



**Government of the District of Columbia
Department of Insurance, Securities and Banking**

**Karima Woods
Acting Commissioner**

**BULLETIN
20-IB-2-05/08**

TO: ALL PREMIUM FINANCE COMPANIES LICENSED IN THE DISTRICT OF COLUMBIA

FROM: KARIMA WOODS, ACTING COMMISSIONER

DATE: MAY 18, 2020 (REVISED)

SUBJECT: GUIDANCE ON COMMISSIONER'S ORDER 03-2020

The purpose of this Bulletin is to provide interpretive guidance to all premium finance companies licensed in the District regarding Commissioner's Order 03-2020, "Providing Relief to Policyholders." Specifically, the Department is providing guidance on the application of the prohibition on cancellation and the 12 months of deferred payments for unpaid premiums. This Bulletin is being issued pursuant to the Commissioner's authority at D.C. Official Code § 1-104.01.

On April 27, 2020, Acting Commissioner Karima Woods issued Commissioner's Order 03-2020. The purpose of the Order is to provide relief to policyholders by directing all insurance and premium finance companies to refrain from cancelling any policy or declaring a default on any contract for nonpayment, and to correspondingly, exercise the appropriate forbearance on the collection documentation, the deferment of unpaid payments for a period of not less than 12 months and the recoupment of paid claims. In addition, Commissioner's Order 03-2020 also more broadly directed companies to make "reasonable accommodations," which necessarily incorporated the prohibition on cancellations and deferred payments.

Further, it is the intent of Commissioner's Order 03-2020 that all policyholders receive the benefits of the relief measures regardless of whether they pay their premiums directly to an insurance company or indirectly through a premium finance company. In this regard, the Department clarifies its position in this Bulletin and offers the following interpretive guidance:

- The prohibition on cancellations for non-payment and deferred payment relief for not less than 12 months in Commissioner's Order 03-2020 is

intended to apply to insurance premium finance agreements effective on or before March 11, 2020.

- The reasonable accommodations, including the prohibition on cancellations and the deferred payment measure, in Commissioner's Order 03-2020, will remain effective for the duration of the Public Health Emergency. Mayor's Order 2020-063 extended the Public Health Emergency until May 15, 2020. Pursuant to D.C. Official Code § 7-2306(c-1), the Mayor is authorized to extend the Public Health Emergency for an additional 90 days from the original March 11, 2020 Mayor's Order, and an additional 15 days beyond the additional 90 days. Note also, the Department is authorized to enforce any violations of non-compliance with Commissioner's Order 03-2020 beyond the expiration of the Public Health Emergency.
- A premium finance company may issue a notice of intent to cancel an insurance contract if an insured/borrower fails to make a payment calculated and scheduled in accordance with Commissioner's Order 03-2020 after the Public Health Emergency expires. A notice of intent to cancel an insurance policy and any remedy pursued must comply with the terms of the financing agreement and D.C. Official Code §§ 31-1101 *et seq.* Until such an event, an insurance company may not cancel an insurance policy and is under no obligation to return any unearned premiums.

For information and resources regarding the District's response to COVID-19, please visit: <https://coronavirus.dc.gov/>.

Any questions or concerns regarding this Bulletin may be directed to Howard Liebers at howard.liebers@dc.gov.