

Questions and answers regarding Bulletin 2020-3, as amended:

- 1. What policies are subject to the moratorium?** All insurance policies issued or issued for delivery in Mississippi. This includes all lines of insurance written through either the admitted or surplus lines market.
- 2. If a notice of cancellation or nonrenewal has been sent on a policy prior to March 24, 2020, the date provided in the amended bulletin, and the policy will nonrenew or cancel on or after March 24, 2020, will companies need to reinstate this policy?** Yes, if the policy is cancelled or nonrenewed due to nonpayment of premium.
- 3. For policies that go in default for nonpayment during the 60 day moratorium period, when should notices of cancellation/ nonrenewal be sent?** Notices may be sent during the 60 day moratorium period. When such notices are issued during the 60 day moratorium, notice periods required by statute or the policy may begin to run, but in no event may a cancellation/non-renewal for non-payment be effective until after the 60 day moratorium period expires.
- 4. What if a company wants to cancel due to fraud?** The Bulletin only addresses cancellations/nonrenewals that are due to nonpayment of premium; if there is another legally recognized reason for cancellation or nonrenewal, then the cancellation or nonrenewal may be made pursuant to the existing statutory or policy notice requirement.
- 5. Do policyholders have to request that they receive the moratorium?** No, the moratorium is automatic.
- 6. During the moratorium, if there is a policy that would normally be cancelled due to nonpayment of premium and a claim occurs, can the insurance company deduct owed premiums from the claims payment?** Yes, the insurer can deduct any owed premiums from first-party property and casualty claims payment. The ability to offset does not apply to health insurance claims.
- 7. What if the 60 day moratorium needs to be extended?** MID is monitoring the COVID-19 pandemic closely. If this crisis continues past the 60 day moratorium, MID will review the situation and assess whether or not the moratorium should be extended or revised.
- 8. Where a policy is financed by a premium finance company or premium is advanced by a producer/broker and the borrower/policyholder defaults on the premium obligation for the period covered by the moratorium, will the premium finance company or producer/broker be expected to bear all of the risk during the period for which the policyholder had coverage but did not pay the premium?** No. MID expects insurers to bear their proportionate credit risk, and that premium finance companies or producers/brokers bear the risk of nonpayment of commissions. When this scenario occurs, the Department is committed to intervening and working with the parties to ensure that the proper credits are applied by the insurer to any earned premium that was paid by the premium finance company or producer/broker and which covers all or a part of the moratorium period.

