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BULLETIN NO. 2020-09

TO: All Property and Casualty Insurers

FROM: Jim L. Ridling
Commissioner of Insurance 

DATE: April 29, 2020

RE: COVID-19 and Contractual Deadlines within Property & Casualty Insurance Policies

EFFECTIVE: Immediately

On March 13, 2020, Governor Kay Ivey declared a State Public Health Agency Emergency for the entire State of Alabama due to the COVID-19 virus. As a result, Alabama residents may find it difficult to comply with timeliness deadlines that are contained in property and casualty insurance policies. Therefore, the Alabama Commissioner of Insurance requests that all property and casualty insurers cooperate with respect to the following issues:

1. Claim Reporting/First Notice of Loss:

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 or a notary public stamp. In light of social distancing protocols, travel restrictions, illnesses and other impediments arising from the COVID-19

virus, the Commissioner requests insurers 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 (Ala. Code § 8-1A-7).

3. Additional Living Expenses / Loss of Use / Rental Reimbursement:

Policy benefits provided for each of these coverages are typically based on a stated dollar limit or specific length of time to complete repairs to covered dwelling. Policyholders may experience delays in repairs that are outside of their control due to COVID-19. Insurers are reminded that stated time periods may be prolonged during the COVID-19 crisis and policyholders should not be penalized due to delays outside of their control.

4. Examinations Under Oath (“EUO”):

Property and 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 EUOs 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 ADPH.

5. Replacement Cost (“RC”) payments:

The Commissioner requests insurers give consideration to delays caused by COVID-19 by extending the allowable timeframe to notify the insurer of the policyholder’s intent to recover withheld depreciation. Similarly, the insurer is urged to extend the allowable timeframe to make a claim for withheld depreciation. The extended timeframe shall be determined by each carrier, however, it should not be less than an additional 12 months.