



COVID-19 - Grace Period Notification and Directives

No. Regulatory Compliance Bulletin 2020-04
Date: April 13, 2020
To: Distribution Business Partners
From: Group Benefits, Compliance
Re: COVID-19 - Grace Period Notification and Directives

Dear Valued Distribution Partner,

We have received a multitude of regulatory notices regarding COVID-19 Grace Period Notification and the need to provide leniency in our normal business practices and affording premium moratorium to affected policyholders across the entire United State of America.

Lines of Business Impacted: Life and Health Insurance

Effective period: March 11, 2020 through July 1, 2020

Action Required: Consistent with insurance best practices during this event, please allow for an extension of the grace period **by 90 days** for premium payments, waive any late fees and penalties, allow forbearance with regard to the cancellation/non-renewal of policies, allow payment plans for premium payments, and exercising judicious efforts to assist affected policyholders and work with them to make sure that their insurance policies do not lapse during the stated time periods noted above. Notify all necessary staff to be aware of this notification and assist insureds affected.

Please utilize the wording noted below in a communication to any policyholders that on 3/11/2020 were already notified of a lapse and in grace period and any that are entering the grace period and may lapse during this stated time frame. Please notify Stephanie Scott of the total number of insureds who were already in their initial grace period as of 3/11/2020, or who have entered their initial grace period since that date. Additionally, please confirm when any necessary notices have been mailed to these insureds.

***“To ease any worry you may have about your life or health insurance coverage during these trying times we are extending grace periods so you have additional time to pay your premiums. Specifically, we implemented a temporary grace period extension of 90 days for policies with premium payments due, or for policies in the grace period, between March 11, 2020 and July 1, 2020. This means if you are unable to make a premium payment on time between March 11 and July 1, 2020, you will have an additional 90 days beyond the standard lapse date in order to become current on premium payments.*”**

All premiums due must be received before the end of the extended grace period to continue your coverage. Some states/jurisdictions have different requirements and timeframe specifications regarding the grace period extension, and we want you to know we will honor these requirements. This grace period extension option may not be offered after July 1, 2020.

While this temporary extension of the grace period is in place, your coverage will not lapse or terminate because of lack of premium payment. However, missing payments can impact your policy in different ways, so please speak to your financial professional about your options. Additionally, during this 90-day period it is possible that you could receive a lapse notice for your policy.

We are working on system changes to prevent this, but like most businesses, these unprecedented times are giving us new challenges we could not have imagined a few short weeks ago.

While we encourage you to continue to make payments on your insurance policy, if you're unable to pay your total past-due premium before the end of the extended grace period, please contact us at {TPA Phone Number} to discuss your premium due and payment options.”

AIG Public Website via link placed on Third Party Administrator website:

Please place this website link on TPA website to direct AIG insureds to our website for details surrounding our position of leniency during this global pandemic. A copy of the letter we are posting on our website is attached for your reference. Please notify Stephanie Scott when the link is active on your website.

www.aig.com/coronavirus

Please refer to the attached documents for additional directives including; FAQ to assist CSR's and wording for letters and notices regarding Grace period notification for premium payment. If there are any questions regarding this Bulletin, please contact your respective Account Manager Stephanie Scott or AnneMarie Jones, Compliance Officer, Group Benefits at (732) 922-7370.

4-07-20 - VERSION 11.0 - FINAL

1. Pandemic Response Letter on website (1 generic version for all states):

Group Benefits Bulletin provides a link to this letter on the AIG website

To Our Customers:

We want you to know that we've been thinking about our customers like you who may be affected by the global pandemic and economic challenges we all face right now.

To ease any worry you may have about your life or health insurance coverage during these trying times we are extending grace periods so you have additional time to pay your premiums. Specifically, we implemented a temporary grace period extension of 90 days for policies with premium payments due, or for policies in the grace period, between March 11, 2020 and July 1, 2020. This means if you are unable to make a premium payment on time between March 11 and July 1, 2020, you will have an additional 90 days beyond the standard lapse date in order to become current on premium payments.

