



NATIONAL MEETING  
SUMMER 2021

# **Catastrophe Insurance (C) Working Group**

**July 22, 2021  
1:30 – 2:30 P.M. Central**

# Agenda



# NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Date: 6/25/21

*Virtual Meeting  
(in lieu of meeting at the 2021 Summer National Meeting)*

## **CATASTROPHE INSURANCE (C) WORKING GROUP**

Thursday, July 22, 2021

2:30 – 3:30 p.m. ET / 1:30 – 2:30 p.m. CT / 12:30 – 1:30 p.m. MT / 11:30 a.m. – 12:30 p.m. PT

### **ROLL CALL**

|                              |               |                                |                |
|------------------------------|---------------|--------------------------------|----------------|
| Mike Chaney, Chair           | Mississippi   | Jerry Condon/Matthew Mancini   | Massachusetts  |
| James A. Dodrill, Vice Chair | West Virginia | LeAnn Cox                      | Missouri       |
| Jimmy Gunn/Brian Powell      | Alabama       | Carl Sornson                   | New Jersey     |
| Katie Hegland                | Alaska        | Timothy Johnson                | North Carolina |
| Jimmy Harris                 | Arkansas      | Tom Botsko                     | Ohio           |
| Lynne Wehmueller             | California    | Cuc Nguyen                     | Oklahoma       |
| George Bradner               | Connecticut   | David Dahl/Ying Liu/Van Pounds | Oregon         |
| David Altmaier               | Florida       | David Buono                    | Pennsylvania   |
| Colin M. Hayashida           | Hawaii        | Beth Vollucci                  | Rhode Island   |
| Judy Mottar                  | Illinois      | Will Davis                     | South Carolina |
| Travis Grassel               | Iowa          | David Combs                    | Tennessee      |
| Heather Droge                | Kansas        | Mark Worman/J'ne Byckovski     | Texas          |
| James J. Donelon             | Louisiana     | David Forte                    | Washington     |
| Joy Hatchette                | Maryland      |                                |                |

NAIC Support Staff: Sara Robben

### **AGENDA**

1. Consider Adoption of its June 21 and Spring National Meeting Minutes —*Commissioner Mike Chaney (MS)* Attachment One
2. Hear Update Regarding Federal Legislation—*Brooke Stringer (NAIC)*
3. Discuss Status of the *Catastrophe Modeling Handbook* and Drafting Group Formation and Determine Next Steps—*Commissioner Mike Chaney*
4. Discuss Roofing Repair and the Mississippi Windstorm Underwriting Association (MWUA) Roof Upgrade Program Implemented in Mississippi—*Commissioner Mike Chaney (MS)*
5. Discuss Any Other Matters Brought Before the Working Group —*Commissioner Mike Chaney (MS)*
6. Adjournment

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Consider Adoption of June 21  
and Spring National Meeting  
Minutes (March 10)

Draft: 6/24/21

Catastrophe Insurance (C) Working Group  
Virtual Meeting  
June 21, 2021

The Catastrophe Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met June 21, 2021. The following Working Group members participated: Mike Chaney, Chair, David Browning and Andy Case (MS); Katie Hegland (AK); Brian Powell (AL); Ken Allen, Giovanni Muzzarelli and Lynne Wehmuller (CA); George Bradner and Wanchin Chou (CT); Virginia Christy (FL); Colin M. Hayashida and Grant Shintaku (HI); Travis Grassel (IA); Reid McClintock, Judy Mottar and Julie Rachford (IL); Heather Droge (KS); Rich Piazza and Tom Travis (LA); Joy Hatchette (MD); Cynthia Amann, LeAnn Cox and Jo LeDuc (MO); Timothy Johnson (NC); Carl Sornson (NJ); Tom Botsko (OH); Andrew Schallhorn (OK); David Dahl, Ying Liu and Van Pounds (OR); David Buono (PA); Segun Daramola and Beth Vollucci (RI); Will Davis (SC); Eric Hintikka and Brian Ryder (TX); and David Forte (WA). Also participating were: Eric Dunning (NE); Maggie Dell (SD); Diane Dambach, Darcy Paskey and Mark Prodoehl (WI); and Donna Stewart (WY).

1. Discussed the *Catastrophe Modeling Handbook*

Commissioner Chaney said one of the Working Group's charges is to consider edits to the *Catastrophe Modeling Handbook* (Handbook). He said the Working Group had plans to update the Handbook this year; however, the Climate and Resiliency (EX) Task Force recently sent a referral asking the Working Group to review the Handbook. The referral suggests some specific considerations for edits.

Aaron Brandenburg (NAIC) provided background regarding the history of the Handbook. He said the Handbook was last updated in November 2010. The narrative portion of the Handbook contains nine short sections, totaling approximately 33 pages. However, there are 18 appendices of 400 plus pages.

Mr. Brandenburg said the purpose of the Handbook is to explore catastrophe models in some detail and discuss issues that have arisen or can be expected to arise from their use. Additionally, the guidance is advisory only and not intended to be all-inclusive. The Handbook suggests areas and concepts that should be explored to become well informed about catastrophe models.

Mr. Brandenburg said Section One of the Handbook provides the purpose and background of the Handbook, as well as a brief overview of the Handbook. This section of the Handbook describes perspectives from insurers, catastrophe modelers, consumers, and state insurance regulators. While this section is written at a high level, the language is dated.

Mr. Brandenburg said Section Two provides an overview of earthquake and hurricane risks. One of the items the Working Group may want to consider is expanding the Handbook to add additional perils, as catastrophe models currently include additional perils.

Mr. Brandenburg said Section Three provides a general overview of catastrophe models. The three modules include scientific, engineering and insurance, and they provide a high-level overview of each module. The Handbook is not intended to detail all aspects of a catastrophe model but provide high-level information as it pertains to state insurance regulators.

Mr. Brandenburg said Section Four describes the model input that is entered into the models by insurers; this data is separated into exposure data and insurance data.

Mr. Brandenburg said Section Five describes the model output. The descriptions regarding output are brief and include just a few sentences for each output. The outputs include average annual losses (AALs), loss costs, distribution of losses, exceeding probability distribution, individual event losses, and historical event losses.

Mr. Brandenburg said Section Six describes the model validation and update and describes concepts, such as accuracy, comparison to historical information, input data provided by insurers, model updates, probabilistic range, real-time predictions, sensitivity, and stability.

Mr. Brandenburg said Section Seven discusses evaluating models. This section is a critical section to the Handbook. It includes general questions, questions specific to earthquakes, and questions specific to hurricanes. This section was last updated by state insurance regulatory actuaries in 2010. Mr. Brandenburg said this section will likely need to be reviewed to determine if it is

necessary to revise the questions. He said the Working Group may also want to consider if questions should focus on modelers and insurers. Currently, the questions are directed to modelers. Mr. Brandenburg said the Working Group may also want to consider which perils need to be added to the Handbook.

Mr. Brandenburg said Section Eight speaks to regulatory review and acceptance. This section includes a brief narrative on scrutinizing the process and results. It also discusses what to do with a modeler's proprietary information and how state insurance regulators might obtain that information.

Mr. Brandenburg said Section Nine describes related activities and items to consider. This section includes actuarial standards for model use, pre-tax loss reserves for companies, and activities to consider, such as auditing company exposure data, types of education, and outreach that can be done.

Mr. Brandenburg said the appendices contain: 1) a definitions section that provides various terms related to catastrophe models; 2) model data sources and documentation published on the modelers; 3) types of output; 4) modelers' contact information; 5) department of insurance (DOI) catastrophe contacts; 6) enacted legislation; 7) information from the Florida Commission on Hurricane Loss Projection Methodology, the California Earthquake Authority (CEA), etc.; 8) published interrogatories; and 9) state circular letters. These items are out now out of date. The Working Group may want to consider making this a living document with linked data.

Mr. Brandenburg said the Climate Risk and Resiliency (EX) Task Force asked that the purpose of the Handbook be revisited to determine its practical use within the regulatory toolkit. The Task Force also asked the Working Group to coordinate with the Catastrophe Risk (E) Subgroup. Mr. Brandenburg said he believes these were items the Working Group was planning to do in terms of discovering why the Handbook is not more widely used and how it might have better utility for state insurance regulators. The Task Force also recommended that the Working Group review Section Seven of the Handbook and consider adding to the existing questions, as well as possibly revising the existing questions.

Mr. Brandenburg said Risk Management Solutions (RMS) and the Center for Insurance Policy and Research (CIPR) collaborated on the white paper, *Application of Wildfire Mitigation to Insured Property Exposure*. He said the Task Force suggested that the Working Group consider including the questions found in this white paper related to wildfire, and he also suggested that the Working Group consider questions specific to additional perils for which there are catastrophe models in use today, including but not limited to, flood. He said the Task Force suggested that the questions be denoted to clarify which questions should be directed to insurers versus catastrophe modelers. He said the Task Force also recommended exploring which catastrophe modelers have included climate data in their models.

Mr. Brandenburg suggested that state insurance regulators: 1) determine why state insurance regulators are not using the Handbook; 2) discuss what is missing from the Handbook; and 3) discuss what would improve the Handbook's usefulness.

Mr. Brandenburg said considerations for the Working Group would be to: 1) gather state insurance regulator interest on what is needed; 2) incorporate information from the *Application of Wildfire Mitigation to Insured Property Exposure* white paper, including what information should be obtained from the insurer and the catastrophe modeling vendor; 3) edit "Questions to Insurers/Modelers"; 4) review the American Academy of Actuaries (Academy) guidance and education on catastrophe models; 5) explore climate models; and 6) determine future updates and how to better educate state insurance regulators and ensure that they have the information needed.

Mr. Botsko said he chairs the Property and Casualty Risk-Based Capital (E) Working Group and Mr. Chou chairs the Catastrophe Risk (E) Subgroup. He said they have been in discussion about adding perils to the risk-based capital (RBC) calculation. He said he believes the tasks of both groups run parallel to some extent, and he believes the groups should coordinate about some of the things the Catastrophe Risk (E) Subgroup is considering as they add perils to the RBC calculation and how they are going to consider the validity of these models, as the models for wildfire are relatively new. He said convective storms is another peril the Catastrophe Risk (E) Subgroup is considering adding to the calculations. He said discussion about the process of how the Subgroup is going to look at the models, and the things that are going to be considered is important. The discussion will not necessarily be about approving the models, but about the process of getting the models accepted for the new perils. Commissioner Chaney suggested that it would be helpful for a couple of members to serve on the group drafting the updates for the Handbook.

Commissioner Chaney said in review, the Working Group will need to: 1) explore the catastrophe models, the way they are being used, and items that may have already been an issue or can be expected to be an issue at some time in the future; 2) add

the wildfire peril, and possibly flood and convective storms, as the Handbook is limited to earthquake and hurricane; 3) review guidance developed by the Academy; 4) coordinate with the Catastrophe Risk (E) Subgroup; and 5) consider alternative formats for the Handbook to facilitate the ability to more easily and more frequently update the Handbook.

Commissioner Chaney said he believes forming a drafting group to update the Handbook is the best way to move forward with the updates. He said the first task of the drafting group would be to review the materials included in the handouts for today's call, which includes: 1) the *Application of Wildfire Mitigation to Insured Property Exposure* white paper; 2) Actuarial Standard of Practice (ASOP) 56; and 3) the Academy research. He said Working Group members may want to include in-house actuarial staff on this project to provide their expertise in this area.

Mr. Chou said a high-level overview of the catastrophe model can be educational and useful for state insurance regulators. He said the Catastrophe Risk (E) Subgroup and the Catastrophe Insurance (C) Working Group likely need to discuss the purpose of the Handbook and discuss how it can be used more effectively. He said reviewing the model itself is a complicated process. He said discussion should encompass the educational and credential parts. He said when reviewing a model, the right questions should be asked.

Commissioner Chaney said there are things happening with the climate that do not fit historic patterns, such as tropical depressions intensifying over land. He said it is going to be important to look at catastrophe models and see what needs changing.

Dennis Burke (Reinsurance Association of America—RAA) asked if the purpose of the Handbook to focus on the role of the catastrophe model helping to identify catastrophic loss is to figure out the impact on the prospect of policy and rates that will be charged, or is the catastrophe model also opening into the climate model 20, 30, 40 or 50-year analysis. He asked if it is still focused on loss costs prospective policies. He mentioned not just loss costs, but also things like preference of the warm sea surface temperature model, as several states would not allow the use of warm sea surface temperature. He said state insurance regulators need to be looking at risk and deciding what to do about the risk that is five, 10, 20 or 30 years down the road; therefore, it is important to have the Catastrophe Risk (E) Subgroup involved, because this will affect the surplus. Commissioner Chaney said the Handbook is meant to be a live tool that state insurance regulators can use consistently.

NAIC staff will follow-up with Working Group members to find drafting group volunteers.

Having no further business, the Catastrophe Insurance (C) Working Group adjourned.

Draft: 3/31/21

Catastrophe Insurance (C) Working Group  
Virtual Meeting (*in lieu of meeting at the 2021 Spring National Meeting*)  
March 10, 2021

The Catastrophe Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met March 10, 2020. The following Working Group members participated: Mike Chaney, Chair, and Andy Case (MS); Brian Powell (AL); Ken Allen, Giovanni Muzzarelli and Lynne Wehmuller (CA); George Bradner and Wanchin Chou (CT); Virginia Christy (FL); Colin M. Hayashida (HI); Travis Grassel (IA); Judy Mottar (IL); Heather Droge and Brenda Johnson (KS); Warren Byrd, Richard Piazza and Thomas Travis (LA); Matthew Mancini (MA); Joy Hatchette (MD); Cynthia Amann, Carrie Couch, LeAnn Cox and Jeana Thomas (MO); Timothy Johnson (NC); Mark McGill (NJ); Tom Botsko (OH); Cuc Nguyen (OK); David Dahl, Ying Liu and Van Pounds (OR); Elizabeth Kelleher Dwyer and Beth Vollucci (RI); Gwen McGriff and Will Davis (SC); David Combs (TN); Brian Ryder and Mark Worman (TX); and David Forte (WA). Also participating were: Vincent Gosz (AZ); Renee Campbell (MI); Chris Aufenthie (ND); Gennady Stoloyarov (NV); and Donna Stewart (WY).

1. Adopted its Nov. 17, 2020, Minutes

The Working Group met Nov. 17, 2020, in lieu of meeting at the 2020 Fall National Meeting.

