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BULLETIN 2011-01

TO: All Insurers and Insurance Premium Finance Companies

FROM: Jim L. Ridling, Commissioner *JLR*

SUBJECT: Extension of Grace Period

DATE: April 28, 2011

Today Governor Robert Bentley declared the existence of a state of emergency within the state of Alabama regarding the line of tornados which crossed our state yesterday and last night. Clearly, we are facing a great challenge to our state with the effects of these terrible storms. Thousands of Alabama families have suffered damages due to the storms. Several hundred thousand customers are without electricity. In some places, it could be several days before electricity is restored. Many citizens' homes were destroyed, precluding the delivery of mail. The situation has created a mass disruption to the normalcy we previously enjoyed.

In the ordinary course of business, insurance companies and premium finance companies send notices to insureds, many of which are required by statute, giving the insured certain limited periods of time within which to pay premium or otherwise respond. Because of the storm damage, disruption of mail and the inability of many of the insureds to stay in their homes, many storm victims are currently unable to timely act or respond and need additional time within which to act in response to these notices.

In light of this, I hereby issue this directive to all property and casualty insurers, all life, health, and disability insurers, and all insurance premium finance companies licensed in Alabama. As to any insurance policy provision, notice, correspondence or law which imposes a time limit upon an insured who suffered damage in the storms of April 27-28 to perform any act or transmit information or funds with respect to such an insurance contract, which act was to have been performed on or after April 27, 2011, the time limit shall be extended to and including May 27, 2011. This extension of time shall not relieve a policyholder who has a storm claim from compliance with the policyholder's obligations to provide information and cooperate in the claim adjustment process relative to the property damage. No interest, penalties, or other charges, shall accrue or be assessed as the result of the extensions required herein. Interest owed pursuant to premium financing plans with premium finance companies or insurers or their affiliates may be assessed. Any insurer receiving a claim from an insured owing premium may offset the premium due to the insurer or a premium finance company from any claim payment made under the policy.

This directive shall not apply to new policies issued on or after April 28, 2011.