pages/newscenter/NewsDetails.aspx?NR=2021294>
5. Consideration of postmark dates instead of received dates in determining the timeliness of payments whenever possible; and,
6. When appropriate, reinstating policies without a lapse when it appears that mailing delays may be responsible for coverage termination.

The Insurance Administration requests insurers, producers, and premium finance companies to make robust efforts to advise policyholders of all available options for electronic receipt of required notices and secure electronic and telephonic forms of premium payment technology; and, to stress the advantages of utilizing such options for policyholders who have access to and are comfortable with the internet and smartphone technologies.

Please direct any questions concerning this Bulletin to Associate Commissioner for Property & Casualty, Robert Baron (Robert.Baron@Maryland.gov / 410.468.2353).


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