

ARIZONA BIG I BULLETIN

DATE: April 9, 2020

TO: IIABAZ Members and Associate Members

FROM: Terri S. Edwards, CIC, CISR - Executive Vice President

RE: New York Resident and Nonresident Producer Requirement to Notify Clients of Moratorium on Policy Terminations Due to COVID-19

If you hold a Resident OR Nonresident producer license in New York you are required notify your New York customers about the emergency rule by April 13th!

Please see the information below provided by the Independent Agent (IA) Magazine.

The New York Department of Financial Services (DFS) issued an **emergency rule** last week requiring property-casualty insurers to provide relief to individual customers and small businesses—defined as independently owned and operated New York businesses with 100 or fewer employees—facing financial hardship due to the COVID-19 pandemic. In such instances, the rule imposes a temporary moratorium on the cancellation or nonrenewal of a policy and establishes other requirements and restrictions for companies. The rule also applies similar obligations to the life insurance industry and requires premium finance companies to provide the same relief as insurers.

The regulation imposes separate obligations on resident and nonresident producers and requires them to notify certain New York-based customers about the issuance of the emergency rule by this Monday, April 13. DFS initially indicated that producers that have procured a p-c policy for an individual or small business and those that service in-force life policies or annuities would be required to notify those policyholders of the regulation by mail. Big I New York, however, successfully convinced DFS to reconsider these requirements.

In response to a Big I New York request, DFS issued **guidance** late Thursday afternoon relieving producers of the obligation to contact policyholders by physical mail and clarifying that the notices may be delivered via electronic means. Producers can now satisfy these requirements by emailing notices to the insureds for whom they have email addresses, regardless of whether those customers have consented to receiving such notices by email, and posting the notices on their websites (if any) as soon as possible and until the state of emergency is over. DFS has developed separate sample notices that can be used with life and p-c insureds.

In recent days, DFS also clarified that producers are not required to send notices to customers with commercial excess lines policies.

Given the complexity of these requirements and the quickly approaching deadline for compliance, producers holding New York licenses are encouraged to review the rule and related guidance.