



Memorandum to Property and Casualty Insurance Carriers Related to Coronavirus (COVID-19)

Date: April 29, 2020

To: Property and Casualty Insurers Doing Business in Minnesota

From: Commissioner Steve Kelley, Department of Commerce

The Department of Commerce is issuing this letter to address the impact of the pandemic virus COVID-19 on property and casualty insurance coverage. Property and casualty coverage is intended to provide peace-of-mind to individuals and businesses in difficult times. As the public health response to the COVID-19 pandemic has necessitated prolonged business closures and a Stay Home Order, delivering on this promise to insureds is particularly important.

The Department thanks the carriers that have voluntarily taken measures to provide relief to Minnesotans and Minnesota businesses. Such measures have included premium rebates or credits, postponing cancellations, working with insureds to set up payment plans, waiving fees, and extending grace periods to pay premiums.

The Department encourages all carriers offering coverage in Minnesota to consider similar relief during this difficult time.

The Department further encourages carriers to consider the impact of the flexibilities offered to insureds on rating factors within a carrier's rating plan. Where changes have been made to accommodate an insured's needs during the pandemic, carriers should also consider how a carrier's rating plan may apply to those upon a future renewal. For example, some rating plans increase an insured's rate for late payments outside of credit models. The Department requests carriers review the variables within their rating plans, including any models within those rating plans, to ensure flexibilities offered during the COVID-19 pandemic do not adversely affect Minnesotans at future policy renewals.

Premium Adjustments

The risk profiles for many lines of insurance have changed dramatically since early March, when Minnesota's first COVID-19 case was announced. We encourage carriers to consider waiving or discounting premiums for coverages that can be used to a limited extent, if at all, due to the Governor's Stay Home Order and other public health measures. Examples are:

- Private passenger automobile insurance
- Commercial automobile insurance
- Commercial multiple peril insurance, including business interruption
- Commercial liability insurance
- Commercial property
- Medical malpractice insurance
- Workers' compensation
- Any other line of coverage where the measures of risk have become substantially overstated as a result of the pandemic.

Carriers wishing to adopt such premium discounts should, for lines that require filing, provide the Department with informational filings in support of the discounts. Carriers may implement the discounts immediately upon filing; the Department will strive for approval of such filings within one business day.

Additional Flexibilities for Insureds

In addition to rating and premium considerations, measures to prevent the spread of COVID-19 should be considered by carriers in a variety of ways, with a priority placed on providing flexibility to personal and commercial insureds, to provide the protections property and casualty insurance offers during this challenging time. In particular:

- The Department encourages insurers to review all eligibility criteria for discounts such as good driver or student discounts. As an example, where a required course, or refresher courses, are temporarily unavailable or there may be a temporary interruption of school attendance. The Department expects that insureds should not lose such discounts due to events which are outside the control of policyholders.
- The Department encourages flexibility by insurers with limits on an insured's rental car coverage and other items, which are impacted by the closure of businesses during this time. Delays in repairs arising outside the control of the policyholder need to be considered.
- The Department also encourages flexibility for insureds who may be temporarily modifying their personal lives or business operations to accommodate social distancing and to limit disease spread. For example, we encourage carriers to either expand coverage or waive exclusions on personal and commercial coverages to provide additional coverage for individuals and businesses that may now be delivering food, medicine or other essential services.
- The Department encourages insurers to suspend adverse ratings on insureds due to deterioration in credit scores during the Stay Home Order and for a reasonable amount of time following the expiration of the Order.

Applicable Minnesota Consumer Protections

In addition to encouraging broad flexibility with respect to coverages and premium payments, the Department reminds carriers of the following:

- Minnesota prohibits the use of price optimization as a rating practice, as established by Administrative Bulletin 2015-3.
- The economic effects of the public health response may particularly impact an insureds' credit scores. Minnesota Statutes Section 72A.20, Subd. 36 provides guardrails for the use of credit or insurance scores in rating. Credit scores may deteriorate for some individuals as a result of the pandemic. The Department reminds carriers that cancelation or nonrenewal of coverage based solely on a deteriorating credit score is not allowable under Minnesota law. As noted above, the Department would encourage the review of credit models to determine whether adjustments may be appropriate.

Social Distancing

Finally, the Department encourages carriers to consider the social distancing guidelines established by the Centers for Disease Control and Protection ("CDC") when engaged in claims adjusting, sales practices, or other in-person interactions. It is important that these interactions be conducted in a manner that is safe for both the company representative and for the client. Adjusting homeowner claims, in particular, may present situations where social distancing concerns are raised. Carriers should keep the safety of everyone involved in mind when developing plans for how to operate in this new environment.

In making these recommendations, the Department is committed to working with insurers as the pandemic runs its course to ensure that carriers are able to fulfill their contractual obligations to insureds.



Steve Kelley, Commissioner
Minnesota Department of Commerce