The Working Group also conducted an e-vote that concluded Nov. 23, 2020, to adopt its Oct. 29, Oct. 13 and Sept. 21, 2020, minutes (*see NAIC Proceedings – Fall 2020, Property and Casualty Insurance (C) Committee, Attachment Five*).

Mr. Byrd made a motion, seconded by Mr. Bradner, to adopt the Working Group's Nov. 17, 2020, minutes (Attachment Two-A). The motion passed.

2. Heard an Update Regarding Federal Legislation

Brooke Stringer (NAIC) said the National Flood Insurance Program (NFIP) is operating under its sixteenth short-term extension, which will expire Sept. 30, 2021. She said lawmakers are divided over issues, such as the role of the private flood insurance market, claims processing reforms and addressing affordability challenges. Congressional debates will likely factor in the new Risk Rating 2.0 initiative, as this initiative will revamp the way premiums are calculated.

Ms. Stringer said recent media reports indicate that the Federal Emergency Management Agency (FEMA) has told insurers that it will stagger the rollout of the new NFIP rates under Risk Rating 2.0. New rates will only take effect for new flood insurance policies beginning Oct. 1, 2021, while rates for existing policies will not take effect until April 1, 2022. Ms. Stringer said this has not yet been publicly confirmed.

Ms. Stringer said that during the last Congress, the U.S. House of Representatives' Committee on Financial Services approved a five-year reauthorization bill, but coastal state lawmakers objected to the bill and introduced an alternative bill. She said these lawmakers did not believe Chairwoman Maxine Waters' (D-CA) bill went far enough to protect policyholders from rate hikes. Neither bill proceeded further in the House, nor was there any focus on the NFIP reauthorization in the U.S. Senate. Ms. Stringer said Chairwoman Waters and U.S. Rep. Emanuel Cleaver (D-MO)—who is chair of the Subcommittee on Housing, Community Development, and Insurance—indicated that a long-term reauthorization of the NFIP is one of the priorities for the new Congress. It is unlikely that the Senate Committee on Banking, Housing, and Urban Affairs will prioritize reauthorization until it gets closer to the expiration of the current short-term reauthorization. The NAIC will continue to urge support for a long-term reauthorization that prioritizes mitigation and encourages private market growth.

Ms. Stringer said FEMA has continued to purchase reinsurance to cover losses for the NFIP and transfer more risk to the capital market. She said the February transfer, combined with some of the previous capital market placements and the January reinsurance placement, FEMA has now transferred a more than \$2.9 billion of the NFIP flood risk to the private sector ahead of the 2021 hurricane season.

Ms. Stringer said that in November 2020, the U.S. Department of Housing and Urban Development (HUD) published a proposed rule to change Federal Housing Administration (FHA) regulations to allow lenders to accept private flood insurance policies on FHA-insured properties located in special flood hazard areas (SFHAs). The FHA's current rules have prevented

buyers with FHA-insured mortgages from obtaining flood insurance through any source other than the NFIP. In 2019, the federal banking regulators finalized their rule for acceptance of private flood insurance.

Ms. Stringer said the proposed rule would amend FHA regulations to include the definition of “private flood insurance” from the federal Biggert-Waters Flood Insurance Reform Act of 2012. It includes a “compliance aid” allowing mortgagees to accept private policies, without further review, where the policy or an endorsement includes the language that it meets this definition of private flood insurance laid out in the rule. The proposal differs from the federal banking regulators’ private flood rule, particularly because it would not allow discretionary acceptance of other types of private flood insurance policies, including residential surplus lines policies.

Ms. Stringer said the NAIC submitted a comment letter in January 2021 encouraging HUD to further align its rule with the banking regulators and providing information on the regulatory regime for surplus lines insurance. She said, with the change in administration, it is unclear yet if HUD will continue to pursue such a new rule. Ms. Stringer will keep the Working Group apprised of updates.

### 3. Heard a Presentation from Q-risq Analytics

Q-risq Analytics (Q-risq) showed a short video. This video described an operational solution it has developed for forecasting address-specific wind and storm surge risk using geospatial analytics engines developed for federal, state and local emergency managers.

According to Q-risq, its product helps answer the following questions: 1) Who will be affected by the approaching storm surge and tropical winds? 2) What will be the intensity of the surge and wind when the storm makes landfall? 3) When is the impact of the approaching storm expected to begin? 4) Where should the most experienced personnel be deployed prior to landfall for the quickest response time? and 5) How will the storm affect individual property owners and the community as a whole?

The Q-risq team consistently monitors a storm’s track, the wind intensity and surge risk area days prior to a storm. This information can be used to contact property owners, municipalities and government entities via text message, email and/or voice calls to help them prepare for a storm’s effects and to help mitigate damage.

When received in advance, each address is geocoded with a precise latitude and longitude and entered into Q-risq’s secure client database and digitally represented in its program’s viewer. Each policy address is assigned an individual risk score based on its forecasted flood depth and its digitally derived ground elevation. Properties are then classified in one of four categories: 1) no risk; 2) low risk; 3) moderate risk; or 4) high risk.

Properties can be close to each other but assigned different risk levels. Q-risq’s proprietary wind and storm surge model results are layered over ground elevations. Customized assessments are built for each property. Properties that sit higher will not be as affected by a given amount of water. As seen with 2020’s Hurricane Laura Q-risq’s proprietary wind model Q-winds color codes the storm’s four-quadrant wind vortex according to maximum velocity. Updated with each National Hurricane Center (NHC) advisory, each property is then classified according to its forecasted wind risk.

In addition to client-specific policies in force, Q-risq also ingests community addresses to provide impact assessments to federal, state and local governments, aiding and preparing proportionate levels of staging and response teams. Well before landfall, Q-risq’s supercomputer uses real-time storm information to perform billions of calculations on hundreds of terabytes of data to calculate an ensemble of storm impact possibilities. This information is processed against the previously geocoded properties to determine community exposure for both surge and wind. Once the storm has made landfall, Q-risq focuses on creating a hindcast report of the storm’s impact. Maximum storm surge, sustained winds and accumulated rainfall are displayed in a spreadsheet for each location. The Q-risq team is committed to improving the ability to reach out to homeowners, public assistance applicants and emergency management personnel with the most advanced technology available.

Scott Bolton (Q-risq) said Q-risq essentially runs storm surge and wind velocity models prior to a storm making landfall. He said the data is then made available to individual addresses that are geocoded with a latitude and longitude, making the data specific to these individual addresses. Mr. Bolton said the dashboard in the Q-risq program also shows the overall impact to the customer. He said Q-risq is in the process of developing an app that provides data relevant to each address; this app provides updates every six hours as the NHC issues new advisories.

Mr. Bolton said, in a post-storm analysis, Q-risq does validation using National Oceanic and Atmospheric Administration (NOAA) and U.S. Geological Survey (USGS) observations, allowing Q-risq to match its model to actual observations after the storm. He said this allows Q-risq to provide the information to municipalities, the federal government or to individual insurance companies to help validate what actually took place at specific addresses and help to expedite the closing of claims.

Mr. Case said Q-risq contacted the Mississippi Insurance Department (MID) last fall regarding its product and gave the MID the opportunity to use the product with Hurricane Zeta. He said a policyholder was denied coverage due to the fact Q-risq believed the damage to some of the properties was flood-related. Mr. Case said the MID worked with Q-risq and, within a day, there was a report with the data needed to show it was not a water loss, but in fact a wind loss, and the insurer reversed its decision.

Mr. Bradner said one of the concerns he would have regarding having individuals access this data and monitor the storm as it approaches is that individuals may think they are out of harm's way according to the product and not evacuate when it might be necessary. He also asked how this related to Hurrevac, as many municipalities use Hurrevac to monitor and identify a storm path and where properties may be in harm's way.

Mr. Bolton said Q-risq is using data issued by the NHC, so it is not doing predictive tracking. He said if there is a mass evacuation, Q-risq not contradicting this; it is simply producing a high-resolution model. Mr. Bolton said the Q-risq model does not just show an area that is going to receive an 8-to-10-foot storm surge, but how that surge is going to specifically impact an individual's address with a surge above ground, not just above the sea level.

Elizabeth Valenti (Q-risq) said the Hurrevac product uses a storm surge model called SLOSH (Sea, Lake and Overland Surges from Hurricanes), which is a generalized model. Q-risq runs its model on a supercomputer, and it takes a couple of hours to run because Q-risq's resolution is much higher than the SLOSH model. She said Hurrevac provides a general forecast, whereas the Q-risq tool provides a property-specific forecast, using light detection and ranging (LiDar)-derived digital elevation models. She said Q-risq takes the government products and post-processes them into the private market specific-use case.

Mr. Bradner asked if the new app is available for all jurisdictions or limited jurisdictions.

Ms. Valenti said the product works for all North American Atlantic basin, which includes the Eastern seaboard and the Gulf Coast for North American land-falling hurricanes.

Mr. Bolton said Q-risq has two different products. He said one is wind velocity and the other is storm surge. Mr. Bolton said storm surge is relative to a mesh, and a mesh is dictated by elevation. He said 10 meters above a mean sea level and 10 meters below a sea level are surge area and the wind velocity goes as far inland as the NHC continues to issue advisories.

Mr. Bolton said, with its wind analysis in a hind cast, Q-risq can report the maximum wind velocity at a particular location, as well as the direction and duration of the event.

Mr. Bolton said RMS is doing so-called "predictive destruction," which Q-risq is looking into for its model. He said the Q-risq model currently does not include a prediction of damage ahead of landfall. Mr. Bolton said this is something Q-risq would like to produce, or possibly to work with modeling companies at some point in the future to provide. Mr. Bolton said if Q-risq is given coverage or the assessed value of an individual's address, it can show the risk level; however, it has not started working on a predictive model for destruction.

#### 4. Heard Updates Regarding Recent Catastrophic Events

##### a. Mississippi

Mr. Case said the forecast models ahead of Hurricane Zeta showed it to be a Category 2 storm. He said these models were correct; however, the storm picked up speed as it made landfall and ended up being a lower-end Category 3 storm.

Mr. Case said there were roughly 24,000 residential property claims reported as a result of Hurricane Zeta, which resulted in \$108 million in payments. He said there were also a significant number of claims closed without payment. The damage from this storm were primarily roof claims. Due to actual cash value (ACV) payments with holdbacks for depreciation, as well as

named storm deductibles, payments were less than expected. Approximately 55% of the claims were closed without payment, meaning many policyholders did not have enough damage to reach their deductibles.

Mr. Case said, in addition to residential property claims, Mississippi had roughly 650 commercial property claims. These claims payments amounted to approximately \$5 million. Commercial property claims closed without payments were a little less than 50%.

Mr. Case said personal auto claims were somewhat surprising, as this was mainly a wind event. He said there were more than 5,000 personal auto claims reported, resulting in claims payments of \$24 million. Approximately 650 of these claims were closed without payment. Mr. Case said there were roughly 85 commercial auto claims reported, amounting in \$400,000 in claims payments.

Mr. Case said the only complaints the MID received stem from some large commercial loss claims. He said, for the most part, the claim response following Hurricane Zeta has been good.

Mr. Bradner asked if Mr. Case had a sense as to whether 2% or 5% hurricane deductibles were used.

Mr. Case said the MID saw a representative number of deductibles at both 2% and 5%. He said in talking to consumers, there were a number of them that were unaware that they could buy that deductible down, per Mississippi statute.

Mr. Bradner asked if Mississippi had a provision in its law about multiple hurricane events and deductibles.

Mr. Case said Mississippi does not have a provision in its law regarding multiple hurricane events and deductibles. He said this has been discussed, as both Louisiana and Alabama have had multiple hurricane events this year. Mr. Case said Mississippi will be looking at this issue.

b. Alabama

Mr. Powell said Alabama had three storms that affected the state severely in 2020.

Mr. Powell said Tropical Storm Cristobal was basically a rain event. The storm passed through the state and saturated the ground. Shortly following Tropical Storm Cristobal, Alabama experienced its first and second hurricanes. The saturation from Tropical Storm Cristobal was the cause of a lot of flooding.

Mr. Powell said Alabama saw a lot of costal and riverine flooding, but also experienced numerous trees falling due to the water saturation causing damage. The first hurricane did not cause a lot of wind damage; however, there was damage due to tree fall. Mr. Powell said the second hurricane was a wind event and mainly affected the central and northeastern part of the state. He said there are still a number of claims being filed due to the storm.

Mr. Powell said Alabama was faced with the deductible issue, as there is no mechanism to deal with multiple deductibles. He said there were parts of the state where insureds had significant damage to their homes or commercial business from the storm, and then a couple of weeks later another hurricane came through that did additional damage to the structures. Mr. Powell said Alabama is looking into a mechanism to deal with multiple deductibles, as it is going to be difficult for some policyholders to recover.

Mr. Powell said there were boats sitting in the middle of interstates and the state had problems finding the boats' owners. He said the insurance industry responded to this problem and were able to get the boats towed and then worked to handle the claims with the boat owners.

c. California

Ms. Wehmuller said Moody's identified the 2020 California wildfire season as having approximately 3 million acres burned, affecting 5,800 structures. This resulted in estimated losses of \$4.8 billion. Ms. Wehmuller said 2020 was less damaging than previous years in terms of insured losses; however, there were more acres burned. She said, in contrast, the insured damage for 2017 and 2018 combined was \$25 billion.

Ms. Wehmuller said the California Department of Insurance (CDI) Consumer Services Division assisted at approximately 16 local assistance centers to help insureds receive needed checks and contents advances, as well as to answer questions. Ms. Wehmuller said the CDI also did a demonstration for a virtual local assistance center due to the COVID-19 pandemic, so consumers could speak to Consumer Services Division representatives virtually. She said the CDI had a positive experience with the virtual local assistance center and will explore using virtual local assistance centers in the future.

Ms. Wehmuller said the COVID-19 pandemic caused travel restrictions, as well as consumer fears about being involved on an in-person basis. Due to this issue, attendance at the local assistance centers was not as high as expected, given the number of wildfires that occurred during the year. Ms. Wehmuller said the CDI is in continuous talks with the California Governor's Office of Emergency Services and FEMA to put in a plan for true virtual local assistance centers for future events. She said the CDI also used its Consumer Services Division hotline staff to assist consumers with insurance concerns.

Ms. Wehmuller said the CDI has kept its public website updated regarding wildfire resources that provide important notices the CDI has issued related to wildfires, as well as information regarding consumer rights and laws that specifically apply to the claims process. She said the CDI also has a Property Insurance Policy Locator tool, which helps survivors in the event that a property owner perishes in a wildfire. The legal representative may use the tool if the property is located in a declared disaster area.

d. Louisiana

Mr. Byrd said Louisiana experienced five storms in 2020.

