



## WEST VIRGINIA INSURANCE BULLETIN

### No. 20 – 04a

*Replaces Bulletin No. 20-04 in its entirety*

*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.*

### ► Continuity of Operations, Preparedness, Risk Management Plans ◀ and Coronavirus (COVID-19)

The Offices of the Insurance Commissioner (OIC) understands that many insurers have plans in place to respond to the Coronavirus (COVID-19) pandemic. However, the Commissioner is issuing this Bulletin to provide guidance on what the OIC expects from insurers in regard to continuity of operations and preparedness plans to address any operational risks, and to ensure that insurers 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.

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.

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 COVID19;
- 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, nonperforming/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.

In lieu of requiring insurers to submit responses to the OIC directly regarding the information in this Bulletin, the OIC has elected to participate in the National Association of Insurance Commissioner's (NAIC) All State COVID-19 Operational and Financial Impact Survey. This NAIC survey should be distributed on April 2, 2020. The OIC will be in contact with insurers for whom it is the lead state to distribute the survey as soon as possible.

Responses to the survey are to be provided as soon as possible, but in no event later than April 15, 2020.

Any questions concerning this Bulletin, or any other Bulletin, may be directed to [OICBulletins@wv.gov](mailto:OICBulletins@wv.gov).

**Issued: April 2, 2020**

