



Illinois Department of Financial and Professional Regulation
Division of Insurance

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Director
Division of Insurance

TO: All Companies and Other Entities Licensed or Authorized to Transact Insurance Business in the State of Illinois

FROM: Michael McRaith, Director, Division of Insurance *MTM*

RE: CB#2008-04 – Exceptions for Consumers in Disaster Areas

DATE: June 17, 2008

As a result of the current and imminent flooding disaster in the State of Illinois, insurance consumers may experience disruption of mail delivery and displacement from their residences, businesses, and other properties.

To help provide safeguards for consumers and to ensure that Illinois consumers affected by flooding do not suffer unnecessary hardship, all entities licensed or authorized to transact insurance business in this State (“insurers”) are hereby directed to implement the safeguards listed below for all lines of business. These safeguards address problems consumers will face due to circumstances that make it difficult for consumers to take normal action required by policy language or otherwise required by insurers. We hope these measures provide some peace of mind during the recovery process and help ensure that disaster victims do not lose important insurance coverage during the time they need it most.

Effective immediately, all insurers are directed to implement the following guidelines to govern treatment of all consumers affected by this disaster (“affected policyholders”), including but not limited to those residing in or any property located in counties that have been declared to be disaster areas by Governor Rod R. Blagojevich or President George W. Bush (“affected property”). Insurers need not file policy or rating manual changes in order to comply with any of the following directives.

- *Moratorium on cancellations and nonrenewals.* For any cancellation or nonrenewal notice issued on or after June 10, 2008 on any in-force policy issued to an affected policyholder or respecting affected property, insurers shall withdraw the cancellation or nonrenewal and reinstate the policy with no lapse in coverage. In addition, insurers shall not issue any new cancellation or nonrenewal notices to affected policyholders or for affected property until

August 18, 2008, or a later time if deemed reasonable given an individual consumer's circumstance.

- *Other insurance-related time-period extensions.* Insurers are directed to grant to affected policyholders an extension of any and all policy provisions or other requirements that impose a time limit for an insured or claimant to perform any act, including the submission of a claim or proof of loss, reporting of information, submission of bills, or payment of funds. Such extension shall be for a minimum of 60 days from the last date allowed or required under the terms of the contract or allowed or required by the insurer, or longer if deemed reasonable given an individual consumer's circumstance.
- X • *Time-period extension for repairs.* In the event repairs on affected property cannot be completed within the time period required under any policy, or within the 90-day time period for repairs prior to termination due to condition of the property [215 ILCS 5/143.27], insurers shall provide consumers with an extension of not less than 60 days to make such repairs.
- X • *Cancellation or nonrenewal respecting affected property.* Although otherwise allowed under Illinois law, insurers are directed to refrain from canceling or nonrenewing insurance policies respecting affected property due to "increase in the risk originally accepted" [215 ILCS 5/143.21 and 143.21.1] or due to the geographic location of the risk [215 ILCS 5/155.22].
- *Other exceptions to policy or contract requirements or rating or underwriting rules.* Insurers shall consider exceptions to policy or contract requirements, or to other rating or underwriting rules not otherwise listed herein, when such contractual requirements or rating or underwriting rules are not met as a result of this disaster. Exceptions to policy or contract requirements or rating or underwriting rules include instances where an insured is displaced from his or her home and is unable to obtain non-emergency medical services from a network provider.
- *Medicare beneficiaries.* Insurers that receive inquiries from Medicare beneficiaries regarding disaster-related health care delivery disruptions shall provide such beneficiaries with the latest available Medicare information (updates and information are available on the Division of Insurance ("Division") website (<http://www.idfpr.com>)) or refer them to the Division's Senior Health Insurance Program's toll-free number at 1-800-548-9034.
- *Insurer Websites.* Insurers are directed to post on their websites all actions taken to implement the requirements of this bulletin.
- *Availability of the Illinois Division of Insurance.* Insurers shall advise Illinois consumers of the availability of the Division for filing a complaint regarding any disaster-related dispute or issue. Consumers shall be advised that that they may call the Division's toll-free complaint hotline at 1-866-445-5364, or file a complaint online at: <http://www.idfpr.com/doi/Complaints/Complaints.asp>

These measures are to be implemented immediately. It is my expectation that where insurers are guided by a "reasonableness" standard, they will err on the side of the consumer. It is also my sincere hope that all insurers in this State will assist consumers during this time of need.

Any insurer that is unable or unwilling to comply with these directives must inform the Division in writing of the reason(s) for its inability or unwillingness to comply no later than June 25, 2008. Any such written notice of non-compliance shall be sent by overnight courier to: C.J. Metcalf, 320 W. Washington Ave., Springfield, Illinois, 62767.

In addition, where permitted by law, the Division will consider exceptions to related insurer requirements. For example, the Division will consider grace periods relating to renewal and cancellations for all licensees, certificate holders and registrants who are affected by this disaster. In order to receive such consideration, insurers must send a written request to: C.J. Metcalf, 320 W. Washington Ave., Springfield, Illinois, 62767.