The first storm experienced by Louisiana was Tropical Storm Cristobal. Residential losses were about \$12.3 million, while commercial losses totaled \$1.3 million. Mr. Byrd said a few months later, Hurricane Marco—which skirted the coast and was not declared a disaster—was, therefore, minimal in nature.

Mr. Byrd said, shortly after Hurricane Marco, Hurricane Laura hit. He said 170,000 claims resulted from this one storm. Residential losses totaled \$3.3 billion and commercial losses totaled \$3.4 billion, for a total of almost \$7 billion in insured losses from this one event.

Mr. Byrd said Hurricane Delta hit in October and was the fourth storm to hit Louisiana in 2020. This storm produced 72,000 claims and, to date, there have been residential losses of \$410 million and commercial losses of \$150 million.

Mr. Byrd said, later in October, Hurricane Zeta hit, resulting in approximately 49,000 claims and causing residential losses of \$230 million and commercial losses of \$270 million.

Mr. Byrd said Louisiana also experienced an ice storm in 2021, and they are still working through this event. He said he did not have data to present today, but Louisiana does not generally experience three to four consecutive days of subfreezing temperatures.

Mr. Byrd said Commissioner James J. Donelon (LA) issued Emergency Rule 45 because of Hurricane Laura claims. He said the main complaint received regarding Hurricane Laura was the multitude of adjusters or the changing of adjusters by carriers, which resulted in a failure to pay or a late payment.

Mr. Byrd said the Louisiana Department of Insurance issued two bulletins, the first one being Bulletin 2021-02, which extends the proof of loss time frame from the normal 60 days to 180 days in the event of a catastrophe. The bulletin also describes how to calculate replacement cost coverage, especially on a room. He said the second bulletin issued was Bulletin 2021-03, which charges the industry with the duty of good faith and fair dealing with their policyholders. It also entitles policyholders to obtain a copy of their policy if they ask for it.

e. Texas

Mr. Worman said Texas experienced a winter storm Feb. 11–19, 2021. He said this event affected all 254 Texas counties. Mr. Worman said once the storm hit, the Texas Department of Insurance (TDI) extended its consumer help line hours, started to develop consumer information specific to the event (e.g., information regarding how to file claims, frequently asked questions, etc.) and worked with the Texas Department of Emergency Management to disseminate this information.

Mr. Worman said the TDI has a storm resource page on its website. He said the TDI Public Affairs Department utilized social media to disseminate information to consumers.

Mr. Worman said the TDI issued several bulletins, just as it would after any catastrophic event. These bulletins reminded insurers of claims-handling deadlines and consumer protections related to underwriting, nonrenewals, credit scoring and other items. He said there are many policies that include provisions for freezing, so the TDI issued a bulletin regarding freezing. These items include the policyholder taking reasonable care to maintain heat or shut off water supply and drain pipes.

Mr. Worman said many things were beyond the control of the insured regarding this event, such as the frequency and length of power outages, that could have prevented many policyholders from maintaining heat in their homes. He said many consumers lost power for extended periods of time, while other consumers lost and had intermittent power. Mr. Worman said there are still consumers that do not have water. He said this bulletin was to inform insurers of the TDI's expectations, as well as to consider the severity and nature of these events and to consider these factors when adjusting these claims.

Mr. Worman said there are two data-collection efforts underway. He said the TDI has issued a claims survey to some of the top writers in the state, which represents approximately 87% of the residential market and 80% of the commercial property market. The claims survey allows the TDI to collect information quickly on a statewide aggregate basis and includes information from licensed insurers. Information includes items such as the number of claims reported, the number of claims paid at the end of the month, and the number of claims open at the end of the month. Mr. Worman said this information is reported quickly, so it can be reported to the legislature, as the legislature is in session and has expressed interest in this information. The first submission is due March 12.

Mr. Worman said TDI has also activated its Catastrophe Event Statistical Plan for Personal and Commercial Risks. He said the reason the TDI is doing two data-collection efforts is that the catastrophe statistical plan is used to gather detailed information by ZIP code and it is not just to collect data from licensed insurers, but it is also to collect data from surplus lines insurers. This effort takes a little longer. He said the catastrophe statistical plan was activated Feb. 26 and insurers are required to submit the first round of data by March 31. Insurers are required to file monthly thereafter.

Commissioner Chaney said the NAIC is creating a website that is intended to be a "one-stop shop" for state insurance regulators that will contain resources pertaining to catastrophes. The website will house everything from bulletins, to regulator resources, to consumer resources for regulators to use. The website will also have links to federal information regarding catastrophic events, such as FEMA resources. This information will be shared in more detail during the Property and Casualty Insurance (C) Committee meeting during the Spring National Meeting. As the NAIC posts this information, input and suggestions from state insurance regulators are welcome.

Having no further business, the Catastrophe Insurance (C) Working Group adjourned.

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# Hear Update Regarding Federal Legislation

Discuss Status of the  
*Catastrophe Modeling*  
*Handbook* and Drafting Group  
Formation and Determine Next  
Steps



## NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

### MEMORANDUM

TO: Catastrophe Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee

FROM: Raymond G. Farmer (SC), Co-Chair of the Climate and Resiliency (EX) Task Force  
Ricardo Lara (CO), Co-Chair of the Climate and Resiliency (EX) Task Force  
James J. Donelon (LA), Co-Vice Chair of the Climate and Resiliency (EX) Task Force

DATE: May 24, 2021

RE: Proposed Changes to the *Catastrophe Computer Modeling Handbook*

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In 2020, the NAIC formed the Climate and Resiliency (EX) Task Force, with five workstreams to assist in carrying out the charges of the Task Force. The Technology Workstream was charged with applying technology, such as early warning systems and predictive modeling tools, to understand and evaluate climate risk exposures.

The Catastrophe Insurance (C) Working Group developed the *Catastrophe Computer Modeling Handbook (Catastrophe Handbook)* in 2010 with the purpose “to explore in some detail catastrophe computer models and to discuss issues that have arisen or can be expected to arise from their use.” Further, the Catastrophe Insurance (C) Working Group has a charge to provide a forum for discussing various issues related to catastrophe modeling, and monitor issues that will result in changes to the Catastrophe Handbook. The Technology Workstream of the Climate and Resiliency (EX) Task Force met in an open meeting on May 7 to discuss the need for revisions to the Catastrophe Handbook.

The Technology Workstream requests that the Catastrophe Insurance (C) Working Group consider the need for revisions to the Catastrophe Handbook. During its open meeting, the Technology Workstream discussed several updates for the Working Group to consider.

First, the purpose of the Handbook, “to explore in some detail catastrophe models and to discuss issues that have arisen or can be expected to arise from their use,” should be revisited to develop an understanding of how the Catastrophe Handbook is used currently and determine its practical use within the regulatory toolkit. Furthermore, the work should be coordinated with the Catastrophe Risk (E) Subgroup to understand the materials it is developing or otherwise making available to state insurance regulators regarding catastrophe models.

Second, the Catastrophe Handbook is currently limited to earthquake and hurricane. Catastrophe models have evolved to include many additional perils, which should be recognized in the revised Catastrophe Handbook. The questions for evaluating models in

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[www.naic.org](http://www.naic.org)

Section VII of the Catastrophe Handbook are of particular interest and should be updated to, at a minimum, include the wildfire questions described in the *Application of Wildfire Mitigation to Insured Property Exposure*.<sup>1</sup> The Working Group should consider questions specific to additional perils for which there are catastrophe models in use today including, but not limited to, flood. Furthermore, the questions should be denoted to clarify which should be directed to insurers versus catastrophe modelers.

Third, the Technology Workstream suggests the Working Group explore which catastrophe modelers have begun including climate data in their models. As model versions are updated regularly and advancements continue to evolve in this area, the Working Group should consider alternative formats for the Catastrophe Handbook to make more recent information available or otherwise consider more frequent updates to be made in the future.

Finally, it was noted during the Technology Workstream's meeting on May 7 that the American Academy of Actuaries (Academy) has developed guidance and education on catastrophe models, which the Working Group may wish to explore.

Since the Working Group is already charged to consider updates to the Catastrophe Handbook, a response to the Technology Workstream is not necessary. However, we welcome any questions or comments you may have about the request. Please direct questions or comments to Jennifer Gardner (NAIC) at [jgardner@naic.org](mailto:jgardner@naic.org).

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<sup>1</sup> NAIC Center for Insurance Policy and Research, Risk Management Services, and Insurance Institute for Business and Home Safety, *Application of Wildfire Mitigation to Insured Property Exposure*, November 2020, [https://content.naic.org/sites/default/files/cipr\\_report\\_wildfire\\_mitigation.pdf](https://content.naic.org/sites/default/files/cipr_report_wildfire_mitigation.pdf)

Discuss Roofing Repair and the  
Mississippi Windstorm  
Underwriting Association  
(MWUA) Roof Upgrade  
Program Implemented in  
Mississippi

Any Other Matters



July 13, 2021

Mike Chaney, Chair  
Catastrophe Insurance (C) Working Group  
NAIC Central Office  
1100 Walnut, Suite 1500  
Kansas City, MO 64106-2197

Attn: Sara Robben, Statistical Advisor

VIA Electronic Mail: [srobben@naic.org](mailto:srobben@naic.org)

RE: Catastrophe Response

Dear Catastrophe Insurance Working Group Members:

The American Property Casualty Insurance Association (APCIA)<sup>1</sup> has been made aware of significant concerns expressed within our membership of various regulatory impediments insurers have recently encountered, limiting their ability to respond to policyholder needs as quickly as they would prefer following a catastrophe. Given the increase in frequency and severity of catastrophic events and accelerating threat of climate change and drought, our members seek to ensure they can expeditiously resolve claims for their policyholders in every state. To accomplish this, it is essential that states provide appropriate and necessary authority for insurance regulators (and other state officials, when necessary) to “waive” or temporarily suspend such state and local laws or regulations that may prohibit, delay or otherwise restrict the ability of insurers to promptly respond to and resolve claims. APCIA believes the Catastrophe Insurance (C) Working Group is ideally positioned to help address these challenges to ensure states can quickly grant insurer access to areas affected by catastrophes to facilitate timely claims settlements and to provide the most positive experience for insureds during a very difficult time.

While catastrophes are unforeseeable, advanced preparations can facilitate a rapid response to afflicted areas. APCIA has long advocated for deliberate and measured advance preparations by both the industry and regulators. We are seeking the support of the working group to encourage NAIC members and their respective states take proactive steps where necessary to ensure insurers can respond to consumer needs as quickly as possible, without regulatory hurdles causing delay. We offer the following recommended policy addressing two key areas – Disaster Planning and Response Management and Expedited Claims Processing.

### **Disaster Planning and Response Management**

To successfully manage the response to a catastrophic situation, critical first steps include establishing essential communication lines between public and private sectors, developing response and continuity plans

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<sup>1</sup> Representing nearly 60 percent of the U.S. property casualty insurance market, the American Property Casualty Insurance Association (APCIA) promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA members represent all sizes, structures, and regions, protecting families, communities, and businesses in the U.S. and across the globe.

and gathering information prior to an event. As part of a “Catastrophe Action Tool Kit” (attached), APCIA has drafted a model bulletin (attached for your consideration) that establishes a framework for pre-event planning, establishing a state disaster coalition and Insurance Emergency Response Centers.

The model is based on the following key components:

- A. Creation of an insurance disaster coalition and Insurance Emergency Operations Center
- B. Pre-disaster data/information surveys focused on readiness issues
- C. Identification of elements necessary for a strong disaster response plan and questionnaire
- D. Business continuity plan and questionnaire
- E. Insurance company liaisons and liaison duties and responsibilities
- F. Confidentiality requirements
- G. Appendix: Insurance Village Concept, Additional Guidance on Disaster Plans

### **Expedited Claims Processing**

In the aftermath of a catastrophic event, insurance regulators also have a critical need for data to keep the governor, legislators and the public informed on the impact of the event and the insurance industry’s response to the event as it unfolds. One of the first data sets generally requested from insurers following such an event is claims estimates, which are often requested on an ongoing basis. To provide the most accurate and timely information to regulators, insurers must have access to catastrophe areas and affected insured properties and automobiles as quickly as possible.

As a rule, insurance company adjusters and supporting vendors (such as auto salvage companies and their towing contractors) should have access to the area as soon as the residents are allowed access to their homes. Once the residents have access, they will expect that their insurer will be able to send an adjuster to inspect the damage.

To help expedite catastrophe-site access, regulators should similarly consider the following steps:

- Work with state disaster planning authorities to ensure insurance adjusters and supporting vendors are allowed access to damaged areas as soon as residents are allowed access to their homes.
- Provide licensed insurers with a supply of or electronic format for adjuster ID badges for disaster security checkpoints, recognized by state and local law enforcement for access to damaged areas.
- Work with other state and local authorities to organize daily meetings or conference calls to coordinate access information about site hazards or local ordinances that could hamper insurers ability to establish or temporarily expand operations to respond to the event.
- Where state law precludes out of state towing vendors, states should consider setting up an emergency licensing program.
- Insurance departments should post daily web site updates about disaster areas as they become open for inspection.

Thank you in advance for your review of this important issue. APCIA encourages working group members to consider taking actions in your respective states to ease regulatory restrictions that may exist which prevent optimal customer service during times of great stress for your citizens. In addition, we welcome the opportunity to work with the working group to help advance the above objectives.

Respectfully submitted,

Lisa Brown  
Sr. Director, Market Conduct & Counsel

INSIDE >>



## APCIA CATASTROPHE ACTION TOOL KIT



Recommendations for disaster preparation and response



## APCIA CATASTROPHE ACTION TOOL KIT

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## APCIA CATASTROPHE ACTION TOOL KIT

### SECTION 1

## EXECUTIVE SUMMARY

A commitment by the public and private sectors to cooperate on advanced planning helps ensure that disaster response will be swift, timely and comprehensive.

The “Catastrophe Action Tool Kit” is designed to facilitate that cooperation by providing a set of best practices and model regulations that provide regulators with the tools to protect citizens affected by the event with a set of regulatory actions that insurers can plan for in advance. This predictability ensures that insurers’ resources are focused on responding to the needs of the policyholders rather than improvised regulatory requests.

The kit was originally developed after the 2004 Florida hurricanes and Hurricane Katrina, including best practices that arose from those events as well as model regulations that included significant sections from states such as Alabama, Florida, Louisiana, Mississippi, New York and Texas. It was amended in 2009 to add best practices and model legislation to combat fraud by “storm chasing” contractors.

