



LAW ALERT

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DFS Issues Letter Directing All Insurance Carriers to Issue “Explanation of Benefits” to Insureds with Business Interruption Coverage

On March 10, 2020, the New York State Department of Financial Services (“DFS”), issued a letter to all insurance carriers covering risk within New York to: (i) contact insureds with Business Interruption insurance and provide an “explanation of benefits” and (ii) report details to the DFS regarding the extent of Business Interruption coverage each carrier insures throughout the state. As background the DFS provided:

in connection with the outbreak of the novel Coronavirus (“COVID-19”), policyholders have urgent questions about the “business interruption” coverages provided by their commercial property insurance policy. Policy terms may vary in treatment of “covered perils” and “physical loss or damage.” Coverage implicated by COVID-19 may change depending on how the situation evolves. Given the potential impact of COVID-19 on business losses, particularly concentrated effects in local communities, DFS considers Insurers’ obligations to policyholders a heightened priority. In the interest of the timely and equitable fulfillment of insurance contracts, Insurers must explain to policyholders the benefits under their policies and the protections provided in connection with COVID-19.

A complete copy of the DFS’ March 10, 2020 letter can be found [here](#).

If you have any questions, please contact
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