



COVID-19 GUIDANCE FOR CANCELLATIONS AND NONRENEWALS
May 27, 2020 - Please read this carefully

This guidance is intended to provide a consistent approach to granting insureds additional time to pay their premium. The intent of this guidance is to balance the needs of our insureds and compliance with state bulletins against the need for operational efficiency. States are not requiring that carriers provide free coverage. Insureds are being granted more time to remit premium.

I. CANCELLATIONS/NONRENEWAL for all states except as provided below.

Except as provided below, pre-COVID-19 cancellation/nonrenewal rules are back in place for all states (including all NY non-admitted commercial business).

II. CANCELLATIONS/NONRENEWAL in AK, AR, CT, DE, DC, GA (comm bus. interr/income policies only), NJ, OH, OK, WV.

1. FOR NONPAYMENT

Mid-term Cancellations:

The company and its business partners should continue to generate and issue notices of cancellation in accordance with their usual procedures. However, insureds shall be provided with 60 days (90 days for NJ insureds) from the issuance date of the Notice of Cancellation to pay their premiums. Please note, we are not extending effective cancellation dates; we are providing additional time to pay. Notices should be clear that failure to pay in the time provided would make cancellation effective retroactive to the effective date reflected in the cancellation notice. See attached sample COVID-19 Notices. For insureds that need additional time to pay, please refer to the company.

Renewals and/or New Business:

The company and its business partners shall provide insureds with 60 days *from the date that payment is customarily required* (i.e., date of Binder, quotation or policy effective date). However, in no instance shall such additional time be excess of 60 days from the policy inception date. For NJ insureds, the time period shall be 90 days.

If premium is not remitted within the 60 days (90 days for NJ), the policy never bound and is void at inception. Notices and/or invoices should be clear that failure to receive premium within the time allotted will result in the policy being void at inception. For insureds that need additional time to pay, please refer to the company.

Notwithstanding the foregoing, if your normal (pre-COVID) processes are providing at least 60 days (90 days in NJ), there is no need to alter your processes.

2. FOR REASONS *OTHER* THAN FOR NON-PAYMENT

Policies may be canceled or nonrenewed in accordance with usual procedures provided that the cancellation or nonrenewal is not related to COVID-19 or for nonpayment.

III. CANCELLATIONS/NONRENEWALS in NY (applicable to admitted business and all personal lines) and OR until June 30).

Mid-term Cancellations for Non-Payment:

While NY and OR have imposed a moratorium on cancellations, Neither NY nor OR have suspended a carrier's statutory notice requirements. Therefore, it is recommended that we continue to generate and issue cancellation notices for non-payment but no cancellations shall be effective until June 30th. Please include a Notice (see sample attached). After June 30, cancellation notices should be re-issued with their original effective cancellation dates or the date through which premium was earned, whichever is later.

Cancellations for reasons *other* than for Non-Payment:

Cancellations for reasons *other* than for non-payment should be referred to the company until June 30.

Nonrenewals:

No policies may be nonrenewed. We are required to extend policies. The period of extension must be rated utilizing the same rates that were used for the policy at the time of binding, and should not extend beyond June 30th. Invoices/notifications to insureds should reflect the original expiration date, the new expiration date, the appropriate additional premium and the due date. In the alternative, provided the insured consents, policies may be renewed for a full term.

In the event you wish to nonrenew due to fraud or misrepresentation, please contact the company.

IV. MANDATORY GRACE PERIODS: New York (applicable only to admitted commercial policies and all personal lines policies) and New Jersey (applicable to admitted only):

Some insureds are eligible for up to additional 12 months to pay their premium.

For NY insureds that need additional time, the company has established a toll free number ((833) 611-5611) that should be disseminated to insureds and/or their brokers. Please note that producers and agents are required to provide notice to insureds of NY's emergency regulation.

A model NY notice can be found at:

https://www.dfs.ny.gov/industry_guidance/coronavirus/distributing_notices/model_notice/property_casualty.

A NJ notice is attached hereto.

