



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

NOTICE

TO: All Admitted and Non-Admitted Insurance Companies, All Licensed Insurance Adjusters and Producers, and Other Licensees and Interested Parties

FROM: Commissioner Ricardo Lara

DATE: April 3, 2020

RE: Extension of Policyholder Deadlines that Impact Claims or Coverage Due to the current State of Emergency Caused by the Coronavirus (COVID-19) Outbreak

The novel Coronavirus (COVID-19) outbreak, emergency public health orders, and “social distancing” directives by federal, state and local leaders are contributing to widespread interruption in the ability of policyholders, under all lines of insurance, to complete repair or construction of damaged property, submit claims forms and other claims information, and perform other duties under their insurance policies.

Insurance Commissioner Ricardo Lara previously issued a [Notice](#) dated March 18, 2020, requesting all insurance companies and other licensees to provide their policyholders with at least a 60-day grace period to pay insurance premiums. The Commissioner made the request to ensure policies are not cancelled for nonpayment of premium due to the national COVID-19 public health emergency.

Also, in a separate [Notice](#) dated March 18, 2020, Commissioner Lara requested the assistance of all automobile insurers, producers, and other licensees transacting automobile insurance in California. The California Department of Motor Vehicles (DMV) recently asked California law enforcement to exercise discretion for 60 days in their enforcement of driver license and vehicle registration expirations beginning March 16, 2020, in order to have at-risk populations, including seniors and those with underlying conditions, avoid required visits to DMV field offices.

Commissioner Lara now finds it necessary to issue this Notice to protect policyholders from losing, limiting, or waiving policy benefits, as a result of the current national state of emergency.

All licensees are hereby notified that they should not attempt to enforce policy or statutory deadlines on policyholders until ninety (90) days after the end of the statewide “state of emergency” or other “state of emergency” that impacts a specific policyholder. This includes, but is not limited to, deadlines for the submission of a sworn proof of loss, other claim forms, examinations under oath, medical examinations, physical inspections of insured property, separating damaged property from undamaged property, temporary repairs to prevent further damage, and any other policy, statutory, or insurer imposed deadlines placed on the policyholder where failure to comply could result in the forfeiture, limitation, or waiver of any policyholder(s) rights to benefits under any policy of insurance.

In addition, the Department has received complaints from consumers and local and state officials that certain residential property insurance companies are insisting that insureds (who suffered losses in the November 2018 wildfires) must continue to repair and rebuild their homes during the COVID-19 crisis to obtain full replacement cost and Additional Living Expense (ALE) benefits.

This Notice reminds all insurance companies that new laws that went into effect before the November 2018 wildfires mandate that insurers provide no less than 36 months, plus additional 6 month extensions for “good cause,” for insureds to collect full replacement cost and ALE for delays in the reconstruction process that are the result of circumstances beyond the control of the insured.¹ Under the referenced chaptered legislation, circumstances beyond the control of the insured include, but are not limited to, unavoidable construction permit delays, lack of necessary construction materials, and lack of available contractors to perform the necessary work.

Commissioner Lara and the California Department of Insurance have determined that the current COVID-19 pandemic is a circumstance beyond the control of the insured, thereby constituting “good cause” under the applicable laws.

¹ Senate Bill 894 (Dodd and McGuire, Chapter 618, Statutes of 2018), Assembly Bill 1772 (Aguilar-Curry and Wood, Chapter 627, Statutes of 2018), and Assembly Bill 1800 (Levine, Chapter 628, Statutes of 2018) all were urgency measures that became effective on September 21, 2018, before the November 2018 fires.