

ERRORS & OMISSIONS

RISK MANAGEMENT ALERT

What You Can Do if Mailing and Shipping Delays are Affecting You and Your Customers

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Whether it is due to the COVID-19 pandemic, major weather events or other factors, the U.S. mail and shipping system – including the U.S. Postal Service and couriers such as FedEx and UPS – have been experiencing extraordinary delivery delays. This can affect you and your customers by delaying receipt of premium bill(s), payments of premium sent to the carrier, and receipt of policy documents and other communications, which are often sent via First Class mail through the U.S. Postal Service.

You must be aware of any moratoriums on termination of insurance policies for nonpayment, as well as any grace periods for payments that may be in effect in your state.

What to Avoid

If your agency does not currently duplicate notices from carriers for cancellation due to nonpayment (assuming all of your clients are direct bill), then there's no need to start that practice now. This process can be cumbersome to start, and then difficult to stop if delivery delays are alleviated. Also, it could become an issue if these notices miss any customers, who have presumably already been alerted of the cancellation or intent to cancel from the carrier.

What You Can Do

This does not mean that you cannot assist your customers, if you are so inclined. You can send a general notice to all customers advising that delays in mail arising from various causes, including but not limited to inclement weather and COVID-19, may cause a delay in their receiving their insurance premium bill, or the carrier's receipt of their premium payment. Therefore, it is advisable for the customer to be aware of when their premium is due and to take the following steps*:

- 1 Check with your carrier to ensure your policy is still in force;
- 2 Check whether your carrier accepts premium payments online;
- 3 If your policy was cancelled for nonpayment, inform the carrier of the situation and that you wish to keep the policy in force by paying the premium electronically; and
- 4 If you have any additional concerns, contact your agent to discuss.

**This notice can be sent out electronically or in a letter form (which may also be delayed), posted on the agency website, or all three methods.*

These four steps are suggestions and can be modified to suit your agency's style and intent.

Please note: It is not advisable to follow-up or request premium monies from your direct bill customers if a policy is scheduled to be cancelled for non-payment of premium. This will create a duty to follow-up with your customers whenever they receive a cancellation notice from the carrier.

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