IV. GENERAL RULES APPLICABLE TO ALL STATES

Regardless of the foregoing, if an insured cannot pay its premium due to adverse circumstances resulting from the COVID-19 pandemic and is seeking additional time to pay, please refer to the company so that we may work with such insured.

If an insured requests cancellation, such request must be honored. Insureds may reject any policy extensions.

All late fees in all states must be waived.

While some states are permitting electronic communications, not all states have changed their requirements. Therefore, hard copies and mailed correspondence is preferable where possible. Please retain all correspondence (emails, regular mail letters, etc.) relating to all cancellations and nonrenewals.

If you have specifics/logistics you would like to discuss, or if you have questions or concerns, please contact your underwriter.

Please be on the lookout for updates.

COVID-19 NOTICE

For AK, AR, CT, DE, DC, GA (commercial bus. interruption/income policies only), NJ, OH, OK, WV.

Please read carefully

Due to the circumstances surrounding COVID-19, Hudson Insurance Group is suspending the effectiveness of your policy's cancellation and temporarily extending the time for payment of premium by sixty (60) days. If you do not pay the amount you owe, after the expiration of the 60 days, your policy will be canceled as of the effective date shown in your Notice of Cancellation. If you require additional time to pay your premium, please contact your broker.

COVID-19 NOTICE

For NY and OR

Please read carefully

Due to the circumstances surrounding COVID-19, Hudson Insurance Group is suspending the effectiveness of your policy's cancellation and temporarily extending the time for payment of premium by sixty (60) days. If you do not pay the amount you owe, after the expiration of the 60 days, your policy will be canceled as of the effective date shown in your Notice of Cancellation. If you require additional time to pay your premium, please contact your broker or the company at (833) 611-5611.

NOTICE PURSUANT TO NJ EXECUTIVE ORDER 123 AND BULLETIN 20-15

On March 7, 2020, New Jersey Governor Phillip Murphy issued Executive Order 123, requiring insurance companies to extend to all New Jersey policyholders, such as yourself, a ninety (90) day grace period during which your insurance policy cannot be cancelled or nonrenewed for nonpayment of policy premium. Pursuant to the New Jersey Insurance Commissioner's Bulletin 20-15, all insurers are further required to provide notice to all policyholders of their right to take advantage of this ninety (90) grace period as well as the terms and conditions of same.

If you are able to make your payments on time, we encourage you to do so. If, however, you wish to continue coverage under your above-mentioned policy, but have not or will not be able to make your policy premium payment on time, you may take advantage of the extended ninety (90) day grace period provided for in Executive Order 123. In order to do so, you are required to provide us with notice of your intent. Notice of your intention to continue coverage and to take advantage of the extended ninety (90) day grace period must be provided to us in writing via first-class mail sent to the above-provided address and postmarked within ten (10) days of your receipt of this Notice Pursuant to NJ Executive Order 123 and Bulletin 20-15 or by completing the form on our website at www.westminsteramerican.com within ten (10) days of your receipt of this Notice Pursuant to NJ Executive Order 123 and Bulletin 20-15. Your notice to us must include whether you intend for your extended ninety (90) day grace period to begin running as of April 1, 2020 or May 1, 2020. If you fail to properly provide us with such notice and fail to timely pay your policy premium, we will assume you no longer intend to continue coverage under the above-mentioned policy and your policy will cancel.

Please understand this extended ninety (90) day grace period does not in any way absolve you of any obligation you assumed pursuant to the terms of the above-mentioned policy. You are still required to pay all premiums due on your policy. Any premium not paid now will become due at the end of the extended ninety (90) day grace period, amortized in equal installments over a period of twelve (12) months or the remainder of the above-mentioned policy period, whichever is longer. Hudson Insurance Company reserves the right to pursue collection actions for failure to make timely installment payments pursuant to Executive Order 123, following the ninety (90) day grace period.

Please also understand that your decision to take advantage of the extended ninety (90) day grace period will not be taken into account by us in any of your future rating calculations, will not be reported by us to any credit rating agency, and will not subject you to any late payment fees which could otherwise be imposed pursuant to the terms of your above-mentioned policy.

Please contact us if you have any questions.