

# Executive Summary

**Board of Governors Meeting, December 16, 2020**

## COVID-19 Business Exceptions – December 2020

To provide relief to policyholders affected by COVID-19, including resulting unemployment or income loss, a “moratorium” has been in place on cancellation or non-renewals of insurance policies since March 2020. During this time, Citizens has continued its normal billing for premium but has not sent cancellation and non-renewal notices. Notices that normally would have triggered cancellation for non-payment, or nonrenewal because underwriting inspections or similar documents were missing or out of date, have been suppressed. This has resulted in continued coverage for policyholders who could not pay or who did not submit underwriting documentation on time. These actions were communicated to agents and policyholders and have been extended through December 31, 2020. In addition, policyholders and agents were provided with information on monthly payment arrangements in addition to the regular quarterly payment plan. To ensure adequate communications and allow time for policyholders and agents to respond to the end of these business exceptions, Citizens proposes the following approach.

As of November 30, 2020, payment exceptions have been made on 30,799 policies (6.04% of policies) for a total of \$24,559,518. We have also made 25,857 underwriting exceptions for 10,678 new business policies and 15,179 existing policies.

### Approach to Lifting Moratorium

- Extend business exceptions through January 31, 2021. After that date, only make hardship exceptions to those policyholders who continue to be affected by loss of employment, diminished wages or business income, or other monetary loss realized during the State of Emergency, and directly impacting the ability of the policyholder to make payments. This is a standard similar to that used in the Governor’s Executive Order 2020-180 narrowing criteria in prior orders for relief from foreclosures and evictions.
- Continue to offer temporary payment arrangements to impacted policyholders to select by January 31, 2021. Quarterly payment plans will continue to be available to policyholders as of February 1, 2021.
- After January 31, 2021, new payment arrangements would be offered only to policyholders who continue to experience a loss of employment, diminished wages or business income, or other monetary loss.
- November 2020: Send reminder letters that insured’s outstanding balance is due and payment arrangements are available. Communications will begin with customers who are 120+ days past due, then 91-120 days past due, etc. This is designed to ensure the CCC, agents, and others are able to respond to customer contacts.
- Mid December 2020: Send letters to all agents with list of customers to be impacted
- Early January 2021: Send Policyholder Letters (30-day notice)

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- Early February 2021: Send Letters of Cancellation and policy lapse notifications

### Recommendation

Staff proposes that Citizens continues making payment arrangements available for currently impacted policyholders to select by January 31, 2021 and end the COVID-19 business exceptions on January 31, 2021 except for those meeting the hardship exception.

### Recommendation for Board Action

Citizens' staff recommends that the Board of Governors:

- a) Approve lifting the moratorium on cancellations and non-renewals effective February 1, 2021 and resuming normal notices;
- b) Authorize continuation of monthly payment arrangements to policyholders who enroll in by January 31, 2021;
- c) Authorize new monthly payment arrangements after January 31, 2021 only to those policyholders who continue to experience job loss, loss of income, or monetary loss directly related to Covid-19;
- d) Authorize staff to take any appropriate or necessary action consistent with the COVID-19 Business Exceptions – December 2020 Action Item to include system change implementations, updates to supporting documents or forms, sending letters and notices in advance to affected policyholders and agents, and other relevant activities; and
- e) Authorize staff to allow additional time or underwriting flexibility for those existing policyholders who have been directly affected by the COVID-19 Virus and continue to experience hardships as described in this document.