

TO: All Insurers Writing Automobile Insurance, Personal and Commercial, within the Commonwealth of Pennsylvania

SUBJECT: COVID-19 Guidance

In response to the COVID-19 pandemic, the Pennsylvania Department of Transportation (PennDOT) has issued several pieces of guidance in relation to driver's license expirations. The Insurance Department (Department) is issuing this notice to all insurers writing automobile insurance in the Commonwealth of Pennsylvania to alert insurers to this guidance as well as to take the opportunity to communicate the Department's expectations of automobile insurers during the COVID-19 pandemic. This notice applies to all insurers writing automobile insurance in this Commonwealth, whether personal or commercial.

In response to concerns from individuals whose driver license may expire during PennDOT license and photo centers closure, PennDOT has issued general guidance in regard to license expirations during this time. As noted by PennDOT:

Driver licenses, photo ID cards and learner's permits scheduled to expire from March 16, 2020 through March 31, 2020, the expiration date is now extended until May 31, 2020.

PennDOT has noted that this extension applies to driver licenses and commercial driver licenses (CDL). PennDOT's guidance, which includes general guidance on many other matters, can be found at <https://www.penndot.gov/Pages/Coronavirus.aspx>.

The Department is aware that insurers may have products in the market which include exclusions, rates, or underwriting rules which apply when a policyholder's license expires. The Department expects that insurers will apply these product features in a manner consistent with PennDOT's guidance as to expiration of driver licenses. Specifically, the Department notes that policyholder licenses which are set to expire from March 16 to March 31 are now extended to May 31, 2020. The Department expects that insurers will apply exclusions, rates, or underwriting rules as if the policyholder's license expires May 31, 2020. The extension provided by PennDOT may be subject to revisions and the Department encourages insurers to monitor PennDOT's website for any guidance on this and other issues.

Beyond PennDOT's guidance, the Department is taking the opportunity to communicate its expectations of insurers during the COVID-19 disruption. As noted in the Department's Notice 2020-04, the Department recognizes that the COVID-19 disruption has posed unique challenges for the insureds and insurers of this Commonwealth. Responses to these challenges requires flexibility on the part of the insurance industry. We have, and continue to, strongly encourage insurers to work with their policyholders to find unique solutions to problems which may arise during this time. In response to inquiries from insurers and insureds alike, the Department is providing the following guidance to insurers writing automobile insurance in this Commonwealth.

- Beyond the application of exclusions, rates, and rules in regard the license expirations from March 16 to March 31, the Department encourages that insurers review all eligibility criteria for discounts such as good driver discounts. Additionally, with the closures of schools and universities in the Commonwealth for an extended period, events which are outside the control of policyholders, insurers should consider these circumstances when applying other discounts such as good student discounts.
- On March 26, 2020, the United States Department of Labor released its seasonally adjusted initial jobless claims indicating jobless claims rose to 3,283,000. The Department understands that worker displacement during the COVID-19 disruption may negatively impact insureds' credit scores. Insurers should review the application of credit score in the rates charged to consumers and provide flexibility, where appropriate, to policyholders who may experience a negative credit event during this time. A declining credit score may not be used to increase a premium at renewal.
- The COVID-19 disruption has created practical changes in many consumers lives including a decrease in driving. The Department encourages insurers to review the impact that these changes may have with regard to claims, renewals, and other items. The Department anticipates that claims frequency may be impacted by the reduction in insureds' driving. The Department encourages all insurers to review the impact this may have on the rates which are currently charged to insureds, and apply low-mileage discounts, where appropriate.
- Pursuant to Governor Wolf's Order closing all non-life sustaining businesses, as of 8 p.m. March 19, 2020, some businesses which would customarily be available during the claims process are currently closed. Businesses such as car dealerships or repair facilities may be closed and the Department encourages flexibility by insurers with limits on rental car coverage and other items which are impacted by the closure of businesses during this time.

The Department understands that many insurers and insureds in this Commonwealth are experiencing disruptions to daily life in many and varying ways and degrees. Insurers should work with policyholders where possible and provide the necessary flexibility needed at this unique time. Insurers are also encouraged to contact the Department to explain the implications of the disruptions cause by the COVID-19 pandemic and to discuss their unique and innovative approaches to these disruptions and discuss what impediments stand in the way.

If you have any questions about this notice please contact:

John Lacek  
 jlacek@pa.gov