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Bulletin 04-01

TO: All Property and Casualty Insurance Companies writing Automobile Insurance
FROM: Therese M. Vaughan, Commissioner
DATE: May 28, 2004
RE: Automobile Insurance Coverage for Returning Armed Forces

It has been reported in some states that some insurer underwriting requirements may adversely affect the ability of returning members of the Armed Forces to obtain automobile insurance coverage. Specifically, underwriting requirements that relate to the need for continuous coverage may adversely affect those returning home from active service overseas, where the insured discontinued his or his automobile insurance coverage while in active military service overseas, or coverage lapsed during the active tour of duty.

The Iowa Insurance Division requests that automobile insurance companies not deny returning service personnel reinstatement; refuse to write or raise premium rates based on continuous coverage underwriting requirements. With respect to returning service personnel, all insurance companies writing auto insurance shall waive all underwriting standards pertaining to continuous coverage, and there should be no denials of coverage or rate increases imposed upon returning service members due to the lack of continuous coverage.

Accordingly, if a member of the Armed Forces was a policyholder in good standing at the time of leaving for active duty, and can show proof that such active service was the reason for the loss in continuity of insurance coverage, the Insurance Division requests companies reinstate the policies as if coverage were continuous.

Further, the Insurance Division asks companies to afford similar consideration to returning members of the Armed Forces who are new insurance applicants to the companies. Thus, if an applicant was in good standing with another insurance carrier prior to leaving for active duty, and such active service was the reason for the loss in continuity of coverage, the company should treat the applicant as having had continuous insurance coverage throughout their term of active duty.

Our servicemen and women, who have risked their lives on behalf of and in defense of our country, should not be penalized for their service. Please be advised that the Division is sensitive to this type of complaint and will pursue all administrative remedies for violations of this bulletin. Please see that this information is made available to the relevant personnel in your company.