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Maryland

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BULLETIN No. 20-17

DATE: April 3, 2020

TO: All Property & Casualty Insurance Companies and Producers, All Public Adjusters

RE: COVID-19 and Contractual deadlines within Property & Casualty insurance policies

On March 5, 2020, Governor Lawrence J. Hogan, Jr. declared a State of Emergency for the entire State as a result of the COVID-19 virus. As a result of this event the lives and livelihoods of Maryland residents have been adversely affected. Residents of the State may find it difficult to comply with certain timeliness deadlines contained in Property & Casualty insurance policies during the State of Emergency. Accordingly, the Maryland Insurance Administration (“Insurance Administration”) seeks the full cooperation of all Property & Casualty insurers with respect to the following issues:

1) Claim Reporting / First Notice of Loss:

Virtually all policies require the insured to provide notice of a claim promptly. We recognize the importance of this policy condition. In the event that an insured is unaware of a loss or unable to provide notice of a claim, due to factors beyond their control directly as a result of COVID-19, insurers are requested to be lenient in the application of this policy language and consider whether or not late notice of a claim was preventable and if the late-notice actually prejudiced the insurer’s ability to adjust the claim.

2) Sworn Statements in Proof of Loss:

Most policies include a provision requiring an insured to submit a Sworn Statement in Proof of Loss (“SSPOL”) within 60 days (or some other specified time frame) of the insurer’s request. Many SSPOL forms require witness signatures and / or a notary public stamp. In light of social distancing protocols, travel restrictions, illnesses and other impediments arising from the COVID-19 virus, the Insurance Administration requests insurers to utilize SSPOL only when necessary and to relax the completion deadline if necessary to accommodate COVID-19 related circumstances. When the use of SSPOL is necessary insurers may choose to accept electronic signatures consistent with the Uniform Electronic Transaction Act (Commercial Law Article, Title 21).

3) Additional Living Expenses / Loss of Use / Rental Reimbursement / **Non-COVID-19** Business Interruption claims:

Policy benefits provided for each of these coverages typically are based on the **reasonable** length of time to complete repairs to property or restore operations. Policyholders may experience delays in repairs that are outside of their control due to COVID-19. Insurers are reminded that reasonable time periods may be elongated during the COVID-19 crisis and policyholders should not be penalized due to delays of this sort outside of their control.

4) Examinations Under Oath (“EUO”)

Property & Casualty insurance policies typically require an insured party to provide an EUO at the request of the insurer. EUOs normally take place in person with a stenographer and other parties in close physical proximity within a room. Insurers must consider the safety of all parties and should consider remote technology for EUOs whenever possible. When remote technology is not available, insurers should consider delaying an EUO request until social distancing protocols have been relaxed. In-person EUO’s during the COVID-19 crisis should only take place with the agreement of all parties and with strict adherence to all social distancing protocols established by the CDC and MDH.

5) Replacement Cost (“RC”) payments / § 19-213 of the Insurance Article

Section 19-213 of the Insurance Article states that RC benefits under a homeowners, farmowners or dwelling insurance policy shall allow the insured to file a claim for the difference between an actual cash value payment and the RC amount following completed repairs or replacement for not less than 2 years after the date of loss. The statute allows insurers to include a policy provision requiring the insured to provide notice of their intent to file an RC claim within 180 days of the loss. The Insurance Administration requests insurers provide the same consideration of COVID-19 caused delays with respect to the 180 days and 2-year timeframes contained in the policy and statute. Additionally, to the extent that policies involving other property and casualty lines of business include deadlines for a policyholder to notify an insurer and make a claim for RC benefits, the Insurance Administration encourages insurers to utilize these same considerations.

The Insurance Administration enjoys a positive working environment with our licensees and has always appreciated the cooperation provided by our licensees in time of special circumstances. This has been evident since the onset of the COVID-19 crisis. Please contact the Associate Commissioner for Property & Casualty, Robert Baron with any questions concerning this Bulletin (410.468.2353 / Robert.Baron@Maryland.gov).

Special Note: The Maryland Insurance Administration remains fully operational during the COVID-19 emergency. If you would like to file an insurance complaint, please use our online portal: <https://enterprise.insurance.maryland.gov/consumer/ConsumerPortalWelcomePage.aspx>

About the Maryland Insurance Administration

The Maryland Insurance Administration is an independent State agency charged with regulating Maryland's \$28.5 billion insurance industry. For more information about the Insurance Administration, please visit www.insurance.maryland.gov or follow us on Facebook at www.facebook.com/MDInsuranceAdmin, Twitter at [@MD_Insurance](https://twitter.com/MD_Insurance), LinkedIn at www.linkedin.com/company/maryland-insurance-administration or Instagram at [@marylandinsuranceadmin](https://www.instagram.com/marylandinsuranceadmin).

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