



COVID-19 GUIDANCE FOR CANCELLATIONS AND NONRENEWALS
July 9, 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.

II. CANCELLATIONS/NONRENEWAL in AR, DC, NJ, OH, OR, 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.

IV. MANDATORY GRACE PERIODS: NJ (applicable to admitted only) and DE:

1. NEW JERSEY

Some insureds are eligible for up to additional 12 months to pay their premium. A NJ notice is attached hereto.

2. DELAWARE (admitted business only)

Insureds are eligible for a 90-day repayment plan if they can demonstrate loss of job or income or closure or reduction of business due to COVID-19. Attached is a sample notice that we are required to send to Delaware insureds. Insureds have two weeks to provide proof of economic hardship to be eligible for a repayment plan.

III. 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 AR, DC, NJ, OH, OK, OR, 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 admitted Delaware policyholders

Please read carefully

You are eligible for an interest and penalty-free 90-day repayment plan for premiums past due between March 25, 2020 and July 1, 2020 if you were directly affected by COVID-19. To qualify, you must request a repayment plan within two weeks of the date of this notice and provide evidence that you suffered hardship directly related to the COVID-19 pandemic. Please contact your broker.

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.