In 2013, the kit was updated extensively to incorporate the lessons learned from Superstorm Sandy. The current version of the kit includes sections on assignment of benefits.

The key elements of the kit are:

#### **DISASTER PLANNING AND RESPONSE MANAGEMENT**

Establishing critical communication lines between public and private sectors, developing response and continuity plans and gathering information prior to an event are the critical first steps towards successfully managing the response to a catastrophic situation. This section provides a framework for setting up a state disaster coalition to build those lines of communication, establishing Insurance Emergency Operations Centers, guidelines of pre-event data collection and disaster response and business continuity planning.

See Section 2 (pg. 7) Disaster Planning and Response Management for details.

*continued*

### **DISASTER CLAIM DATA REPORTING REQUIREMENTS**

Insurers recognize that regulators have a critical need for data following an event. Working with insurers to establish data points that can be captured electronically avoids manual data gathering that diverts resources from responding to policyholder needs. Prior agreement on the necessary data points allows insurers to plan for compliance and ensures that regulators have the data needed both to manage the event and to provide credible data to the public, the media and policymakers.

This section outlines reporting best practices as well as an electronic data reporting format based on the one used by NAIC Northeast Zone states after Sandy.

See Section 3 (pg. 17) Disaster Claim Reporting Requirements Model for details and Appendix B for Sample Data Reporting Format.

### **TEMPORARY SUSPENSIONS OF CANCELLATION, NON-RENEWAL AND PREMIUM PAYMENTS**

In the aftermath of a catastrophic event, it is common practice for insurance regulators to prohibit certain actions by insurers in affected areas. Temporary suspensions of cancellations, non-renewals and/or premium payments ensures that insurance coverage continues for victims of the event in the period immediately following the event. However, these suspensions create a number of challenges for insurers and consumers when applied too broadly. The kit provides best practices and model language to provide relief to victims while avoiding negative financial implications for insurers and consumers alike.

See Section 4 (pg. 21) Temporary Suspensions of Cancellation, Non-Renewal and Premium Payments for details.

### **EXPEDITED CLAIMS PROCESSING**

The first step on the road to recovery after a catastrophic event is to adjust and resolve claims as quickly as possible. This section includes best practices, model statutes and bulletin language for adjuster access to damaged areas, emergency licensing of adjusters, emergency debris removal/waiver of inspection, extension of claims deadlines and expanding claims payment methods.

See Section 5 (pg. 24) Expedited Claims Processing for details.

### **MEDIATION OF DISPUTED CLAIMS**

An effective mediation program provides an efficient mechanism for resolving disputes without discouraging insurers and policyholders from handling claims as quickly as possible. A number of states operate productive mediation programs to minimize expenses and avoid duplication of efforts. The model establishes eligibility criteria, notice provisions and other mediation procedures.

See Section 6 (pg. 29) Mediation of Disputed Claims for details.

### **FRAUD CONSIDERATIONS AND “STORM CHASER” BEST PRACTICES**

In the aftermath of an event, consumers are often approached by companies offering repair or restoration services. Roofing contractors can be particularly aggressive, with some resorting to misleading practices. Consumer awareness of these practices is critical in the days following an event.

This section contains a list of “best practices” that states have used to raise awareness of these issues. This kit also contains APCIA’s model legislation requiring specific disclosures by the repair company to consumers contracting for repair services. It also allows the consumer to cancel a repair contract within 72 hours of receiving notice if their insurer denies their claim in whole or in part. In addition, the model forbids rebating or absorption of deductibles by repair contractors, often the “bait” used by contractors to take advantage of property owners.

See Section 7 (pg. 39) Fraud Considerations and Contractor Fraud Model for details.

### **ASSIGNMENT OF BENEFITS ABUSE**

Assignment of benefits abuse occurs when a third-party (e.g., water remediation company, public adjuster, etc.) convinces a claimant to sign documents relinquishing benefits to someone other than the policyholder. Often times this is done for the purpose of inflating the claim for the financial benefit of the third party. This section includes practical recommendations for reducing assignment of benefits abuse. In addition, it includes a brief summary of assignment of benefits legislative reform efforts in Nebraska and Florida.

See Section 8 (pg. 50) Assignment of Benefits Abuse for details.

### **APPENDIX A—ADJUSTER RESOURCES**

Advanced preparation of informational resources would be of great benefit to claim adjusters responding in afflicted areas. This Appendix includes various components to include in resource packets, such as area maps and information on lodging, sources for food/water, transportation/gasoline, etc. Guidance on developing a distribution plan for first aid kits, designating common work areas and creating Internet access would be helpful as well.

### **TAILORING USE OF THE REGULATORS KIT TO THE EVENT**

Before catastrophe strikes, it is useful to pre-plan approaches, assign accountabilities and consider what monitors are needed to best serve the public needs. Section 2 includes a template for addressing these needs in advance. The components can be adapted and adopted to meet the needs of catastrophic events of varying magnitude.

A regulator's disaster plan and contact information should be updated annually so it is ready for partial or full activation. Of course, the experience gained in activating any portion of this plan will provide valuable insights on refining the plan for future events.



## APCIA CATASTROPHE ACTION TOOL KIT

### SECTION 2

## DISASTER PLANNING AND RESPONSE MANAGEMENT

This model bulletin establishes a framework for pre-event planning, establishing a state disaster coalition and Insurance Emergency Response Centers.

### KEY COMPONENTS SUMMARY

The model is based on the following key components:

- A. Creation of an insurance disaster coalition and Insurance Emergency Operations Center
- B. Pre-disaster data/information surveys focused on readiness issues
- C. Identification of elements necessary for a strong disaster response plan and questionnaire
- D. Business continuity plan and questionnaire
- E. Insurance company liaisons and liaison duties and responsibilities
- F. Confidentiality requirements
- G. Appendix: Insurance Village Concept, Additional Guidance on Disaster Plans

### MODEL LANGUAGE

To: All Authorized Property/Casualty Insurers, Co-Operative Property/Casualty Insurers, Financial Guaranty Insurers, Mortgage Guaranty Insurers, Title Insurers, Reciprocal Insurers, Captive Insurers, Registered Risk Retention Groups, Commissioner of Insurance.

Re: Disaster Planning, Preparedness and Response Statutory Reference

*continued*

### **A. INSURANCE DISASTER COALITION AND THE INSURANCE EMERGENCY OPERATIONS CENTER**

When an emergency or disaster situation occurs, the Insurance Department is looked upon to provide the Governor and the State Emergency Management Office with critical information regarding the amount and extent of property losses, as well as other damage assessments. Based on this information the Governor determines whether and when to request a federal disaster declaration and how to prioritize the deployment of state assets.

The Insurance Disaster Coalition, through the Insurance Department, serves to link the insurance community with the Governor's office, emergency management officials, law enforcement and other government agencies responding to a catastrophic event.

The insurance community, including the property, life and health sectors, has been identified as a key resource to provide early assessments of damages arising from natural or man-made disasters. Insurers play an important role in quantifying the magnitude of losses – insured and uninsured – and determining both the degree and duration of insurer response to losses. Accordingly, all entities addressed by this Bulletin are expected to assist the Insurance Department in obtaining the information needed to accomplish the above objective before, during and after a disaster strikes.

An integral part of the Insurance Disaster Coalition response to any disaster is the Insurance Emergency Operations Center (IEOC), which will be staffed by insurance industry disaster liaisons and representatives of the Insurance Department to coordinate disaster response.

The IEOC will be activated at direction of the Commissioner of Insurance in accordance with the nature and extent of the event. Where possible this determination will be made in conjunction with our disaster coalition partners.

**Disaster Coalition Communications Network**—Working with the Governor's office, the Insurance Department will keep insurers informed of all disaster declarations in the state, or changes to existing declarations via bulletin, or posting on the department of insurance web site.

Insurance industry representatives of the XXX Insurance Disaster Coalition are requested to provide the Insurance Department with Internet links of not-for-profit Web sites that are beneficial to the public before, during and after a disaster.

### **B. BEFORE A DISASTER STRIKES: PRE-DISASTER DATA/INFORMATION SURVEY**

Accurate, timely and consistent information is of critical importance to the Governor and the State Emergency Management Office during disasters. To ensure that insurance industry information is readily available during disasters, effective the date of this Bulletin, the Insurance Department requires the following information be provided:

This section is addressed to all property casualty insurers with XXXXX direct written premium reported on its annual statement, for any of the following lines:

01—Fire

02.1—Allied Lines

02.2—Multiple Peril Crop

03—Farm-owners Multiple Peril

04—Homeowners Multiple Peril

05.1—Commercial Multiple Peril (Non-Liability Portion)

09.0—Inland Marine

12.0—Earthquake

**Disaster Report**—Each property casualty insurer must be prepared to provide to the Insurance Department a listing—by county—of property exposure information, as of December 31 of the previous calendar year, for personal lines (non-auto) and commercial lines (non-auto) for each authorized member within an insurance company group.

**Pre-Disaster Data/Information Survey**—Each property casualty insurer must be prepared to provide to the Insurance Department a listing—by county—of property exposure information, as of December 31, XXXX for each authorized member within an insurance company group. This information is to be provided for the following categories:

- total amount of building and contents insurance coverage in force; and
- the total number of policies for the lines indicated above.

Each insurer must provide the information by completing the electronic report. This report is due no later than April 1, XXXX and should be filed each April 1 thereafter.

The Pre-Disaster Survey electronic template and instructions for its completion and submission can be found on the Insurance Department web site at: (insert web address)

### **C. IDENTIFICATION OF ELEMENTS NECESSARY FOR A STRONG DISASTER RESPONSE PLAN AND QUESTIONNAIRE**

Sections (a) and (b) on Disaster Response Plans and Questionnaires apply to all addressees of this Bulletin.

Each addressee is asked to incorporate the XXXXX State Insurance Disaster Coalition procedures into its disaster response plan. Because the XXXXX state Insurance Disaster Coalition procedures and the Insurance Emergency Operations Center (IEOC) continue to be integral parts of the industry's response to any disaster in XXXXX State, the completion of the electronic template and the submission of each insurer's disaster response plan are

*continued*

needed to maintain the effectiveness and accuracy of information used by the coalition in the event of a future disaster.

### **(a) Disaster Response Plan**

The disaster response plan should describe how the insurer intends to provide its policyholders with the needed resources to recover from a disaster. To this end, a disaster response plan should at a minimum indicate what preparations the insurer has made in the following areas:

- Affirmation that the company board of directors is informed of the companies Emergency Preparedness Plan
- Appropriate emergency response training of company personnel
- Plans for suitable expansion of claims handling capacity in a variety of disaster scenarios, including provisions to cover:
  - Adequate personnel
  - Catastrophe response team availability
  - Access to disaster areas and personnel identification
  - Applications for temporary adjuster permits
- Testing of the Emergency Response Plan
- Incorporation of the role of insurance company disaster liaisons, and their interaction with the XXXXX State Department of Insurance.

On June 1, XXXX, the insurer's Disaster Response Plans will be submitted to the Insurance Department and, following the initial filing, subsequent plan changes will be updated, if necessary. If no update is necessary, to a previously submitted plan, an email containing the company name(s), NAIC number(s), and NAIC group number should be submitted to the Insurance Department Disaster Plans Mail box (see below) to indicate that no change to the plan was necessary.

Drafting note: If department resources do not allow for review of detailed plans, an alternative is to require one page "executive summaries" to be filed for review.

Emails should be directed to the Insurance Department Disaster Response Plans Mail box at:

XXXXXXXXXX

U.S. mail should be addressed to:  
State of XXXXX Insurance Department  
Disaster Preparedness and Response Bureau

**(b) Disaster Response Questionnaire**

The Disaster Response Questionnaire electronic template is not to be used in lieu of an insurer's own disaster response plan. Rather, the requested information is to be included in each insurer's own plan.

The Disaster Response Questionnaire electronic template and instructions for its completion and submission can be found on the Insurance Department web site at: XXXXXXXXXXXX

**Insurance Company Disaster Liaisons** — By completing the Disaster Response Questionnaire, each insurer will be providing the Disaster Preparedness and Response Bureau the name of the designated disaster liaison(s), along with that person's telephone and cell phone number(s) (for during business and after business hours), email address and/or pager number, if applicable. Any change in the liaison(s) and/or contact information should be reported immediately to the Insurance Department by the resubmission of an updated Disaster Response Questionnaire.

To coincide with hurricane season, on June 1, the Disaster Response Questionnaire electronic template should be submitted to the Insurance Department. If none of the information has changed, the date field should be updated and the previous electronic template(s) may be resubmitted.

**D. BUSINESS CONTINUITY PLAN AND QUESTIONNAIRE**

This section on Business Continuity Plan and Questionnaire applies to all addressees of this bulletin.

To assure the Insurance Department that each addressee has taken steps to put in place a business continuity plan that would reasonably ensure recovery of critical business processes in the event of a disaster, each addressee is required to complete the Business Continuity Plan Questionnaire electronic template and attest to the accuracy of the answers.

The Business Continuity Plan Questionnaire electronic template and instructions for its completion and submission can be found on the Insurance Department web site at XXXXXXXXXXXX.

On June 1, XXXX, and each June 1 thereafter, the Disaster Response Questionnaire electronic template should be submitted to the Insurance Department. If none of the information has changed from a previously submitted report, the date field should be updated and the previous electronic template(s) may be resubmitted.

*continued*

## **E. OPERATIONS DURING A DISASTER**

### **1. Insurance Company Disaster Liaisons**

This section on Insurance Company Disaster Liaisons applies to all addressees of this bulletin.

Upon the Insurance Department's activation of its Insurance Emergency Operations Center due to a State Emergency Disaster situation, the commissioner may activate designated Insurance Disaster Liaisons representing several of the largest underwriters in the emergency areas. Participating companies will be determined based on the previously described Pre-Disaster Reports. Disaster liaisons will be contacted based upon information submitted in the Disaster Response Questionnaire.

Liaisons should be prepared to participate in the State's Disaster Response Plan as follows:

- A teleconference of the selected disaster liaisons will be held, where possible, following the occurrence of a disaster — before activation of the Department of Insurance Emergency Operations Center — to discuss the magnitude of the disaster and the scope of activation plans.
- Upon activation of the Insurance Emergency Operations, insurance disaster liaisons or their designees will be expected to staff the center at each of its locations.
- The Insurance Department will provide a fully equipped Insurance Emergency Operations Center for liaisons' use at each location. Included are data and voice telephone lines, along with videoconferencing links to the STATE EMERGENCY MANAGEMENT OFFICE emergency operations center.
- The Insurance Department will continue to coordinate communications among company and association contacts through ongoing teleconference calls to:
  - plan staffing of the Insurance Emergency Operations Center for the actual or threatening (as in the case of XXXXXXXXXs) emergency;
  - individually discuss with each insurer's liaison the company's catastrophe operations;
  - individually review each insurer's response plans; and
  - discuss catastrophe operations and emerging issues.
- Liaisons may be expected to remain on duty at the Insurance Emergency Operations as determined by the commissioner of insurance acting in consultation with coalition partners.

