

Insurance Commissioner Lara Calls for 60-Day Insurance Premium Grace Period Due to COVID-19 Outbreak

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Media Calls Only: 916-492-3566

Email Inquiries: cdipress@insurance.ca.gov

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In separate action, auto insurers requested to maintain insurance coverage and driver discounts to consumers with expired licenses

SACRAMENTO, Calif. – Insurance Commissioner Ricardo Lara today issued a Notice requesting that all insurance companies provide their policyholders with at least a 60-day grace period to pay insurance premiums. The Commissioner made the request to ensure policies are not cancelled for nonpayment of premium due to the novel coronavirus (COVID-19) public health emergency.

The [Notice](#) follows Governor Gavin Newsom's State of Emergency declaration to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and help the state prepare and mitigate against the broader spread of COVID-19. The Commissioner's Notice is directed to all admitted and non-admitted insurance companies that provide any insurance coverage in California including, life, health, auto, property, casualty, and other types of insurance.

“Now is the time to come together to help consumers weather this unprecedented period of uncertainty, and that includes helping policyholders maintain their insurance coverage if they are unable to pay their premiums,” said Commissioner Lara. “We must do everything we can to ensure that consumers and their families maintain insurance coverage protection during this public health pandemic.”

Commissioner Lara is also requesting that all insurance agents, brokers, and other licensees who accept premium payments on behalf of insurers take steps to ensure that customers have the ability to make prompt insurance payments, if and where possible. This includes alternate methods of payment, such as online payments, to eliminate the need for in-person payment methods in order to protect the health and safety of both workers and customers.

In addition, in a separate [Notice](#), the Commissioner requested the assistance of all automobile insurers, producers, and other licensees transacting automobile insurance in California. The California Department of Motor Vehicles (DMV) recently asked California law enforcement to exercise discretion for 60 days in their enforcement of driver license and vehicle registration expirations beginning March 16, 2020, in order to have at-risk populations, including seniors and those with underlying conditions, avoid required visits to DMV field offices.

To achieve this important objective, Commissioner Lara called on auto insurers to refrain from using the expiration of policyholders' drivers licenses or vehicle registrations for 60 days, from March 16, 2020, for any of the following reasons:

- ▶ To affect a driver's ability to secure and maintain auto insurance coverage;
- ▶ To affect a driver's eligibility for a Good Driver discount;
- ▶ To determine eligibility for a California Low Cost Automobile policy;
- ▶ To impact the rates charged to any driver.

"The evolving COVID-19 pandemic continues to test all segments of our communities, including motorists," said Commissioner Lara. "While we address this evolving crisis, Californians should not have to worry about driving with an expired license or losing their insurance coverage and driver discounts during this extraordinarily challenging time."

This second Notice regarding driver license and vehicle registration expirations will be reevaluated at the end of the 60-day period.

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The California Department of Insurance, established in 1868, is the largest consumer protection agency in California. Insurers collect \$310 billion in premiums annually in California. Since 2011 the California Department of Insurance received more than 1,000,000 calls from consumers and helped recover over \$469 million in claims and premiums. Please visit the Department of Insurance website at www.insurance.ca.gov. Non-media inquiries should be directed to the Consumer Hotline at 800-927-4357. Teletypewriter (TTY), please dial 800-482-4833.

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