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## New York Adds Life and Annuity Premium Grace Period Extension Regs

Life insurers volunteered to give consumers facing COVID-19 financial hardship 90 days to pay their bills.

By Allison Bell | April 01, 2020



Linda Lacewell (Photo: Mary Altaffer/AP)

New York state insurance regulators are helping the state's life insurers provide a 90-day grace period extension for life and annuity customers affected by COVID-19-related financial hardship.

The 134 insurers that belong to the Life Insurers Council of New York (LICONY) have voluntarily agreed to provide a 90-day grace period. LICONY represents about 80% of New York's life insurance industry.

The New York State Department of Financial Services is implementing the 90-day grace period with emergency regulations, to ensure that LICONY members and other life insurers in the state will be following the same rules, department officials said Monday.

### Resources

- [A link to a copy of New York's life and annuity payment grace period regulations is available here \(https://www.dfs.ny.gov/press\\_releases/pr202003301\).](https://www.dfs.ny.gov/press_releases/pr202003301)
- [An article about states' COVID-19 health insurance cost-sharing rules is available here \(https://www.thinkadvisor.com/2020/03/17/covid-19-health-benefits-rule-resources-all-50-states-and-d-c/\).](https://www.thinkadvisor.com/2020/03/17/covid-19-health-benefits-rule-resources-all-50-states-and-d-c/)

The department is also requiring issuers of some kinds of property and casualty insurance to provide a 60-day grace period.

Linda Lacewell, the New York department superintendent, said in a comment that the grace period will give people facing COVID-19-related hardship more time to make policy-related decisions as well as extra time to pay premiums and fees.

"Government and industry must continue to work together to help those who are suffering financially due to the COVID-19 pandemic," Lacewell said.

LICONY President Mary Griffin said in a comment that LICONY members are proud to be working with New York officials during these challenging times.

"The members of LICONY are deeply concerned about the impact of the current economic conditions on their customers," Griffin said.

### Regulation Details

In insurance, a "grace period" is a feature that helps a customer keep coverage from lapsing, even if payments are late. Many policies have built-in grace period provision.

The new New York state emergency regulations require life insurance policy and annuity contract issuers to do the following for individuals "who can demonstrate financial hardship due to COVID-19":

- Extend the grace period for payment of premiums and fees to 90 days.
- Waive any late-payment fees during the extended grace period.
- Refrain from reporting late payments to credit rating agencies during the extended grace period.
- Let the affected customers pay any premiums that would have been due during the 90-day grace period over the course of the following year, 12 equal monthly installments.
- Give the customers 90 days to "exercise policyholder and contract holder rights and benefits under life insurance and annuity contracts."

For group life policies and certificates, a life insurer must provide 90-day grace periods for payment of premiums and fees "for any life policyholder who demonstrates financial hardship as a result of the COVID-19 pandemic," according to the text of the regulations.

In the regulations, the state defines "life insurer" to mean "an insurer authorized to write life insurance or annuities and an authorized fraternal benefit society."

Officials define "life policyholder" to mean "the person to whom a life insurance policy, annuity contract, or fraternal benefit society certificate is issued, including a certificate holder under a group insurance policy or annuity contract."

Officials do not mention products such as disability insurance or long-term care insurance, and they do not include a definition of "financial hardship."

— [Read Some States Aim to Ease Insurance Payment Deadlines \(https://www.thinkadvisor.com/2020/03/26/some-states-aim-to-ease-insurance-payment-deadlines/\)](https://www.thinkadvisor.com/2020/03/26/some-states-aim-to-ease-insurance-payment-deadlines/), on ThinkAdvisor.

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