

Bulletin 97

CLARIFICATION OF BULLETIN 95 -- Y2K EXCLUSIONS

August 12, 1999

It has come to the attention of this Department that there is some confusion regarding Bulletin 95 on Y2K Exclusions. The Purpose of this Bulletin is to clarify these issues. Bulletin 95 and this Bulletin apply to policies issued on or after July 9, 1999, subject to prompt and reasonable implementation by insurers.

Bulletin 95 was intended to address only policies, riders or endorsements that specifically exclude or limit coverage for losses caused by a computer's inability to read and register the year 2000 (Y2K). The Bulletin was not intended to impact policies that do not specifically address Y2K losses and should not be used to infer coverage or interpret policy language in the absence of specific policy language excluding or limiting coverage for Y2K losses.

If an insurer files a policy form that includes a specific Y2K exclusion or limitation that will be applied to all persons who purchase the policy, the insurer need not retain documentation to support the exclusion or limitation. If, however, an insurer issues specific Y2K exclusions or limitations based upon an individual risk assessment, the insurer shall retain documentation that supports the decision to exclude or limit coverage.

The insurer shall provide written notice of the exclusion or limitation either at the time of solicitation or delivery of the policy. There is no prescribed form for the policy holder notification other than the minimum standards of insured's name, policy number, a description of what is insured, and a description of the Y2K exclusion. The policy holder notification is not required to be filed with the Department. If the insurer has a written record retention schedule of less than eight (8) years, the insurer may retain documentation of delivering the notification pursuant to its retention schedule.

Sally McCarty
Insurance Commissioner