## 2. Liaison Duties and Responsibilities

Liaisons should:

- Have a qualified back up. Both will preferably be members of the insurer's catastrophe team, or a manager-level employee, who are familiar with company protocols and have access to critical information.
- Transmit information on the disaster from the insurance industry to emergency response officials and also back to other industry representatives.
- Be prepared to remain on duty during the hours when the IEOC is operating, normally from 7 a.m. to 6 p.m., or for such time periods as needed to assist with the effective management of the disaster. Depending on the level of the disaster, this may be a seven day a week commitment.

## F. CONFIDENTIALITY REQUIREMENTS

The above reports and statistics are to be compiled and summarized by Insurance Department personnel for internal Insurance Department use. Reports submitted to the State Emergency Management Office and the governor will be on an aggregate basis with no individual company information identified in those reports.

At the time of submission, an insurer should request an exception from disclosure under Section 89(5) of the Public Officers Law (Freedom of Information Law-FOIL) for any information or reports that it submits to the Insurance Department that it believes are trade secrets or commercial information that, if disclosed, would cause substantial injury to its competitive position.

If a request is received by the Insurance Department for the release of information pursuant to FOIL and the insurer requested an exception from disclosure upon submission; the insurer will be notified and given the opportunity to respond to the Insurance Department in accordance with FOIL and Regulation XXXXXXXX.

*continued*

### G. APPENDIX

#### **Insurance Emergency Operations Centers - Insurance Village Concept**

The Insurance Village, as part of an Insurance Emergency Operations Center, would be a central, easily accessible location near the disaster area where insurance carriers could set up and stage post-catastrophe housing (i.e., RVs) and claims-processing facilities.

Adjusters and customers would need assurance by the Department of Insurance that the Insurance Village could operate safely, securely and comfortably. These assurances would include:

- Aid organizations onsite, including FEMA, Red Cross, Salvation Army, etc.
- Insurance Department representative(s) onsite
- Local government representative
- Adequate site lighting
- Police officer(s) on the ground 24/7
- Public facilities
- Potable water
- First aid station
- Pre-arranged fueling services available for carrier RVs
- Banking/lending institution representatives onsite for customers
- Adequate, secure, lighted, off-site parking within easy walking distance of the Village for customer and adjuster personal vehicles
- Printed maps or directions to nearest grocery stores and restaurants, gas stations, hardware and building supplies, electronic supplies, office supplies, doctors/hospitals
- If the Village is based in an area so remote that cellular telephone service is poor, information on alternative sources of communication in the area

#### **Additional Guidance on Creating a Disaster Response Plan**

##### *Property Casualty Insurers*

If your Disaster Response Plan provides answers to the following questions, it will generally have met the Disaster Preparedness and Response Bureau's best practices standards for a disaster response plan.

### *Management Oversight*

- Does the company have a Disaster Response Plan?
- Is it a written plan?
- Has the plan been reviewed and approved by:
  - Senior management?
  - Board of Directors?
- Has the company provided a copy of the board resolution attesting to the approval of the plan by the Board of Directors?
- Has management identified additional resources that will be needed during a disaster?
- Has management analyzed its ability to provide the financial resources necessary to meet the cost of the additional resources that will be needed?
- Is a person/titled position named as being responsible for activating the plan after a disaster is declared?
- Is a person/titled position named as being responsible for monitoring the plan?
- Is a person/titled position named as being responsible for terminating the plan following a disaster?

### *General Information*

- Does the plan define what constitutes a disaster?
- Are there clear guidelines to indicate when the Disaster Response Plan should be invoked?
- Has the company established a disaster response team?
- Are the responsibilities of the disaster response team members segregated to establish clear reporting authority?
- Does the plan indicate that there is a role for designated disaster liaisons and/or back-up liaisons?
- Does the plan indicate that the designated disaster liaisons and/or back-up liaisons have been advised of their duties?
- Does the plan provide for training of staff?
- Has the company established varying levels of response based on the severity of the disaster?

*continued*

### *Claimant Services*

- Is the role of the insurance agent/broker in a disaster defined?
- Has the company established a separate toll-free number to be used by claimants?
- Has the company established procedures to increase the number of adjusters?
- Has the company analyzed the risk of its inability to respond to claimants in a timely manner?
- Has the company established expedited claim processing procedures?
- If the company plans to use simplified claim reporting forms, do these claim forms include the required fraud warning statement?

### *Fraud Detection*

- Does the plan include procedures for detecting fraud?
- Does the plan include procedures for reporting fraudulent activity to the appropriate regulatory authorities?

### *Testing of Plan*

- Has the plan been tested?
- Does the plan indicate when the last test was conducted?
- Does the plan indicate how often the plan will be tested?
- Did the testing include the ability to get resources to the disaster site?
- Has the plan been tested utilizing scenarios involving varying disaster levels?



## APCIA CATASTROPHE ACTION TOOL KIT

### SECTION 3

## DISASTER CLAIM REPORTING REQUIREMENTS MODEL

In the aftermath of a catastrophic event, insurance regulators have a critical need for data to keep the governor, legislators and the public informed on the impact of the event and the insurance industry's response to the event as it unfolds.

Over the years there have been a number of different reporting programs and formats used, the most successful of which conformed to some core principles:

- A recognition that claims data in the first two weeks following an event is not statistically credible. Many victims delay reporting for days or weeks after the event, due to the circumstances. Exposure counts, captured before the event would provide more credible information about the potential for loss.
- Data parameters established before the event using clearly defined terms and electronically captured data points.
  - Pre-established data sets allow insurers to include data calls in their disaster planning and avoids costly programming changes that can divert resources from responding to policyholders.
  - Electronically captured data points will avoid manual data collection that diverts resources away from responding to policyholders.
- These data calls will contain sensitive financial data and proprietary information. It is essential that the results of the data calls be released only on an aggregated basis and subject to trade secret protection.

*continued*

### MODEL BULLETIN

This model bulletin establishes disaster claim reporting requirements and is based on successful results from actual field claim reporting in the Northeast states after Superstorm Sandy.

To: All Property and Casualty Insurers Authorized to Transact Business in STATE

RE: Catastrophe Claim Reporting Form for EVENT and Date

Date of Bulletin

This bulletin is being issued to provide notification and guidance on data reporting requirements relating to EVENT for the STATE.

The Department is requiring all admitted and non-admitted property and casualty insurance companies and surplus lines insurers to complete the attached claim reporting form (NAIC NE ZONE Format) and return it to the department by the due dates indicated.

- The report submitted to the Department must be made in Excel (do not convert to pdf), we request the data be provided by county/zip code, and the worksheet includes macros to assist in completing the form.
- In the event a company has no claims to report and does not anticipate any claims will be reported, the company may complete and file one report so noted.
- If a company has multiple insurers within a holding company group, it will NOT be necessary to complete an Excel worksheet for each insurer. The holding company must aggregate the data into one worksheet.
- The first report is due DATE, for the reporting period DATE through DATE.
- Submit reports electronically by email to (contact name and email) and include the report number I (e.g. 1st report, 2nd report, etc.) in the email subject line.

Please contact the Department (contact name and phone) immediately if your company (or group) is unable to compile the required data in accordance with these requirements, or has any questions regarding the process.

Supplied data is considered confidential commercial data protected under STATE law (insert statute) except when aggregated with data from all other insurers in a manner that does not permit any individual company to be identified.

At the time of submission, an insurer should request an exception from disclosure under Section 89(5) of the Public Officers Law (Freedom of Information Law-FOIL) for any information or reports that it submits to the Insurance Department that it believes are trade secrets or commercial information that, if disclosed, would cause substantial injury to its competitive position.

This Bulletin shall be effective immediately.

See Appendix B: NAIC NE ZONE DATA FORMAT

### Data Points in NE Zone Data Format

- Claims Reported
- Claims Closed With Payment
- Claims Closed Without Payment
- Paid Loss \$
- Case Incurred Loss \$
- Percentage of Claims Closed %

### Line of Business

- Residential Property
- Commercial Property
- Personal Auto
- Commercial Auto
- Business Interruption
- All Other Lines (ex-Flood)

## **RECORD RETENTION CRITERIA**

Claims records, and supporting documentation, will be retained for twelve months from the date of the disaster data call. Disaster data calls are triggered by the governors' proclamation, and they are specific to the catastrophic event that is outlined in the regulation.

## **CONFIDENTIALITY REQUIREMENTS**

Any reports and statistics gathered should be compiled and summarized by Insurance Department personnel for use. Reports submitted to the Insurance Department and the governor will be on an aggregate basis with no individual company information identified in those reports.

Under confidentiality requirements, regulators should be aware that publicly traded companies are governed by Security Exchange Commission (SEC) rules. SEC rules prevent publicly traded companies from disclosing certain material information including claims data, until certain reports have been made with the SEC.

At the time of submission, an insurer should request an exception from disclosure under Section 89(5) of the Public Officers Law (Freedom of Information Law-FOIL) for any

*continued*

information or reports that it submits to the Insurance Department that it believes are trade secrets or commercial information that, if disclosed, would cause substantial injury to its competitive position.

In the event that a request is received by the Insurance Department for the release of information pursuant to FOIL and the insurer requested an exception from disclosure upon submission, the insurer will be notified and given the opportunity to respond to the Insurance Department in accordance with FOIL and Regulation XXXXXXXX.



## APCIA CATASTROPHE ACTION TOOL KIT

### SECTION 4

## TEMPORARY SUSPENSIONS OF CANCELLATION, NON-RENEWAL AND PREMIUM PAYMENTS

This model regulation establishes the criteria for the temporary suspension of cancellation, nonrenewal and premium payments to allow insurance coverage to continue in the immediate aftermath of the event.

In conjunction with this effort, and in accord with a governor's proclamation, the impacted state works with carriers for a predictable regulatory method to provide for temporary relief for impacted policyholders with limited disruption to normal insurer business practices.

#### KEY COMPONENTS SUMMARY

The model is based on the following key components:

- Directed to all licensed insurers and licensed agents
- Triggered on a governor's proclamation
- Temporary action governing cancellation or nonrenewal of insurance coverage and suspension of premium payments on the request of a policyholder impacted by the event
- Allows policyholders significantly impacted by the event to request the extension and encourages insurers to proactively contact policyholders in the impacted areas

This model regulation is focused on regulators and insurers working to minimize the regulatory effects of suspension premium cancellation or nonrenewal due to a catastrophic event.

*continued*

**MODEL DISASTER BULLETIN COVERING CANCELLATIONS, NON-RENEWAL AND TEMPORARY SUSPENSION OF PREMIUM PAYMENTS**

XXXXXX Insurance Bulletins and Related Materials Commissioner's Bulletins

Commissioner's Bulletin:

XXX/XX/XXXX

To: All Insurers Licensed to Write Life and Accident and Health Insurance, All Health Maintenance Organizations, All Licensed Agents and All Third-Party Administrators Licensed in XXXXX; And To: All Insurance Companies, Corporations, Exchanges, Mutuals, Reciprocal, Associations, Lloyds, or Other Insurers Writing Property and Casualty Insurance in the State of XXXXX and to Agents and Representatives and the Public Generally

From: Commissioner of Insurance

Date:

Re: XXXXXXXXXXX XXXXX — An Extraordinary Event — Suspension of Cancellation, Non-renewal and Premium Payments for XXXXXXXXXXX Victims or Evacuees

On XXXX/XX/XXXX, Governor XXXXX issued a proclamation declaring a disaster due to the effects of XXXXXXXXXXX XXXXX, certifying that XXXXXXXXXXX XXXXX poses a threat of imminent disaster to the citizens of XXXXX state, and directing that all necessary measures both public and private as authorized under Section XXXXX of the XXXXX Government Code be implemented to meet that threat. The proclamation also states that, as provided in Section XXXX of the XXXXX Government Code, all rules and regulations that may inhibit or prevent prompt response to this threat are suspended for the duration of the incident.

With the potential for devastation resulting from XXXXXXXXXXX XXXXX and the possible relocation of XXXXXXXXXXX victims and other personal hardships sustained by residents of the state, the XXXXX Department of Insurance is hereby instructing insurers to grant a thirty (30) day temporary suspension of cancellation/non-renewal of policies for the non-payment of premiums for those impacted by the storm. The temporary suspension shall apply to commercial property, homeowners, dwelling fire and commercial and personal automobile policies. The state will work with carriers to limit the regulatory effects of a carrier's suspension of premium payments, specifically in regard to financial review requirements.

If an insurance company is contacted by a policyholder indicating they suffered significant property damage, injuries or related loss of life or other hardship as a result of XXXXX, then the insurance company shall temporarily suspend for thirty (30) days the cancellation/non-renewal of the policy for the non-payment of premiums. After the initial 30 day period, the policyholder may request an extension. Insurers are encouraged to work with their policyholders in the impacted areas, providing relief where the circumstances warrant.

Policyholders are advised that this suspension is not a waiver; it is only an extension or grace period in which to pay the premiums. Insurers are directed to work with impacted policyholders in repaying the premiums that would have become due during the moratorium period by either allowing a repayment plan, or a further extension in repaying the amount in full.

This temporary suspension applies only to cancellations or non-renewals that are attributed to a failure to pay premiums during the applicable 30 day period. If a policy is to be cancelled or non-renewed for any other allowable reason, the cancellation or non-renewal may be made pursuant to the statutory notice requirements. However, the department requests that the insurance companies take in to consideration that persons in the heavily impacted areas may be unable to receive a notice of cancellation or non-renewal due to evacuation or delayed postal service in that area.

For policies with an auto debit or electronic fund transfer arrangement the Department is aware that the policyholder must contact their financial institution for these payments to cease. Therefore, the insurance company may continue receiving those premiums unless the policy holder contacts the company, requests that such payments cease, and the policyholder contacts their financial institution and requests that this arrangement cease.

