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BULLETIN 19-04

To: All Insurance Companies and Producers Writing in the State of Iowa
From: Doug Ommen, Iowa Insurance Commissioner
RE: Insurance Consumers impacted by severe weather and natural disasters
Date: June 17, 2019

The purpose of Bulletin 19-04 is to provide ongoing guidance to individuals and entities regulated by the Iowa Insurance Commissioner when severe weather and natural disasters impact Iowa consumers.

In light of the ongoing guidance provided by this bulletin, the Commissioner rescinds the following bulletins effective immediately:

- **Bulletin 19-01: Insurance Consumers impacted by flooding** (dated 03/27/19) and
- **Bulletin 19-03: Insurance Consumers impacted by flooding** (dated 05/01/19).

The Commissioner requests that producers and insurers writing insurance in Iowa extend the requested relief described below to impacted consumers during times when a federal individual disaster declaration or a state disaster proclamation is in place as a result of severe weather or a natural disaster. Information regarding disaster declarations and proclamations are available from Iowa Homeland Security and Emergency Management.

<https://www.homelandsecurity.iowa.gov/>
https://www.homelandsecurity.iowa.gov/disasters/disaster_proclamations.html

Severe weather, including heavy rains, hail, straight-line winds, tornadoes, widespread flooding, flash flooding, etc. can greatly impact consumers. This bulletin lists relief the Commissioner requests insurers and producers provide to negatively-impacted consumers. Consumers may be impacted due to their inability to receive mail or access their in-network provider. During these times, producers play a key role in ensuring consumers are receiving communications from insurers.

Consumers must be protected from policy lapses during these critical times and the insurance industry needs consistent and predictable standards. The Commissioner appreciates the assistance and cooperation of producers and insurers at times when Iowans work to recover from severe weather and natural disasters.

Cancellation Grace Period Due to Nonpayment or Late Payment

The Commissioner requests all insurers licensed in this state allow coverage to remain in effect for any Iowa insured who resides in a county where a disaster has been declared and who has had their ability to timely act or respond to an insurer materially affected. Insurers may alternatively choose to implement this request in a broader manner such as delineating impacted areas by zip code, county or other geographic territory to assist impacted insureds in flooded areas and areas recovering from the recent floods.

Insurers should also consider providing a grace period during which their insureds can take actions necessary to keep their policies in force. However, the Division is not requesting insurers waive any premiums or other consideration owed on any policy or contract during this period of time. The Division anticipates that a failure to

pay premiums or remit consideration within a reasonable time after the expiration of such disaster designation may subject the policy to a retroactive cancellation, in accordance with the policy terms.

For those policies with an automatic bank draft or electronic funds transfer arrangement, insurers may continue payment deductions unless or until the policyholder terminates this arrangement with the insurer and the financial institution.

Nothing in this bulletin should be construed as the Division requesting an insurer to continue coverage for an insured who is otherwise unaffected by any mail disruptions. Additionally, nothing in this bulletin should be construed as the Division requesting any insurer to refrain from terminating coverage on the basis of fraud on the part of an insured.

Out-of-Network Benefits Treated as In-Network

When severe weather or a natural disaster affects an area designated as a disaster, the Commissioner requests all health insurers providing health insurance with a network component, offer additional relief. If such insurers have insureds affected by severe weather or a natural disaster (which could be either a circumstance where the insured's primary residence was impacted or where the insured's ability to access their provider was impacted), who receives out-of-network care, the health insurer should consider providing coverage to the insured at no greater cost to the insured than if the insured had received care from an in-network provider.

Timing of relief

The intent of this bulletin is not to have a specific expiration date but to provide guidance so whenever a disaster declaration or proclamation is issued by the appropriate federal or state authority, producers and insurers have guidance on actions they should consider taking. The Commissioner requests that the relief described above be extended to consumers living in counties that are subject to disaster declarations or proclamations during the time in which the declaration or proclamation is in effect.

The IID will continue to review disaster declarations on a case-by-case basis and will provide additional guidance as necessary. For questions or clarifications with regard to this Bulletin, please contact Tracy Swalwell at tracy.swalwell@iid.iowa.gov or (515) 725-1249.