

Guidance for Producers on Billing & Collections Related to COVID



Below are the major themes and questions about billing and collections that we have received from our distribution partners as we've navigated together through the COVID-19 pandemic. We have worked, and will continue to work, to provide you with such guidance to address your questions and our mutual Clients' concerns.

We plan on updating this document to address any additional concerns raised in the marketplace. Please contact your local Chubb representative to discuss any items that are not covered below.

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1. Commercial Lines Voluntary 60-day Cancellation Hold

Issue: Chubb issued a voluntary 60-day cancellation hold for Commercial Lines for the period of March 23rd to May 22nd, 2020. What is the Producer's role in this process?

Response: For our Commercial Clients, Chubb issued a voluntary 60-day hold on cancellation for insureds that cannot pay their premiums due to the events related to COVID-19, and we are complying with state specific moratoriums. We encourage Producers and insureds to advise Chubb on payment status.

For those insureds that are agency billed, we respect the Producer/Client relationship and therefore, we request that all communications on payment status should be coordinated through the Producer. If a Client calls Chubb directly, we will of course work with the Client to discuss payment status.

Please send Commercial direct billed Client inquiries to 800-372-4822 and Small Commercial direct bill Client inquiries to 833-550-9660.

2. Personal Lines Response to COVID-19

Issue: Is Personal Lines included in the 60-day cancellation hold?

Response: The 60-day cancellation hold is specific to Commercial Lines. For Personal Lines, we are complying with all state specific moratoriums that have been issued for COVID-19. For Clients that are experiencing hardship as a result of the coronavirus, we are working with these Clients and providing Clients additional flexibility by giving additional time to pay their bill. You or the Client will have to let Chubb know about the situation. As moratoriums end, some states have requested that we provide deferred payment plans to give Clients time to pay their bill.

Any Producer or Client who would like to discuss the extension of a payment due date should contact our Customer Care Team at 866-324-8222, or customer care@chubb.com.



3. **Producer Agreements / Payment Obligations**

Issue: Is the Producer obligated to pay 100% of the premium owed regardless of whether or not the insured pays the Producer?

Response: Chubb will work with our Producers to ensure that our insureds pay their insurance when they can, and that ultimately Producers don't lose commissions.

Our standard form of Producer agreement does provide for a window that ranges from 60-90 days after the premium is due, during which the Producer can transfer responsibility for collecting on a policy to Chubb. This option requires the Producer to forfeit commission completely, regardless of what we collect. In addition, as a part of the Producer agreement, the Producer must make a *good faith* effort to collect the premium prior to transferring it back to Chubb.

Chubb will work with Producers to ensure the following:

- Producers should be contacting insureds to understand their ability to pay.
- Documenting whether the insured is impacted by COVID-19.
- Assessing if the Insured is eligible for any State mandated extension or installment plans.
- Maintaining communication and providing regular updates to Chubb's Collections Shared Service Center on status of these efforts as we move forward.

Chubb's standard form of Producer agreement provides as follows regarding the collection of agency bill premium:

- *If you fail to remit premiums in accordance with this Agreement, Company reserves the right to Direct Bill any Agency/Producer*



Billed premiums and to offset any premiums owed Company by withholding commissions due Producer.

- *If the Producer makes a good faith effort to obtain premiums from the Client and remit them to the Company, and such premiums remain uncollected by the Producer more than 60 days after they are due, the Producer may, in writing, turn over collection to the Company, after which the Producer shall no longer be liable to the Company for such premiums, but in so doing the Producer forfeits all rights to compensation from Company on such premiums.*
- *Such action shall not affect the Company's right to cancel any policy for non-payment of premium. This section shall not apply if the Producer fails to turn over collection within 90 days after the due date.*

4. Commercial Collections Post Cancellation Hold

Issue: How does the cancellation hold impact policies which have premiums due during the hold period? Will the Producer be given additional time to collect premium after the cancellation hold lifts?

Response: Chubb will not cancel Commercial policies for non-payment during the 60-day voluntary hold period of March 23rd to May 22nd or during a state mandated moratorium period, whichever is longer. There is no change to the due date of the premium as a result of this cancellation hold.

As the due date for premium payment has not changed, insureds which have premium due during Chubb's cancellation hold or during a state mandated moratorium will have premiums due immediately following the end of the moratorium. Other policies will have premium due shortly after the moratorium ends, all subject to state mandates where applicable.

If a Chubb insured meets the requirements for a state mandated installment plan or if you would like Chubb to consider changing the insured's payment plan to a standard Chubb installment



plan, we encourage you to discuss with Chubb as soon as possible in order to avoid a Notice of Cancellation.

For agency billed accounts, the Producer's window of opportunity to turn over to Chubb for collections is determined by the original due date of the unpaid premium.

Cancellation for non-payment practices will resume following the moratorium. Therefore, it is important for the Producers to work closely with Chubb to understand the Client's ability to pay as a result of COVID-19.

5. **Commercial Cancellations in Process Prior to Cancellation Hold**

Issue: Cancellation notices were issued prior to the 60-day hold. The cancellation effective date comes due prior to or during the hold period. Will Chubb proceed with the cancellation of the policy? Are we permitted to extend the cancellation effective date?