Questions regarding this bulletin may be directed to: XXXXX



## APCIA CATASTROPHE ACTION TOOL KIT

### SECTION 5 EXPEDITED CLAIMS PROCESSING

In the aftermath of a catastrophic event, getting insurance adjusters out in the field to inspect damaged property is the critical first step on the road to recovery. This section provides model statutes, regulations and best practices for:

- Access to Damaged Areas
- Emergency Adjuster Licensing
- Debris Removal/Waiver of Inspection
- Extension of Claims Deadlines
- Claim Payment Methods

#### **ACCESS TO DAMAGED AREAS**

As a rule, insurance company adjusters and supporting vendors (such as auto salvage companies) should have access to the area as soon as the residents are allowed access to their homes. Once the residents have access, they will expect that their insurer will be able to send an adjuster to inspect the damage.

To help expedite catastrophe-site access, regulators should consider the following steps:

- Work with state disaster planning authorities to ensure that the insurance adjusters and supporting vendors are allowed access to the damaged areas as soon as residents are allowed access to their homes.
- Provide licensed insurers with a supply of or electronic format for adjuster ID badges for disaster security checkpoints, recognized by state and local law enforcement for access to damaged areas.
- Work with other state and local authorities to organize daily meetings or conference calls to coordinate access information about site hazards.
- Insurance departments should post daily web site updates about disaster areas as they become open for inspection.

*continued*

**EMERGENCY ADJUSTER LICENSING**

(WHERE COMPANY ADJUSTER LICENSING IS REQUIRED)

**Model Emergency Adjuster Licensing Statute** *(Based on Rhode Island)*

- (a) Notwithstanding any of the provisions of this chapter, the commissioner may permit an experienced adjuster to act as an adjuster in this state without a XXXXXXXX license if:
  - (1) The adjuster is either a licensed adjuster in another state which requires a license or regularly adjusts in another state where such licensing is not required and works for an insurance company authorized to do business in XXXXXXXX;
  - (2) He or she is engaged in emergency insurance adjustment work during the period of emergency only, as determined by the commissioner.
- (b) The experienced adjuster may work in this state either for an employer who is an adjuster licensed by this state, or for a regular employer of one or more adjusters licensed by this state, or for an insurance company authorized to do business in this state; provided, that the employer or insurer shall furnish to the commissioner a notice in writing or electronically promptly after the beginning of any emergency insurance adjustment work. The adjuster may adjust claims from within or outside the state. Emergency licenses permitted under this section shall not exceed one hundred twenty (120) days, unless extended by the commissioner.
- (c) As used in this section, “emergency insurance adjustment work” includes, but is not limited to:
  - (1) Adjustment of a single loss or losses arising out of an event or catastrophe common to all of those losses; or
  - (2) Adjustment of losses in any area declared to be a state of disaster by the governor of the state XXXXX or by the President of the United States under applicable federal law.

**Model Emergency Adjuster Bulletin**

(Statute) provides that experienced adjusters may adjust losses on an emergency basis in XXXXXXXX without a (State) insurance adjuster’s license. Emergency adjusters must be employed by an adjusting entity or an insurer licensed in XXXXXXXX and must either be licensed in their home state or regularly adjust in a state that does not require an adjuster or motor vehicle damage appraiser license. Emergency adjuster’s appraisers may only perform work for the designated employer.

The adjustment work of the emergency adjuster may include, but need not be limited to:

- 1. Losses related to an event designated by the Department as a “catastrophic” event. The Department will post notice on its website when it designates an event a “catastrophic” event for purposes of triggering the statute.

2. Losses in any area declared to be a state of disaster by the governor of the State of XXXXXX or by the President of the United States.

An entity that intends to utilize this provision may do so when either of the above triggering events occurs. Any entity that utilizes this procedure must file the following information **electronically (in Word or Excel format)** to (email address).

- The name, business address and other contact information of the employer of the experienced individual whom the entity is engaging for emergency adjusting or motor vehicle damage appraiser services.
- The name of each experienced individual whom the entity has used for emergency adjusting services;
- The state(s) in which the individual is licensed; or A statement that the individual regularly adjusts or appraises in another state where such licensing is not required and works for an entity or an insurance company authorized to do business in XXXXXX.

This information must be filed with the Department promptly after beginning the use of experienced but unlicensed adjusters or motor vehicle damage appraisers. A business day is a day in which the Department is open for business and is capable of accepting electronic filings. Confirmation of receipt will not be issued. Rather, entities should check the website to assure that the information has been received.

Emergency authority to adjust claims will terminate 120 days after declaration of the disaster. Any entity requesting an extension of this authority shall submit such request by email during the 120 days with an explanation of the need for the extension. The need for such extension must be directly attributable to the emergency for which the adjusters were initially utilized. Insurers and adjusting entities are responsible for the conduct of persons admitted under this emergency procedure and the insurer and/or adjusting entity is liable for any violation(s) of the insurance laws or regulations which occur by any adjuster or motor vehicle damage appraiser working for the insurer and/or adjusting entity.

Physical licenses will not be issued. However, a list of those individuals authorized to adjust claims pursuant to this procedure can be found in the insurance adjuster section under emergency licensing link and can be accessed by this link. The emergency licensing list will be updated daily.

The notice required by this bulletin should be sent by email. Any questions should be directed to XXXXXX email or by telephone XXXXXXXXXX.

Superintendent of Insurance

*continued*

### **DEBRIS REMOVAL/WAIVER OF INSPECTION** (BASED ON NEW YORK DEPARTMENT OF FINANCIAL SERVICES ORDER AFTER SANDY)

In the immediate aftermath of an event, public authorities attempt to clear debris as quickly as possible. They do so for good reason: the debris can make it difficult to provide emergency services and in some cases become a health hazard to nearby residents. While clearing the debris is a crucial first step towards rebuilding, insurance policy language commonly requires the policy holder to show the damaged property to the insurer when presenting a claim.

This model bulletin language balances the need to clear the debris and providing documentation of the damaged property or loss to the insurer.

#### **Model Bulletin Language**

(Name of Storm/Event) has, in many cases, created debris and other hazards that pose a threat to public health and safety and that needs to be discarded as promptly as possible. Accordingly the (Director/Superintendent/Governor) has determined that it would be dangerous to public health and against public policy for insurers to enforce provisions of their policies that operate to bar insureds from disposing of damaged property before the insurer has inspected it.

Accordingly, insureds must document their losses if damaged property must be removed before an adjuster is able to inspect it by means of photographs, videos, material samples, inventories, prepared by insureds prior to disposing of damaged property.

### **EXTENSION OF CLAIMS DEADLINES** (BASED ON TEXAS DEPARTMENT OF INSURANCE)

Although catastrophic events occur with some regularity and insurers routinely redeploy or add resources for these situations, there are limits to the number of trained adjusters available to respond to a major event. Adjusting some types of claims requires expertise that may be in short supply based on when and where an event occurs. Regulators should be aware that the National Flood Insurance Program (NFIP) provides time frames that may be longer than those required by state statutes or regulations.

Some states have recognized that it is appropriate to temporarily relax claim time frames in the aftermath of a major event. This section provides a model statute and regulation to facilitate these extensions.

### **Model Statute**

#### EXTENSION OF DEADLINES

In the event of a weather-related catastrophe or major natural disaster, as defined by the commissioner, the claim-handling deadlines imposed under this subchapter are extended for an additional 15 days.

### **Model Regulation**

In accord with XXXXXX, the XXX Department of Insurance determines that the weather-related event occurring from (date), through (date), in (geographic area) is a catastrophe for the purpose of claims processing.

Claims resulting directly from the above-defined catastrophe in the counties listed above shall be subject to the additional time periods authorized by XXXXX Insurance Code XXXXXXXX for the processing of claims.

This declaration is based on the representation that the additional time periods are necessary due to the large volume of claims resulting directly from the defined catastrophe and with the understanding that insurers will promptly identify, evaluate, and resolve these claims. Insurers must continue to provide timely service to their policyholders by promptly acknowledging receipt of claims and making appropriate assignments for the investigation of claims.

### **CLAIM PAYMENT METHODS (BASED ON NEW JERSEY GOVERNOR'S ORDER AFTER SANDY)**

All authorized and admitted property and casualty insurers subject to licensure or regulation by the (Insurance Regulatory Agency) may make first- or third-party claim payments for claims related to [insert name of event] by methods other than those permitted by XXXXXXXX, such as prepaid debit cards, electronic transfer or other comparable alternate payment method, but only:

- (a) where the claimant agrees to receive a claim payment by an alternate payment method;
- (b) if the alternate payment method is not subject to any fees that would result in the insured receiving less than the full amount due;
- (c) if the insured is permitted, at any time, to convert any balance into cash; and
- (d) if the claimant is notified of applicable terms and conditions.



## APCIA CATASTROPHE ACTION TOOL KIT

### SECTION 6

## MEDIATION OF DISPUTED CLAIMS

### DISASTER REGULATIONS COVERING MEDIATION OF DISPUTED CATASTROPHE CLAIMS

This model regulation establishes regulations governing mediation of disputed claims and is based on successful results from actual field mediation programs in the aftermath of catastrophic events. Mediation should not take the place of the normal claims process. Insureds and insurers should be encouraged to resolve claims as quickly and fairly as possible. If an impasse is reached, mediation programs are cost effective and avoid duplication of effort.

### KEY COMPONENTS SUMMARY

The model is based on the following key components:

- Mediation is voluntary and non-binding, but if settlement is reached and not rescinded in three business days, the settlement agreement shall act as a release of all claims
- The mediation process is activated 120 days after the catastrophe to begin the mediation process so that insurers and claimants have a chance to resolve their claims
- A definition of an eligible claim that defines a dispute is a difference between positions of \$2,000 or more
- Setting a procedure for scheduling mediation
- Setting a procedure for mediation conferences
- Confidentiality, individual settlement and data will be reported on aggregate amounts only

This program does not act as a precursor to the parties entering into voluntary non-binding mediation or using the appraisal clause in their insurance policy to resolve a claim before complying with this regulation.

Any reports and statistics are to be compiled and summarized by Insurance Department personnel for internal use. Reports submitted to the governor or shared with the public will be on an aggregate basis with no individual company information identified in those reports.

This dispute-resolution mediation model provides regulators with a proven mechanism for success. The traditional adjustment process for a property claim involves an inspection,

*continued*

damage assessment or estimate of the loss, and satisfactory resolution of the claim. Following catastrophes, however, the challenges of a large claims volume, complex coverage issues, and other extenuating circumstances may result in claim disputes that prevent the claim from being fully resolved. To reconcile these claims, a voluntary Temporary Special Mediation Program may help reassess all issues in the claim and reach a fair, equitable and expeditious settlement outside the courtroom.

### **COST AND OBLIGATION**

The Temporary Special Mediation Program would be entirely voluntary and at no additional cost to the customer. The carrier would pay for costs associated with the mediator, and any attorney or expert the carrier may retain. In some instances when the mediation is moved from the pre-established location, the carrier would pay that charge. Customers would pay their own travel expenses (including any accompanying individual) and for any attorney and experts they retain.

### **PHASES OF THE DISPUTE RESOLUTION PROCESS**

The Dispute Resolution Process has two phases:

#### **Phase 1 — The Resolution Meeting**

In this phase, a meeting for disputed claims that are pending more than 120 days would be arranged with the customer, any representative of the customer and, if requested by the insured, a representative of the insurance carrier not involved in the original adjustment process of the loss. The carrier's representative would review the claim and, if appropriate, offer a recommended resolution to the customer.

If parties are unable to agree on all issues related to the claim, the customer would be invited to participate in a non-binding, confidential, mediation. If a customer agrees to move forward to Phase 2, he or she would complete an Invitation-to-Mediate document.

#### **Phase 2 — Non-Binding Mediation**

Phase 2 of the Dispute Resolution Process is the Temporary Special Mediation Program.

Non-binding mediations would be scheduled within 30 days of the request. When mediation is scheduled, the actual meeting date may vary, depending on the availability of mediators, mediation locations or other circumstances. A single mediator from a panel of qualified impartial mediators would be selected. At mediation, the mediator would bring all materials relevant to the claim, including background material, schematics, photographs, video and audio materials. Customers could also provide any documents they wish the mediator to consider.

All covered damages would be considered in the non-binding mediation. Coverage disputes would not be mediated or in any way be included in the mediation process. At the successful conclusion, a Mediation Summary document would be completed and signed by all parties.

If the issues are resolved before the actual mediation takes place, both parties would complete and sign the Mediation Summary document. All issues resolved through settlement, whether settlement occurs before or at mediation, would be considered fully and finally released.

Unknown issues not contemplated by the settlement would not be considered released.

**MODEL DISASTER REGULATIONS COVERING MEDIATION OF DISPUTED  
CATASTROPHE CLAIMS**

XXXXX Department of Insurance

Emergency Regulation No:

Temporary Special Mediation Program for Personal Lines Residential Insurance Claims

Resulting From XXXXXXXXXXX XXXXX

**Table of Contents**

- Section 1. Authority and Specific Reasons for Finding an Imminent Peril to the Public Health, Safety or Welfare
- Section 2. Purpose and Scope
- Section 3. Definitions
- Section 4. Notification of the Right to Mediate
- Section 5. Request for Mediation
- Section 6. Scheduling of Mediation
- Section 7. Mediation Conference
- Section 8. Post-Mediation
- Section 9. Designation of Administrator
- Section 10. Severability
- Section 11. Effective Date
- Section 12. Confidentiality

*continued*

**Section 1. Authority and Specific Reasons for Finding an Imminent Peril to the Public Safety or Welfare**

The XXXX XXXXXXXXXXXX season has been extremely destructive for XXXXX. Extensive and devastating damage was caused by XXXXXXXXXXXX XXXXX, which hit the XXXXX state on XXXXX, as a X XXXXXXXXXXXX. XXXXXXXXXXXX XXXXX XXXXX the state and causing widespread major damage to homes, loss of personal belongings and corresponding loss of employment.

Pursuant to the Governor's Proclamations dated XXXXX, and XXXX, Governor XXXXX declared a state of emergency invoking his emergency powers pursuant to Code, and directed agencies of the state to discharge their emergency responsibilities as deemed necessary as set forth in the State of XXXXX Emergency Operations Plan and Executive Order No., dated XXXX. In accordance with the Proclamations and Executive Order, and Code and XXXX, there was a delegation of those emergency powers to the Commissioner of Insurance which allows him/her, in their discretion, to promulgate emergency regulations and guidelines to promote and secure the safety and protection of the citizens of this state.

