



Order R20-03

Order Providing Premium Relief for Property and Casualty Insurers

All insurers licensed in the state of Alaska or issuing insurance in the State of Alaska, insurance industry representatives and other interested parties are encouraged to review the latest information about COVID-19 released by the Alaska Department of Health and Social Services at: <http://dhss.alaska.gov/dph/Epi/id/Pages/COVID-19/default.aspx>.

BACKGROUND:

On March 11, 2020, Governor Mike Dunleavy issued a public health disaster emergency order. This order was made to protect Alaskans from the adverse effects of COVID-19. Due to the Governor's declaration and pursuant to AS 21.06.080(d), the director finds that emergency measures are needed to ensure Alaskans maintain their insurance coverage while allowing insurers increased flexibility.

FINDINGS

Many property and casualty insurance policies calculate premiums based on exposure estimates made at the time the policy is issued. Examples of common exposure bases include miles driven, sales revenue, receipts, or payroll. Due to the far-reaching effects of the COVID-19 outbreak and local, state, and federal governments' responses, for many policyholders, initial estimates are expected to be much higher than the exposure actually realized.

THE DIRECTOR HEREBY ORDERS:

1. Recognizing there are other difficult-to-quantify effects of the COVID-19 outbreak that will affect exposure to loss in the near term, property and casualty insurers may allow policyholders to self-audit and self-report changes in their exposure or risk profile and adjust premiums accordingly, or may adjust premiums based on broadly averaged estimates of exposure reduction.
2. For policies that are subject to audit, property and casualty insurers shall allow self-auditing and self-reporting in lieu of physical audits to the extent that physical audits are impracticable.
3. Prospective reductions in premium or retroactive refunds of premium made in good faith pursuant to this Order to accommodate COVID-19-related changes in exposure or risk profile will not be considered a rebate or unfair discrimination to the extent they are reasonable and consistently applied. Reasonable and consistently applied premium adjustments or audit accommodations as described in this Order will likewise not be

pursued by the division as violations of statutes governing returning premiums to policyholders or the frequency of premium changes, nor will they be considered out of compliance with approved rating plans, rules, or policy language.

This order is effective April 15, 2020. It shall expire November 15, 2020 or when the Governor determines the public health disaster emergency no longer exists.



Lori Wing-Heier, Director