



COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

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BULLETIN 2020-17

To: All Insurance Carriers Issuing Property and Casualty Coverage in Massachusetts

From: Gary D. Anderson, Commissioner of Insurance

Date: May 18, 2020

Re: Flexibility in the Administration of Vacancy Clauses during COVID-19 (Coronavirus) Public Health Crisis

The Division of Insurance (“Division”) issues this Bulletin 2020-17 to provide information to all insurance companies issuing commercial property and casualty coverage in Massachusetts (“Carriers”) about the Division’s expectations regarding steps they are to take to help address vacancy provisions during the COVID-19 (also known as Coronavirus) public health crisis.

The Coronavirus Risk

As stated in Bulletins 2020-05, the public health and societal consequences resulting from the spread of COVID-19 has dramatically impacted the Commonwealth. It has been essential that government and business leaders take all appropriate steps to safeguard the general public and well-being of the Commonwealth’s citizens. Insurance coverage plays a critical role in the stability of the Commonwealth’s economy and the protection of its residents. COVID-19 may impose unique risks to our insurance market that Massachusetts has not faced for at least a generation. Therefore, the Division is notifying Massachusetts Carriers that it expects them to take all necessary steps to preserve insurance coverage during this emergency period.

With restrictions on certain types of activities, the Division is aware that many businesses were not considered essential businesses and were ordered to not remain open, causing many Massachusetts properties to be unoccupied during the public health crisis. Recognizing that many commercial policies may include provisions that limit coverage in the event that a property is vacant for a certain number of days, the Division believes that Carriers should be looking for all ways to be flexible in counting days of vacancy to provide coverage to business owners in what the Division hopes will be a short-term disruption in the business environment.

Carriers' Flexibility in Administration of Vacancy Limitations

All property and casualty Carriers are advised to provide businesses with as much flexibility as is reasonably possible during the period of the COVID-19 public health crisis to maintain their existing coverage. Carriers are expected to do the following:

- Take steps to be flexible with accounts regarding vacancy limitations in policies issued to those businesses not deemed "essential" under Governor Baker's Emergency Orders and which have not been allowed to operate under COVID-19 rules.
- When counting days that a property is considered vacant, exclude days that the property is vacant due to the Governor's Emergency Orders, provided that the property is properly secured according to the terms of the coverage on those days.

If you have any questions about this Bulletin, please contact Kevin Beagan, Deputy Commissioner, at (617) 521-7323.
