



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

NOTICE

TO: All Admitted and Non-Admitted Insurance Companies, All Licensed Producers, and Other Interested Parties

FROM: Insurance Commissioner Ricardo Lara

DATE: May 15, 2020

RE: Notice of Extended Grace Period for Insurance Premium Payments Due to the Disruption Caused by the COVID-19 Pandemic

On March 18, 2020, in response to the substantial disruption caused by the COVID-19 pandemic, Insurance Commissioner Ricardo Lara issued a Notice requesting all insurance companies to provide policyholders with a grace period of at least 60 days to pay insurance premiums. The March 18 Notice was 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.

As many state and local government “stay-at-home” orders have been extended through May, the COVID-19 pandemic continues to substantially impact the public’s ability to carry on its normal course of business. Accordingly, by this Notice, Commissioner Lara is now requesting that all insurance companies provide their policyholders with an additional grace period to pay premiums.

Commissioner Lara hereby requests that the grace period to pay insurance premiums be extended until July 14, 2020, which is 60 days from the date of this Notice. Accordingly, insurance companies should not cancel or non-renew a policyholder for failure to pay insurance premiums during this time period. On or after July 14, 2020, if a consumer has not been able to pay their outstanding premiums or has not worked with the insurance company on an alternate payment schedule, insurance companies should provide consumers with at least 10 days’ prior written notice of cancellation. This written prior notice should include the effective date of the cancellation and the reasons for the cancellation in a manner consistent with the requirements of the Insurance Code for the particular line(s) of insurance at issue.

Nothing in this Notice prevents an insurer from providing a policyholder with a grace period longer than 60 days. Insurers that choose to offer longer grace periods must do so in a nondiscriminatory manner and may not consider the claims experience of the policyholder. Insurers are especially encouraged to work with individual policyholders who have been acutely impacted by COVID-19 and are unable to timely pay their premiums.

In addition, Commissioner Lara renews his request that all insurance agents, brokers, and other licensees which accept premium payments on behalf of insurers take steps to ensure that

customers have the ability to make prompt insurance payments. These additional steps should include, at a minimum, alternate methods of payment, such as online payments, to eliminate the need for in-person payment methods, in order to protect the safety of workers and customers.

Policyholders are advised that this grace period is not a waiver or forgiveness of the premium; it is only an extension of time in which to pay premiums. The grace period in this Notice applies only to cancellation or non-renewals attributed to a failure to pay premiums during the applicable grace period. If a policy is to be cancelled or non-renewed for any other allowable reason, the cancellation or non-renewal may be made pursuant to statutory notice requirements and for legally-recognized reasons.