Response: If the notice of cancellation was generated prior to the 60-day hold and becomes effective prior to or within the 60-day hold period, Chubb will proceed with cancellation unless notified that the inability to pay the premium was due to COVID-19. There are exceptions in certain states that have required that prior notices of cancellation must be rescinded – currently, Oregon, Louisiana and North Carolina. New York and New Jersey are addressed separately below.

6. **Premium Finance Companies Cancellation Requests**

Issue: Chubb continues to receive requests to cancel premium financed policies.

Response: The notice of cancellation issued by Premium Finance Company will be honored and administered in the Chubb policy admin system unless superseded by a state mandate.



7. **New York State Mandate on Installment Accommodations**

Issue: How will Chubb address the New York State installment accommodation requirement?

Response: NY domiciled/resident insureds that are independently owned businesses with 100 or fewer employees, or who are individuals, must be offered upon request a 12-month payment plan.

The NY requirement does not apply to Commercial surplus lines insureds. If a Producer receives a request related to a NY customer that meets these requirements is received, they should forward as soon as possible to billinginquiries@chubb.com

Chubb provided you with a notice about these requirements for Producers to place on the billing statements sent to insured for agency billed accounts. Chubb will include the notice on the billing statements for direct billed accounts.

8. **New Jersey Mandate on Billing and Installment Accommodations**

Issue: How will Chubb address the New Jersey State installment and billing requirements?

Response: There is a 90 day moratorium on cancellation for non-payment for NJ domiciled/resident insureds upon notification by the insured that they are suffering financial hardship as a result of COVID-19 events. Insured may choose 4/1 or 5/1 for commencement of the 90-day hold.

For premiums payable during the 90 days, insured must be granted the ability to pay over the remaining policy term or up to 12 months in up to 12 equal installments, whichever is longer.

Chubb will be providing a notice about these requirements for Producers to place on the billing statements sent to insured for agency billed accounts. Chubb will include the notice on the billing statements for direct billed accounts.

The NJ requirements only apply to admitted accounts.



9. Small Business Support

Chubb is implementing a support program designed to help ease the financial burden of the COVID-19 pandemic on its small business Clients in the United States and provide direct support to healthcare workers and other front-line responders.

Chubb's U.S. small business Clients written through Chubb Marketplace whose policies renew between April 1 and August 1, 2020 will receive an automatic 25% reduction in the sales and payroll exposures used to calculate their premium as well as a 15% reduction in premiums for their Commercial auto insurance. All premium and rate adjustments subject to regulatory approval where required.

In addition, Chubb will purchase \$1 million in gift cards from small business Clients around the country, which will be donated to healthcare workers and other first responders on the front lines of the pandemic in their communities.

10. Personal Lines Auto Support

Chubb is providing its personal auto insurance Clients in the U.S. with a credit on annual renewal premiums as a result of reduced driving activity. Upon renewal, Clients will receive a credit reflecting a 35% premium reduction for the months of April and May, with additional discounts for subsequent months, as the situation warrants. Across Chubb's portfolio, the average credit is expected to be \$110 per vehicle. Clients will not have to request the credit; it will be applied automatically at renewal. All premium and rate adjustments are subject to regulatory approval.



11. Post Moratorium Installment Billing

Issue: How will premium installments be billed after the moratorium has ended?

Response: Installments will continue to bill as usual during the moratorium and the premiums will show as past due on the Producer statement once the moratorium has ended. The balances will show the total amount that is due to bring the account current. Non-payment at that time could result in the issuance of a cancellation notice. Notices will be issued with the appropriate statutory notice time period.

12. Commission Payments for Installments

Issue: When will commission payments for a direct bill policy on installments be received, if the corresponding installment payment has been deferred.

Response: There has been no change to this process - commission payments are paid upon receipt of insured payment. If the installment payment has been deferred, the commission will be deferred until payment has been received by Chubb.

13. Post Moratorium Cancellations and Earned Premium Calculation

Issue: When a Producer requests cancellation on their behalf for unpaid fronted premiums, and Chubb does not cancel due to the voluntary hold or state mandated moratorium, will Chubb change the earned premium calculations once the cancellations are able to be processed? Will the earned premium be calculated back to the date of the original request?

Response: Earned premium is calculated based on the dates the policy was in-force. Chubb will not back-date the effective date of a cancellation request that was not put into effect because of a moratorium. Chubb will continue its practice of referring uncollectible earned premium to third

party collection agencies once the hold has been lifted.



14. Electronic Distribution of Agency Statements

Issue: Given the stay at home orders, many of our insureds, Producers and their associated accounting departments, are working remotely and are not receiving their Producer statements, Item Bills and invoices which are typically received via the mail. As a result, Chubb is receiving requests for electronic delivery of statements/invoices.

Response: Chubb Collections Shared Service Center is sending out statements as the requests are received and we are documenting the requests for future statement delivery dates.

The Commercial direct bill systems do not currently support paperless billing.

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