The Commissioner of Insurance hereby adopts, pursuant to Code, on a temporary emergency basis, Emergency Regulation XXXX, which sets forth a non-adversarial alternative dispute resolution procedure which is prompted by the critical need for effective, fair and timely handling of personal lines residential insurance claims arising out of the damages to property caused by XXXXXXXXXXXXXXXXXXXX.

**Section 2. Purpose and Scope**

This emergency regulation establishes a special mediation program for property insurance claims resulting from XXXXXXXXXXXX XXXXX. It creates procedures for notice of the right to mediation, request for mediation, assignment of mediators, payment for mediation, and the conduct of mediation proceedings. The use of this program by the parties in dispute does not waive any contractual rights that the parties have under their insurance policies.

Before resorting to these procedures, insured's and insurers are encouraged to resolve claims as quickly and fairly as possible. The procedures established by this emergency regulation are available to all first party claimants prior to commencing either litigation or the appraisal process, who have claims resulting from damage to property in XXXXX caused by XXXXXXXXXXXX XXXXX.

The mediation procedures established under this emergency regulation shall not be available to the insured where the underlying issue is whether the policy was canceled, nonrenewed or lapsed prior to the loss resulting from XXXXXXXXXXXX XXXXX. Insured's may submit these issues to the Consumer Assistance Division of the department for review.

**Section 3. Definitions**

- (a) “Administrator” means the administrator designated by the Department.
- (b) “Eligible Claim” means any disputed open claim or a claim covered under the policy for which the insurer has denied payment. Unless the parties agree to mediate a claim involving a lesser amount, a claim involves a dispute in which the difference between the positions of the parties is \$2,000 or more. An eligible claim does not include a claim that is the subject of litigation, the appraisal process or a dispute with respect to which the insurer has reported allegations of fraud to the Department, based on an investigation by the insurer’s special investigative unit.
- (c) “Department” means the XXXXX Department of Insurance or its designee.
- (d) “Insurer” means only those companies subject to the jurisdiction of the Department as provided in Code. XXXXX, and which provide personal residential property insurance coverage in the State of XXXXX. The term insurer shall include eligible non-admitted insurers/surplus lines insurers doing business in XXXXX pursuant to XXXXX, and the XXXXX Windstorm Underwriting Association.
- (e) “Mediator” means an individual selected by the Administrator designated by the Department to mediate disputes pursuant to this emergency regulation. Mediators will be selected from a panel of mediators approved pursuant to the (Cite any state rules/statute for mediation), adopted by the XXXXX Supreme Court on XXXX.
- (f) “Party” or “Parties” means the insured and his or her insurer, including the XXXXX Windstorm Underwriting Association.

**Section 4. Notification of the Right to Mediate**

120 days after an insured files a first-party claim following a catastrophe, the insurer shall mail a notice of the right to mediation to any insured with an eligible claim. No other materials, forms or documents may be included in the mailing that contains this notice. A sample notification letter for use by insurers is attached hereto as Exhibit “A.” Use of this letter by insurers will satisfy the notification requirements of this Section. The insurer may send this notice in any form permitted by law in the state of XXXX for the delivery of insurance information.

**Section 5. Request for Mediation**

After 10 days from the date of the notice, an insured may request mediation by writing the administrator at XXXXX or by contacting the administrator on-line. This program does not act as a prerequisite to using the appraisal clause in their insurance policy to resolve a claim before complying with this regulation.

*continued*

The insured should provide the following information:

- Name, address, and daytime contact information (phone numbers, e-mail, etc.) of the insured and location of the property if different from the address given
- The claim and policy number for the insured
- A brief description of the nature of any and all disputed issues regarding the claim
- The name of the insurer and the name address and phone number of the insured's contact person for scheduling mediation
- Information with respect to any other policies of insurance that may provide coverage of the insured property for named perils such as flood or windstorm

### **Section 6. Scheduling of Mediation**

The administrator will select a mediator and the administrator will schedule the mediation conference. The administrator will attempt to facilitate reduced travel and expense to the parties and the mediator when selecting a mediator and scheduling the mediation conference.

The administrator shall confer with the mediator and all parties prior to scheduling a mediation conference. The administrator will set a date for the mediation within 30 calendar days of request. When mediations are scheduled, the actual meeting date may vary depending on the availability of mediators, mediation locations or other circumstances. The administrator shall notify each party in writing of the date, time and place of the mediation conference at least 10 calendar days prior to the date of the conference and concurrently send a copy of the notice to the Department.

The insurer shall notify the administrator as soon as possible after settlement of any claim which is scheduled-for mediation pursuant to this emergency regulation.

### **Section 7. Mediation Conference**

- (a) The representative of the insurer attending the conference must bring a copy of the policy to the conference. The representative of the insurer attending the conference must know the facts and circumstances of the claim and be knowledgeable of the provisions of the policy. An insurer will be deemed to have failed to appear if the insurer's representative lacks settlement authority for the full amount in dispute.
- (b) A party may move to disqualify a mediator for good cause at any time. The request shall be directed to the administrator if the grounds are known prior to the mediation conference. Good cause consists of a conflict of interest between a party and the mediator, inability of the mediator to handle the conference competently, or other reasons that would reasonably be expected to impair the conference.

- (c) Within five business days of the insurer's receipt of the request for mediation, the insurer shall pay a non-refundable administrative fee in the amount of \$100 to the administrator, which shall be used to defer the expenses of the administrator. The insurer shall also pay \$250 to the administrator for the mediator's fee not later than five days prior to the date scheduled for the mediation conference. However, if the mediation is cancelled for any reason more than five business days prior to the scheduled mediation time and date, the insurer shall pay \$50 to the administrator for the mediator's fee instead of \$250. No part of the fee for the mediator shall be refunded to the insurer if the conference is cancelled within five business days of the scheduled time.
- (d) If the insured fails to appear, without good cause as determined by the administrator, the insured may have the conference rescheduled only upon the insured's payment of the mediation fees for the rescheduled conference. If the insurer fails to appear at the conference, without good cause as determined by the administrator, the insurer shall pay the insured's actual expenses incurred in attending the conference and shall pay the mediator's fee whether or not good cause exists. Failure of a party to arrive at the mediation conference within 30 minutes of the conference's starting time shall be considered a failure to appear. Good cause shall consist of severe illness, injury, or other emergency which could not be controlled by the insured or the insurer and, with respect to an insurer, could not reasonably be remedied prior to the conference by providing a replacement representative or otherwise. If an insurer fails to appear at conferences with such frequency as to evidence a general business practice of failure to appear, the insurer shall be subject to penalties under Code XXXX and other applicable law.
- (e) The Department reserves the right to have an impartial representative present at any mediation conference conducted pursuant to this emergency regulation.
- (f) The mediator will be in charge of the mediation conference and describe the procedures to be followed. Each party will be given an opportunity to present their side of the controversy. In so doing, parties may utilize any relevant documents and may bring any individuals with knowledge of the issues, such as adjustors, appraisers, or contractors, to address the mediator. The mediator may meet with the parties separately, encourage meaningful communications and negotiations, and otherwise assist the parties to arrive at a settlement. The parties may be represented by counsel at the mediation conference. A party who will be represented by counsel at the mediation conference must notify the administrator at least 10 days prior to the date scheduled for the mediation conference. All statements made and documents reviewed at a mediation conference shall be deemed settlement negotiations in anticipation of litigation and shall be confidential and not admissible as evidence in a civil proceeding.
- (g) Both parties must negotiate in good faith at the mediation conference. A party will be determined to have not negotiated in good faith if the party or a person participating on the party's behalf, continuously disrupts, becomes unduly argumentative or adversarial, or otherwise inhibits the negotiations as determined by the mediator. The mediator shall terminate the conference if the mediator determines that either party is not negotiating in good faith.

*continued*

**Section 8. Post-Mediation**

- (a) Within five business days of the conclusion of the mediation conference the mediator shall file with the Department and the administrator a mediator’s status report indicating whether or not the parties reached a settlement. If the parties reached a settlement, the mediator shall include a copy of the settlement agreement with the status report.
- (b) Mediation is non-binding. However, if a settlement is reached, the insured shall have three business days within which he or she may rescind any settlement agreement provided that the insured has not cashed or deposited any check or draft disbursed to him or her for the disputed matters as a result of the mediation conference. If a settlement agreement is reached and is not rescinded, it shall act as a release of all specific claims that were presented and actually settled. However, the release shall not constitute a final waiver of rights of the insured with respect to claims for damages or expenses if circumstances that are reasonably unforeseen arise resulting in additional costs that would have been covered under the policy but for the release.
- (c) If a claim is settled at mediation, the insured may not request mediation on an issue not raised at the initial mediation for 60 days after the settlement.
- (c) If the insured decides not to participate in the mediation process or if the parties are unsuccessful at resolving the claim, the insured may choose to proceed under the appraisal process set forth in the insured’s insurance policy, by litigation, or by any other dispute resolution procedure available under XXXXX law.

**Section 9. Designation of Administrator**

The Department has designated the XXXXXXXXXXXXXXX as its administrator to carry out certain duties and responsibilities under this emergency regulation.

**Section 10. Severability**

If a court holds any subsection or portion of a subsection of this emergency regulation or the applicability thereof to any person or circumstance invalid, the remainder of the emergency regulation shall not be affected thereby.

**Section 11. Effective Date**

This emergency regulation shall be effective immediately upon filing with the Office of the Secretary of State of the State of XXXXX.

**Section 12. Confidentiality**

All of the above settlements and statistics are to be compiled and summarized by Insurance Department personnel for internal Insurance Department use. Reports submitted to the Insurance Department and the governor will be on an aggregate basis with no individual settlement information identified in those reports.

At the time of submission, an insurer should request an exception from disclosure under Section 89(5) of the Public Officers Law (Freedom of Information Law-FOIL) for any information or reports that it submits to the Insurance Department that it believes are trade secrets or commercial information that, if disclosed, would cause substantial injury to its competitive position.

In the event that a request is received by the Insurance Department for the release of information pursuant to FOIL and the insurer requested an exception from disclosure upon submission, the insurer will be notified and given the opportunity to respond to the Insurance Department in accordance with FOIL and Regulation XXXXXXXX.

**Commissioner of Insurance Notification Letter**

[Date]

[Policyholder Name and Address]

Re: Right to Mediation

Dear Policyholder:

XXXXX, Commissioner of Insurance for the State of XXXXX, has adopted an emergency regulation to facilitate fair and timely handling of property insurance claims arising out of XXXXXXXXXXX XXXXX.

The emergency regulation gives you the right to attend a mediation conference with your insurer in an effort to settle any dispute you have with your insurer about your claim. Note that in order to request a mediation conference; you must have a disputed claim, meaning that the difference between the positions of you and your insurance company is \$2000.00 or more.

You can start the mediation process 10 days after the date of this notice if you have a disputed claim by contacting the administrator, XXXXXXXXXXXX. An independent mediator, who has no connection with your insurer, will be in charge of the mediation conference.

Please be aware that from the date of this notice, there is a 10-day period that must lapse before you can request mediation. To request mediation, you may contact the Mediation Administrator in writing at XXXXXXXXXXXX, ATTN: XXXX or online at XXXX. Your request should include the following information:

*continued*

- Your claim and policy number
- The address of the property
- Daytime contact information (phone numbers, e-mail, etc.) and the mailing address where you can be reached should the Mediation Administrator need to contact you
- A brief description of the nature of any and all issues in dispute
- The name of the insurer and the name, address and phone number of the insured or the insured's contact person for scheduling mediation
- Information with respect to any other policies of insurance that may provide coverage of the insured property for named perils such as flood or windstorm

Once a request for mediation is received, the administrator will contact you to schedule your mediation conference.

If you have further questions concerning this letter, you may contact [name of the insurer and contact person or division] at [phone number].

Sincerely,

[Insurer]



## APCIA CATASTROPHE ACTION TOOL KIT

### SECTION 7

## FRAUD CONSIDERATIONS AND CONTRACTOR FRAUD MODEL

### FRAUD RECOMMENDATIONS

Invariably, there are bad actors that seek to take advantage of those victimized by a catastrophic event. What follows are recommendations and best practices for fighting fraud in the aftermath of a catastrophic event:

#### **1. Mobilize an antifraud task force, with pre-selected members, as part of a disaster response plan.**

The task force should include people in the following categories:

- State consumer protection agency officials
- State/Local disaster coordinator
- Appropriate state and local law enforcement agencies
- Department of Insurance officials
- Representatives from the insurance industry including insurance company special investigation unit (SIU) representatives
- Independent agents appointed through the Independent Insurance Agents & Brokers (IIAB)
- National Insurance Crime Bureau (NICB)
- Appropriate state and local prosecutorial officials
- Appropriate state and local licensing officials for the building trades, insurance adjustors, public adjusters, etc.
- Insurance trade associations

#### **2. The task force would facilitate and coordinate anti-fraud efforts and provide for dedicated resources. The task force would help protect consumers by:**

- Disseminating information on potential and actual fraud schemes
- Identifying suspected fraud
- Ensuring prompt and appropriate action by regulatory and law enforcement officials when suspected fraud is identified
- Establishing procedures to help consumers and insurers report price gouging

*continued*

**3. Dedicated resources are recommended to ensure important anti-fraud issues are dealt with swiftly and consistently. Without dedicated resources, it is difficult to meet the challenges of a catastrophe. Resources to consider include:**

- Law enforcement — to investigate suspicious activity
- State and local disaster coordinator support
- Prosecutors — to prosecute offenders
- Communications — to keep the public informed of schemes and arrests
- Regulatory investigators — to investigate complaints, allegations and enforce rules against licensees
- Insurance industry SIU representatives — to help provide fraud awareness training for the other dedicated resources and to investigate the specific allegations of fraud
- National Insurance Crime Bureau (NICB) — to help collect data on suspicious activity and to assist with criminal investigations

**4. Publicizing anti-fraud efforts would help detect and prevent catastrophe fraud schemes.**

Insurance trade organizations, National Insurance Crime Bureau (NICB) and the International Association of Special Investigative Units can help package and deliver the message. Items to consider for appropriate publication include: public service announcements (PSAs) to inform the public about potential fraud issues after a catastrophe, along with fraud pamphlets and posters.

A series of scripts provided by the NICB (Appendix 1) are attached. NICB can provide the actual pre-recorded PSA on request. The NICB Hotline is also available to report suspicious activity. Consumer focused PSAs will cover:

- Information on identified fraud schemes and prevention tips
- Press releases on arrests
- Announcements of regulatory action taken
- Sources for victim assistance

### **CONTRACTOR FRAUD MODEL**

After any catastrophic event, “storm chasing” contractors move in to impacted areas taking advantage of unwary homeowners, convincing them to make claims for damage that may not exist, or taking money for repairs that are never made. This model language addresses those situations by:

- Prohibiting deductible rebating which is a practice often used to lure property owners in to making a claim for “free” repairs.
- Requiring specific disclosures to the property owners regarding the nature and extent of the damage assessed by the contractor.
- Providing the property owners with the right to cancel repair contracts when the claims intended to fund them are denied in whole or in part and not obligating them to pay for unnecessary repairs.

