

Commissioner's Bulletin # B-0007-20

March 23, 2020

To: All insurers licensed to write life and accident and health insurance, health maintenance organizations, agents, third-party administrators, utilization review agents, MEWAS licensed in Texas; all insurance companies, corporations, exchanges, mutual, reciprocals, associations, Lloyds, other insurers writing property and casualty insurance in the state of Texas, including workers' compensation insurance; agents and representative; adjusters; premium finance companies; and other relevant parties
Re: COVID-19: Claim-handling deadlines and premium payments

Prompt payment deadline extension

On March 20, 2020, Governor Greg Abbott suspended certain claim-handling deadlines imposed by law. Additionally, the Commissioner of Insurance has determined that the COVID-19 pandemic is a disaster under Texas Insurance Code Section 542.059(b). This declaration is necessary due to the significant disruption to policyholders, carriers, and their staff caused by this disaster, in particular the impact and volume of claims expected to be filed as a result of COVID-19.

Taken together, the Governor's suspension and the Commissioner's declaration have the effect of extending claim-handling deadlines imposed by the state's prompt payment laws for an additional 15 days to help carriers respond to the COVID-19 outbreak. This extension will be in effect until the Governor's suspension and Commissioner's declaration are lifted.

Carriers must continue to:

- Promptly identify, evaluate, and resolve claims.
- Promptly acknowledge receipt of a claim.
- Promptly make appropriate assignments for the investigation of a claim.

Consumers and providers should continue to get timely service and receive prompt claims payments.

Consumers or providers experiencing problems should contact the Texas Department of Insurance (TDI) Help Line at 1-800-252-3439.

Premium payments grace period

TDI expects all carriers to work with policyholders who may experience financial hardships due to the COVID-19 outbreak. TDI encourages carriers to use grace periods for payments, temporary suspension of premium payments, payment plans, and other actions to allow continuing insurance coverage as appropriate. TDI will work with carriers to minimize the regulatory effects of an insurer's actions to provide policyholder relief, specifically for financial review requirements. The term "suspension" is not intended to mean the forgiveness of the premium.

Automatic bank drafts for premium payments may continue according to a carrier's written agreement with a policyholder, unless a policyholder notifies a carrier of a specific hardship. This should be weighed against the potential disruption to a carrier's business model or the inconvenience caused to the policyholder by multiple payments. It is TDI's expectation that carriers will work directly with policyholders to resolve issues and minimize the effects of any penalties or additional charges.

For questions about premium payments, contact the Financial Regulation Division at FIN-GM@tdi.texas.gov.