



STATE OF WEST VIRGINIA
Offices of the Insurance Commissioner

James A. Dodrill
Insurance Commissioner

WEST VIRGINIA INSURANCE BULLETIN

No. 20 – 04

Insurance Bulletins are issued when the Commissioner renders formal opinions, guidance or expectations on matters or issues, explains how new statutes or rules will be implemented or applied, or advises of interpretation or application of existing statutes or rules.

To: All Insurers, Insurance Trade Associations, and Other Interested Persons

From: James A. Dodrill, Insurance Commissioner

Re: Continuity of Operations, Preparedness, Risk Management Plans and Coronavirus (COVID-19)

Date: March 13, 2020

The West Virginia Offices of the Insurance Commissioner (WVOIC) understands that many insurers have plans in place to respond to the outbreak of Coronavirus (COVID-19). However, the Commissioner is issuing this Bulletin to request assurance that all insurers have continuity of operations and preparedness plans to address any operational risks, and that they are identifying, monitoring, and managing the financial risk posed by the COVID-19 crisis. It is critical that insurers establish plans to address how they will assess and manage disruptions and other risks to their services and operations.

Accordingly, the Commissioner is requiring that every foreign insurer currently issuing policies in this State to submit a response to the (WVOIC) describing its plans of preparedness to manage the risk of disruption to operations and the financial risk arising from COVID-19. Domestic insurers will receive separate guidance specifically targeted to them and need not provide a response to this Bulletin.

An entity's preparedness plan should be sufficiently flexible to effectively address a range of possible effects that could result from COVID-19, and reflect the entity's size, complexity and activities. The entity's plan, at a minimum, should include the following:

- Preventive measures to mitigate the risk of operational disruption, including identification of the risk to impact on consumers and vendors;
- A documented strategy addressing the impact of the outbreak in stages, so that an insurer's response is appropriate to the particular stage of the outbreak;
- Assessment of all facilities, systems, policies and procedures necessary to continue critical operations and services if members of the staff are unavailable for substantial periods of time or are working off-site, including the effectiveness and security of remote access;
- Strategies to sustain an adequate workforce;



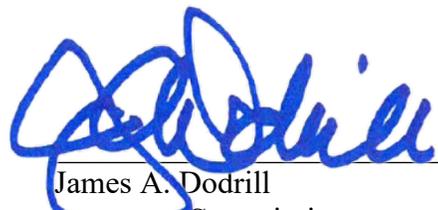
- Assessment of the preparedness of critical service providers and suppliers;
- Development of a communication plan for effective communication with consumers and vendors, and to deliver important news and instructions to employees;
- Testing of the plan to ensure effectiveness; and
- Governance and oversight of the plan, including identifying the critical members of a response team, to ensure ongoing review and updates to the plan.

Responses regarding an insurer's preparedness plan shall be provided as soon as possible, but in no event later than 20 days from the date of this Bulletin. Please provide your responses electronically to OICCOVID19@wv.gov. If unable to provide responses electronically, please call (304) 558-2100.

In addition to a preparedness plan, it is also critical that risk management programs include a plan to assess and monitor the financial risk that may arise from COVID-19. Such a plan, at a minimum, shall include the following assessments:

- Assessment of the overall impact of COVID-19 on reserve requirements, consumers' ability to make timely premium payments, and resources required to timely process claims;
- Assessment of the credit risk of counterparties and business sectors impacted by COVID-19;
- Assessment of the credit exposure to counterparties and business sectors impacted by COVID-19;
- Assessment of the scope and the size of admitted assets or other investments adversely impacted by COVID-19 that currently are in, or potentially may move to, non-performing/delinquent status, including consideration of stress testing and/or sensitivity analysis of such assets or investments;
- Assessment of the valuation of assets and investments that may be, or have been, impacted by COVID-19; and
- Assessment of the overall impact of COVID-19 on earnings, profits, capital, and liquidity.

Please e-mail any questions concerning this Informational Letter to: OICBulletins@wv.gov or call (304) 558-0401.



James A. Dodrill
Insurance Commissioner