



UNIVERSALLY APPLICABLE BULLETIN NO. 4

TO: ANYONE ENGAGED IN ANY ASPECT OF THE BUSINESS OF INSURANCE IN DELAWARE INCLUDING BUT NOT LIMITED TO INSURERS, INTERMEDIARIES, PRODUCERS (AGENTS, BROKERS AND DIRECT WRITERS), AND UNDERWRITERS, and ANY CONTRACTORS OF THESE ENTITIES

RE: COUNTERACTING THE DISRUPTION RESULTING FROM A SHUTDOWN OF THE FEDERAL GOVERNMENT

DATED: January 30, 2019

The partial shutdown of the Federal Government that began on December 22, 2018 and ended on January 25, 2019 (the 2018/19 Shutdown) had adverse effects on approximately 800,000 federal employees and workers under contract with affected Federal agencies, of which a number are Delaware insurance policyholders. Adverse effects included the failure to be paid their regular salary and receive reimbursements when normally due. This, in turn, has adversely affected the ability of these individuals or entities to make timely payments for monetary obligations, including payments for insurance premiums.

In response to the 2018/19 Shutdown, the Department of Insurance is issuing this Bulletin in which it is encouraging all insurers, intermediaries, producers (agents, brokers and direct writers), and underwriters, and any contractors of these entities, and any other person or entity subject to licensure or regulation by this Department, to take into consideration the difficulties residents have endured during the 2018/19 Shutdown, until those affected begin to receive regular paychecks and have been reimbursed for monies past due.

Insurers and other Department-regulated entities should also be aware that the Delaware Legislature enacted the Delaware Federal Employees Civil Relief Act on January 23, 2019 (Del. H.B.2/H.A.1, 150th Gen. Assem. § 1).

H.B.2/H.A.1 provides the temporary suspension of judicial and administrative proceedings and transactions in Delaware that may adversely affect the civil rights of Federal workers during any Federal government shutdown, including the 2018/19 Shutdown. For purposes of H.B.2/H.A.1, "shutdown" means "any period in which there is more than a 24-hour lapse in appropriations for any Federal government agency as a result of a failure to enact a regular appropriations bill or continuing resolution."

Key provisions of H.B.2/H.A.1 that apply to Delaware insurance policy holders include the following:


- A Federal worker/contractor who is furloughed or required to work without pay during a shutdown may apply to a court or administrative agency for a temporary stay, postponement or suspension of any payment of, among other obligations, that worker's insurance premium; the length of stay may be for the period of the shutdown and 90 days thereafter;
- The lapse, termination or forfeiture of the health, life, disability, or motor vehicle insurance policy of a Federal worker is prohibited by operation of the Act – no court order is needed.
- The Act applies to health insurance, life insurance, disability insurance, and motor vehicle insurance, but only if a Federal worker/contractor entered into that insurance policy before the date on which a shutdown began and the insurance policy was in effect during the shutdown;
- This Act only protects employees of Federal government agencies who reside in Delaware, including an employee of a contractor;
- The Attorney General and the DOI may enforce the provisions of the Act, including a court – imposed civil penalty of not more than \$10,000 for violations of the Act.

Consistent with H.B.2/H.A.1 and prudent insurance practices, Department-regulated entities and individuals are encouraged to assist those affected by the 2018/19 Shutdown (and any future shutdown as defined in H.B.2/H.A.1) by taking actions such as relaxing due dates for premium payments, extending grace periods, waiving late fees and penalties, allowing forbearance with regard to the cancellation/non-renewal of policies, allowing payment plans for premium payments, and exercising judicious efforts to assist affected policyholders to make sure that their insurance policies do not lapse.

Affected policyholders should notify their insurance carriers and agents that they are furloughed federal employees, and should request that their banks suspend automatic electronic premium payment withdrawals as necessary.

This Bulletin applies only to cancellations or non-renewals that are attributed to a failure to pay premiums during a shutdown as defined in the Act. Any questions, comments, or requests for clarification concerning information within this bulletin should be emailed to consumer@state.de.us.

This Bulletin shall be effective immediately and shall remain in effect unless withdrawn or superseded by subsequent law, regulation or bulletin.


Trinidad Navarro
Delaware Insurance Commissioner

NOTE: This Bulletin is intended solely for informational purposes. It is not intended to set forth legal rights, duties, or privileges, nor is it intended to provide legal advice. Readers should consult applicable statutes and rules and contact the Delaware Department of Insurance if additional information is needed.