All premiums due must be received before the end of the extended grace period to continue your coverage. Some states/jurisdictions have different requirements and timeframe specifications regarding the grace period extension, and we want you to know we will honor these requirements. This grace period extension option may not be offered after July 1, 2020.

While this temporary extension of the grace period is in place, your coverage will not lapse or terminate because of lack of premium payment. However, missing payments can impact your policy in different ways, so please speak to your financial professional about your options. Additionally, during this 90-day period it is possible that you could receive a lapse notice for your policy. We are working on system changes to prevent this, but like most businesses, these unprecedented times are giving us new challenges we could not have imagined a few short weeks ago.

While we encourage you to continue to make payments on your insurance policy, if you're unable to pay your total past-due premium before the end of the extended grace period, please contact us to discuss your premium due and payment options.

Thank you for your business and your loyalty, and please accept our best wishes for you and your family.

Adam Winslow
Chief Executive Officer, Life Insurance

2. Pandemic Response Letter to Policy Owner (1 generic version for all states):

This communication is to be sent to any insured already in their initial grace period on 3/11/2020, or any insured who has since entered into their initial grace period and was already mailed a lapse letter with the standard grace period language.

Dear < Insert Policy Owner Name, Policy number

We want you to know that we've been thinking about our customers like you who may be affected by the global pandemic and economic challenges we all face right now.

To ease any worry you may have about your life or health insurance coverage during these trying times we are extending grace periods so you have additional time to pay your premiums. Specifically, we implemented a temporary grace period extension of 90 days for policies with premium payments due, or for policies in the grace period, between March 11, 2020 and July 1, 2020. This means if you are unable to make a premium payment on time between March 11 and July 1, 2020, you will have an additional 90 days beyond the standard lapse date in order to become current on premium payments.

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While we encourage you to continue to make payments on your insurance policy, if you're unable to pay your total past-due premium before the end of the extended grace period, please contact us at {TPA Phone Number} to discuss your premium due and payment options.

Thank you for your business and your loyalty, and please accept our best wishes for you and your family.

(signature variable for TPAs)

3. Suggested Wording – Addition to Grace/ Lapse Notices:

This language is provided to insert into your standard grace/lapse notice for any notices that have not yet been distributed.

Your grace period has been extended by 90 days due to the current global pandemic and economic challenges. If you can make your payment, please remit as instructed in this notice. However, if you are unable to pay your total past-due premium prior to the end of the extended 90-day grace period, please contact us to discuss your premium due and payment options.

4. Suggested Wording – Ops FAQ Addition regarding Premium Payments:

Q: Due to the current global pandemic and economic challenges, I am not able to pay my premium. What are my options?

A: I am sorry to hear that you are experiencing financial hardship. Your grace period has been extended due to the current global pandemic and economic challenges. When you can make your payment, please remit as instructed in your lapse notice. If you are unable to pay your total past-due premium prior to the end of the extended grace period, please contact us to discuss premium due and payment options to help you keep your policy in force.

AIG has implemented a temporary grace period extension of 90 days for policies with premium payments due, or for policies in the grace period, between March 11, 2020 and July 1, 2020. This means if you are unable to make a premium payment on time between March 11 and July 1, 2020, you will have an additional 90 days beyond the standard lapse date in order to become current on premium payments.

While this temporary extension of the grace period is in place, your coverage will not lapse or terminate because of lack of premium payment. However, missing payments can impact your policy in different ways, so please speak to your financial professional about your options.

CSR Note: First review to confirm if the policy was in the grace period during the time period of March 11th and July 1st, 2020. If so, proceed with the response noted above, stating they have an additional 90-days from the end of their grace period to pay the premium due. If not, please follow existing scripting related to premium payment requirements, options and policy coverage.