



MIKE CAUSEY
INSURANCE COMMISSIONER

BULLETIN

North Carolina Department of Insurance Frequently Asked Questions (FAQ) associated with the Commissioner's Order and Bulletin 20-B-06 issued on March 27, 2020.

The following Frequently Asked Questions (FAQ) document has been created to assist you with understanding the Order and Bulletin 20-B-06 North Carolina Insurance Commissioner Mike Causey issued on March 27, 2020, as amended by Order issued March 30, 2020, pursuant to North Carolina General Statute § 58-2-46 (G.S. § 58-2-46), which invokes Subdivisions (1) through (3) therein effective and provides for state of disaster automatic stay of proof of loss requirements, premium and debt deferrals.

This FAQ does NOT apply to self-funded single-employer groups, Medicare plans, or Medicaid.

For reference purposes, please click on the statute link to view the details [G.S. § 58-2-46](#).

What does the Commissioner's Order mean?

The N.C. Insurance Commissioner's Order activating G.S. § 58-2-46, requires insurance companies to give their customers affected by the COVID-19 health emergency **the option** to defer premium and debt payments.

It is up to the customer to notify their insurance company of their desire to exercise the option to defer premium and debt payments.

It is important to understand that this law does not allow for a premium "holiday" or a "waiver". Premium payments will still need to be paid, but this allows a 30-day deferral or delay of the premium to give impacted consumers extra time to arrange for payment. Insurers must allow insureds to defer or delay payments that are due during the period of the Order.

Should the consumer choose the option to defer, companies may not process cancellations.

No additional fees or penalties may be imposed should the consumer choose this option.

The deferral under this Order includes not only premium and debt payments but cancellations and proof of loss requirements, as well.

Does the Commissioner's Order apply to policy cancellations?

Yes. The statute states that the deferral period applies to "any time limitations imposed on insurers under the terms of a policy or contract..."

Cancellation Notices and issuance

- Cancellations issued for non-payment, prior to or on the date of the Order, cannot be processed as the consumer has the ability to perform an action on their policy.
- Cancellations issued for non-payment, after the Order, cannot be issued and should be deferred.

Does the Commissioner's Order apply to policy non-renewals?

Yes. But, non-renewals issued before the Commissioner's Order may be processed on the date specified in the non-renewal notice.

Non-renewal Notices and issuance

- Non-renewals issued prior to or on the date of the Order, may be processed and terminated on the date specified in the notice.
- Non-renewals issued after the date of the Order, may not be transmitted and should be deferred.

Does the Commissioner's Order apply to policies cancelled for nonpayment of premium?

Yes. A policy cancelled for nonpayment of premium places a time limitation on the insurer to notify the policyholder.

Does the Commissioner's Order apply to policies that an insurer plans to cancel for underwriting reasons such as material misrepresentation?

Yes. The statute provides an automatic deferral on policy cancellation regardless of the reason. There is no exception.

Who is required to comply with the Order?

Compliance with the provisions of G.S. § 58-2-46 is required of all insurance companies, premium finance companies, collection agencies, surplus lines insurers, and other persons subject to North Carolina General Statutes Chapter 58.

After the Order expires, will the consumer be responsible for bringing the policy current?

Yes, the consumer is responsible for bringing the policy current.

When does the Order expire?

The Order expires 30 days from issuance on March 27, 2020, which is April 26, 2020.

Are premium deferrals automatically applied/given?

No, customers must be given the option to defer premium payments. Policyholders must pursue the option to defer and should contact their insurance companies to request a deferral of their premium payments.

Is there any relief for carriers for fronting claims when premium payments are deferred? Does this apply for medical coverage only? Group and individual?

This Order applies to all premium payments for all insurance coverages. However, there is no requirement that insurers “front” claim payments when an account is past due. For claims that occur during the deferral period covered in the Order, insurers may elect to wait until the account is brought current before claims are paid. If premium payments remain unpaid after the deferral period, coverage lapses as of the date that coverage was paid up.

Can the employer administering the group insurance plan(s) choose to remain current if not, “negatively affected by the virus,” or does this Order demand the 30-day deferral go into effect, regardless.

Yes, the employer can choose to stay current on group premium payments. Deferral is not mandatory. The deferral time is 30 days from the last day a premium can be paid without termination occurring, but the deferral must be requested to the insurance company by the insured employer under a group policy. If the insured is covered by an individual policy, i.e. not insured under a group policy, the right of deferral must be requested by the insured person or policy owner.

Does this Order apply to self-funded single employer groups?

No, this Order does not apply to self-funded single employer groups. Your employer or insurance company can help you identify what kind of plan you have.

Questions involving Collection Agencies

Do collection agencies have to offer deferral on ALL debts, or just debts to insurance companies? For example, do they have to offer a deferral when collecting on a Macy's credit card?

This Bulletin and Order applies to ALL debts not only insurance debt. The statute requires companies and others regulated by Chapter 58 to provide their customers with the option to defer premium and debt payments.

It is up to the customer to take the necessary steps to contact the collection agency to discuss their options.

If the collection agency contacts the customer to discuss repayment, the agency must advise the customer of the option to defer the payment for 30 days.

The customer must state their desire to exercise the option to defer or delay their debt payments to the company.

After the customer has been advised of their option to defer or delay their debt payments and accepts it, no additional fees may be imposed should they choose this option.

How do collection agencies address debt payments that are already in default prior to the Commissioner's Order being issued?

If the customer requests their payments to be deferred, then all debt pursuits and collection activities should cease. The deferral covers transmission of notices of action, any payments which are currently in collection, including those where a payment schedule has been set-up, and time limits imposed by statute. Not just payments are deferred; ANY collection activity should cease for 30 days should the consumer request a deferral.

How does the NCDOL interpret the phrase "debt payments that are due?" Does this statute apply to voluntary, non-contractual debt repayment, which a consumer has set up via ACH or credit card payment arrangement with a collection agency?

G.S. § 58-2-46 does apply to voluntary, non-contractual debt payments, which have been set up by a consumer via ACH or credit card payment arrangements with the collection agency.

If the consumer requests a deferral or suspension of the collection activity for 30 days then the company should cease collection activity for the consumer for the duration of the Order.

Can late fees and additional fees be applied to an account?

No late fees or additional fees should be applied to an account.

Are collection agencies responsible for notifying or contacting consumers in payment arrangements and offering a deferral?

No, collection agencies are not responsible for contacting consumers and offering them a deferral. However, if the collection agency is contacted by the consumer about their debt, the option of a deferral must be given.

It is up to the customer to state their desire to exercise the option to defer their debt payments.

No additional fees or penalties may be imposed should they choose this option.

Are debt deferrals automatically applied/given?

No, customers must be given the option to defer their debt payments. The customer must pursue the option to defer or delay and should contact their collection agency to request a deferral of their debt payments.

Does the Order apply to a law firm that represents clients who are looking to enforce payment provisions of contracts when the law firm is managed by attorneys and does not purchase any of the accounts on which it is collecting and/or litigating?

That depends on who the firm is representing. G.S. § 58-70-15(c)(8) states that a "Collection Agency" does not include [...] Attorneys-at-law handling claims and collections in their own name and not operating a collection agency under the management of a layman." If the firm is representing non-insurance creditors then the Commissioner's Order does not apply to the actions taken on behalf of the creditors. However, if the firm is representing insurance companies in an effort to collect payments under insurance contracts or policies, then the firm must delay collection activities on behalf of its clients during the deferral period.