



Coronavirus Auto Insurance Refunds: Here's What You Need to Know

Coronavirus stay-at-home orders have led to fewer people on the road and many cars sitting in driveways. Many auto insurance companies have announced that they are offering policyholders refunds and credits to save money, totaling billions of dollars over the next two months. For those carriers offering auto insurance coverage in California that have not yet announced refunds or credits, the State of California's Department of Insurance has ordered them to submit their plan to the Department to help policyholders save on auto insurance premiums during this difficult time.

Each carrier, whether they acted on their own to offer refunds or credit, or not, must first gain approval from the State of California. It seems that for the carriers that have made their announcements, assuming policies are or were active at a certain point in time as determined by each carrier, they will be offering these refunds or credits and policyholders should begin to see them starting in May. For insurance companies that did not yet make an announcement, the California Department of Insurance order calls for insurance companies plans to be submitted to the State within 60 days of the April 13, 2020 order and for refunds or credits to be made within 120 days of the April 13, 2020 order.

So how much will you see? This will depend on what each carrier is offering and what the State approves. For some, \$50 per policy is one carrier's plan, but for others, they are providing relief in the form of a nice percentage off for one month or smaller percentages off for the months of April and May, and these credits will likely be applied a month later, in May and June. Each carrier will have and act on their own plan, subject to State approval.

No action is needed by qualifying policyholders for these refunds and credits to apply. They will happen automatically for all eligible policies. If you pay your premiums in full, the carrier will do the math and apply your credit, either by mail or as a credit to the credit card you paid with. For those on installment billing, the credit will likely reduce installments going forward. Again, you do not have to do anything in order to get this credit or refund. It will happen automatically once the plan is approved.

For policyholders outside of California, refunds or credits may be in store for you too, subject, of course, to your state's regulatory approval.