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BULLETIN NO. 2020-11

TO: All Insurers Writing Automobile Insurance

FROM: Jim L. Ridling
Commissioner of Insurance *JLR*

DATE: May 5, 2020

RE: Treatment of Returning Armed Services Personnel

EFFECTIVE: Immediate

The Alabama Department of Insurance requests insurers not deny reinstatement, refuse to write, raise premium or apply a surcharge for members of the Armed Forces who are returning from active service and who may have discontinued or otherwise had a gap in their automobile insurance coverage while in or due to deployed status.

Interruption in Coverage

Underwriting and rating standards often take into consideration whether the insurance applicant has had continuous insurance coverage. The Department believes rating rules that take into consideration whether there was prior insurance coverage should also take into account whether coverage was legally required. It is the Department's view that in cases of armed services personnel returning from deployed status, underwriting and rating standards that require continuous coverage are not appropriate and should be waived.

The purpose of this bulletin is to request that, for returning deployed members of our Armed Forces, companies waive such underwriting or rating requirements. These servicemen and women who have served our country, often at great personal risk, should not be penalized for their service.

Accordingly, if a member of the Armed Forces was a policyholder in good standing at the time of deployment and can show that such active service was the reason for the lapse in coverage, the Department requests companies reinstate the policy as if coverage was continuous. In addition, the Department requests companies afford similar consideration to returning members of the Armed forces who are new insurance applicants to the companies. If an applicant was in good standing with another insurance carrier prior to leaving for active duty and such active service was the reason for the loss in continuity of coverage, the company should treat the applicant as having had continuous insurance coverage throughout their term of deployment

Premium Credits

The Department also requests insurers provide a full credit or pro rata premium refund (rather than a short rate penalty) for the period of suspension or removal of coverage and reinstate full coverage without penalty when the policyholder returns from deployment.

Nonrenewal of Policies

Finally, the Department requests insurers refrain from non-renewing policies of insureds in deployment status who keep premium payments current. While Alabama law allows insurers to non-renew the policy of any policyholder for certain reasons specified in law, even when the premium payments are current, nothing prohibits insurers from voluntarily continuing the policies.

Conclusion

In the spirit of support for our deployed military personnel, the Alabama Department of Insurance encourages insurers to implement the above suggestions, and in any event, to do whatever is within their power to ensure that deployed policyholders are not penalized in any manner.

JLR/JWG/RN/ct