### **Section A - Definitions**

1. “Contractor” means any person, including a subcontractor and nonresident contractor or subcontractors, engaged in the business of commercial or residential repair services for a fee, or who offers to engage in or solicits roofing-related services, including construction, installation, renovation, repair, maintenance, alteration, and waterproofing.
2. “Nonresident contractor” means any contractor or subcontractor who has not established and maintained a place of business as a contractor in this state within the preceding year, or who claims residency in another state, or who has not submitted an income tax return as a resident of this state within the preceding year;

### **Section B - Deductible Rebating Prohibition**

1. No contractor may advertise or promise to pay or rebate all or part of any applicable insurance deductible.
  - a. A promise to rebate any portion of an insurance deductible includes granting any allowance or offering any discount against the fees to be charged or paying an insured or a person directly or indirectly associated with the residential real estate any form of compensation, except for any item of nominal value.
  - b. If a contractor violates this section, any contract entered into between the contractor and that person or entity is null and void.

*continued*

**Section C – Consumer Disclosure Requirements for Repair Contracts**

1. Any contract for commercial or residential repairs shall include the following:
  - a. A copy of a repair estimate that contains the following disclosures:
    - i. A precise description and location of all damage claimed on the repair estimate;
    - ii. An itemized estimate of repair costs, including the cost of raw materials, hourly labor rate and the number of hours for each item of repair or a unit cost basis;
    - iii. If damaged areas are not included on the repair estimate, a specification of those areas and any reason for their exclusion from the repair estimate;
    - iv. Whether or not the property was inspected prior to the preparation of the estimate and the nature of that inspection, specifically if the roof was physically accessed or not; and
    - v. That a contractor has made no assurances that the claimed loss will be covered by an insurance policy.
  - b. A disclosure that the consumer/policyholder is responsible for payment for any work performed if the insurer should deny payment or coverage any part of the loss.

**Section D – Repair Contracts – Right to Cancel**

1. A person who has entered into a written contract with a contractor to provide repair services to be paid by the insured from the proceeds of a property or casualty insurance policy has the right to cancel the contract within 72 hours after the insured has received notice in writing from the insurer that the claim has been denied, in whole or in part. Cancellation is evidenced by the insured giving written notice of cancellation to the contractor at the address stated in the contract. Notice of cancellation, if given by mail, is effective upon deposit in a mailbox, properly addressed to the contractor and postage prepaid. Notice of cancellation need not take a particular form and is sufficient if it indicates, by any form of written expression, the intention of the insured not to be bound by the contract.
2. Before entering a contract referred to in subdivision 1, the contractor must:
  - a. Furnish the insured with a statement in boldface type of a minimum size of ten points, in substantially the following form: “You may cancel this contract at any time within three business days after you have been notified that your insurer has in whole or part, denied your claim to pay for the goods and services to be provided under this contract. See attached notice of cancellation form for an explanation of this right”; and

- b. furnish each insured a fully completed form in duplicate, captioned, "NOTICE OF CANCELLATION," which shall be attached to the contract and easily detachable, and which shall contain in boldface type of a minimum size of ten points the following information and statements:

**"NOTICE OF CANCELLATION**

If your insurer, in whole or in part denies your claim to pay for goods and services to be provided under this contract, you may cancel the contract by mailing or delivering a signed and dated copy of this cancellation notice or any other written notice to (name of contractor) at (address of contractor's place of business) at any time within three business days after you have been notified that your claim has been denied. If you cancel, any payments made by you under the contract will be returned within ten business days following receipt by the contractor of your cancellation notice.

I HEREBY CANCEL THIS TRANSACTION.

.....

(date)

.....

(Insured's signature)"

3. **Return of payments; compensation.** Within ten days after a contract referred to in subdivision 1 has been canceled, the contractor must tender to the insured any payments made by the insured and any note or other evidence of indebtedness. However, if the contractor has performed any emergency services, the contractor is entitled to reasonable compensation for such services as long as the insured has received a detailed description and itemization of charges for those services.

**Drafting Notes:**

**Penalties** — This draft allows for incorporation of existing provisions for civil and criminal penalties. Appropriate penalty provisions should have a strong deterrent effect and increased penalties based on persistent violations or a pattern of conduct violating this statute. Suspension or revocation of any required license or registration should also be a part of penalty provisions.

**Additional Recommendations — Contractor Fraud**

In the aftermath of a catastrophic event, it is common to have both an influx of out of state repair contractors as well as an increase in questionable and even fraudulent activity related to the solicitation of repair jobs.

While the majority of contractors operate honestly, consumer complaints surrounding contractor solicitations are common following any significant event where roof damage is widespread.

*continued*

In the aftermath of any significant event, it is important for insurance regulators to urge the public to be aware that while solicitation is a common practice, there are steps that consumers can take to protect themselves from fraud such as:

- Read your policy, ask questions of your agent, and know what is covered and what is not covered before the storm occurs.
- Be wary of contractors who offer to report claims to insurers on their behalf; always speak to your agent or insurer first.
- Do not sign repair contracts until the insurer has had an opportunity to inspect the damaged property.
- Read the repair contract thoroughly; there may be language that obligates the property owner to pay for repairs or charges the insurer may not cover.

The following section contains examples of what regulators have done to promote awareness of these issues.

### **Contractor Fraud: Public Awareness Best Practices for Regulators**

1. News Releases — Many states insurance regulators have issued news releases providing guidance for homeowners regarding solicitations from contractors and advice for homeowners and for contractors. Some examples:
  - a. Indiana has Issued news releases advising consumers to be wary of contractors and public adjusters who solicit their business after a storm. The release provided contact numbers to verify licensing of public adjusters and tips for dealing with contractors.
  - b. Pennsylvania has issued press releases giving tips to victims of severe storms, the Pennsylvania Insurance Commissioner advises people against home repair contractors.
2. Brochures
  - a. Ohio — published a brochure for contractors on dealing with homeowners in the aftermath of a natural disaster.
  - b. Nebraska — “Do I Have Hail Damage on My Roof?”—The department’s website has a brochure that outlines what is and what is not hail damage.
  - c. North Carolina — In its brochure entitled “Insurance Fraud in North Carolina,” there is a section on property repair and building contractors.

3. Webpage
  - a. California — “Consumers: Insurance Fraud is a Felony”—on this webpage (revised 2003); the California Department of Insurance provides red flags when getting quotes from building contractors.
  - b. Maine — “Insurance Consumer Bulletin: Coping with the Aftermath of Weather-Related Disasters”.
  - c. Maryland — “Avoid Home Repair Scams” Following past snow storms, the Maryland Insurance Administration made tips to prevent contractor fraud front and center on their website homepage.
4. Social Media — News about the Ohio Department of Insurance’s efforts in combating contractor fraud is on Facebook.
5. Other Best Practices
  - a. Door to Door Awareness Campaign — Following a hail storm in Youngstown, Ohio, the Department of Insurance partnered with insurers to go door to door providing information for effected homeowners on contractor solicitations.
  - b. California Blitz, the California Department of Insurance has worked with the Contractors State License Board in the “California Blitz,” a two-day undercover operation to ferret out people offering contractor services without a license.
  - c. Prosecuting Fraudulent Business Practices by Contractors, the New York State Insurance Department Frauds Bureau participated in an investigation that resulted in an arrest of a Hampton Bays contractor charged with insurance fraud.
6. Other Resources
  - a. National Insurance Crime Bureau (NICB) — Has developed a number of brochures and resources for consumers, including one for hail damage entitled “Don’t Be Victimized Twice.”
  - b. Coalition Against Insurance Fraud ([www.insurancefraud.org](http://www.insurancefraud.org))
  - c. Better Business Bureau — The BBB provides a list of reputable contractors and monitors consumer complaints against contractors.
  - d. FEMA — Representatives from FEMA have participated in workshops to share tips on how to prevent becoming a victim of contractor fraud. FEMA also publishes periodic releases, e.g., “Beware of Contractor Fraud”.
  - e. Attorneys General Office — Credible contractor firms should be registered with the AG office. Some AG offices also issue press releases cautioning storm victims about scams and/or have consumer protection hot-lines.

*continued*

## Appendix 1

### Public Service Announcements — Disaster Fraud Hurricanes — Disaster Fraud

#### 60 Seconds

I'm XXXXXXXXXXXXX, Director of Public Affairs at the National Insurance Crime Bureau. Becoming a victim of a hurricane may be impossible to avoid. But you can avoid being victimized by dishonest contractors and adjusters.

After a hurricane, sales people go from door-to-door in damaged neighborhoods, offering clean-up or repair services. While many of these business people are honest and reputable, others are not. Educate yourself against unscrupulous operators.

- Get everything in writing.
- Demand references and check them out.
- A catastrophe greatly magnifies the opportunity for fraud. Don't be tempted to conspire in an insurance claim. Insurance fraud is a felony.

For more tips about avoiding disaster fraud, visit the NICB Web site at [www.nicb.org](http://www.nicb.org). To report disaster fraud, call 1-800 T E L - N I C B. (Speak letters.)

### Hurricanes — Disaster Fraud

#### 30 Seconds

I'm XXXXXXXXXXXXX, Director of Public Affairs at the National Insurance Crime Bureau. Becoming a victim of a hurricane may be impossible to avoid. But you can avoid being victimized by dishonest contractors and adjusters. Educate yourself against unscrupulous operators by visiting the NICB Web site at [www.nicb.org](http://www.nicb.org). To report disaster fraud, call 1-800 T E L - N I C B (speak the letters).

### Flood — Disaster Fraud

#### 60 Seconds

I'm XXXXXXXXXXXXX, Director of Public Affairs at the National Insurance Crime Bureau. Becoming a victim of a flood may be impossible to avoid. You can avoid being victimized by dishonest contractors and adjusters.

After a flood, sales people go from door-to-door in damaged neighborhoods, offering cleanup or repair services. While many of these business people are honest and reputable, others are not. Educate yourself against unscrupulous operators.

- Get everything in writing.
- Demand references and check them out.

A catastrophe greatly magnifies the opportunity for fraud. Don't be tempted to conspire in an insurance claim. Insurance fraud is a felony. Educate yourself against unscrupulous operators by visiting the NICB Web site at [www.nicb.org](http://www.nicb.org). To report disaster fraud, call 1-800 T E L - N I C B. (Speak letters.)

### Flood — Disaster Fraud

#### 30 Seconds

I'm XXXXXXXXXXXXX, Director of Public Affairs at the National Insurance Crime Bureau. Becoming a victim of a flood may be impossible to avoid. You can avoid being victimized by dishonest contractors and adjusters.

Educate yourself against unscrupulous operators. Educate yourself against unscrupulous operators by visiting the NICB Web site at [www.nicb.org](http://www.nicb.org). To report disaster fraud, call 1-800 T E L - N I C B. (Speak letters.)

### Earthquake — Disaster Fraud

#### 60 Seconds

I'm XXXXXXXXXXXXX, Director of Public Affairs at the National Insurance Crime Bureau. Becoming a victim of an earthquake may be impossible to avoid. You can avoid being victimized by dishonest contractors and adjusters.

After an earthquake, sales people go from door-to-door in damaged neighborhoods, offering clean-up or repair services. While many of these business people are honest and reputable, others are not. Educate yourself against unscrupulous operators.

- Get everything in writing.
- Demand references and check them out.

*continued*

A catastrophe greatly magnifies the opportunity for fraud. Don't be tempted to conspire in an insurance claim. Insurance fraud is a felony.

Educate yourself against unscrupulous operators by visiting the NICB Web site at [www.nicb.org](http://www.nicb.org). To report disaster fraud, call 1-800 T E L - N I C B. (Speak letters.)

### Earthquake — Disaster Fraud

#### 30 Seconds

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Educate yourself against unscrupulous operators by visiting the NICB Web site at [www.nicb.org](http://www.nicb.org). To report disaster fraud, call 1-800 T E L - N I C B. (Speak letters.)

### Tornado — Disaster Fraud

#### 60 Seconds

I'm XXXXXXXXXXXXX, Director of Public Affairs at the National Insurance Crime Bureau. Becoming a victim of a tornado may be impossible to avoid. You can avoid being victimized by dishonest contractors and adjusters.

After a tornado, sales people go from door-to-door in damaged neighborhoods, offering clean-up or repair services. While many of these business people are honest and reputable, others are not. Educate yourself against unscrupulous operators.

- Get everything in writing.
- Demand references and check them out.

A catastrophe greatly magnifies the opportunity for fraud. Don't be tempted to conspire in an insurance claim. Insurance fraud is a felony.

Educate yourself against unscrupulous operators by visiting the NICB Web site at [www.nicb.org](http://www.nicb.org). To report disaster fraud, call 1-800 T E L - N I C B. (Speak letters.)

### Tornado – Disaster Fraud

#### 30 Seconds

I'm XXXXXXXXXXXXX, Director of Public Affairs at the National Insurance Crime Bureau. Becoming a victim of a tornado may be impossible to avoid. You can avoid being victimized by dishonest contractors and adjusters. Educate yourself against unscrupulous operators.

Educate yourself against unscrupulous operators by visiting the NICB Web site at [www.nicb.org](http://www.nicb.org). To report disaster fraud, call 1-800 T E L - N I C B. (Speak letters.)

### Wildfire – Disaster Fraud

#### 60 seconds

I'm XXXXXXXXXXXXX, Director of Public Affairs at the National Insurance Crime Bureau. Becoming a victim of a wildfire may be impossible to avoid. You can avoid being victimized by dishonest contractors and adjusters.

After a wildfire, sales people go from door-to-door in damaged neighborhoods, offering clean-up or repair services. While many of these business people are honest and reputable, others are not. Educate yourself against unscrupulous operators.

- Get everything in writing.
- Demand references and check them out.

A catastrophe greatly magnifies the opportunity for fraud. Don't be tempted to conspire in an insurance claim. Insurance fraud is a felony. For more tips about avoiding disaster fraud, visit the NICB Web site at [www.nicb.org](http://www.nicb.org). To report disaster fraud, call 1-800 T E L - N I C B. (Speak letters.)

### Wildfire – Disaster Fraud

#### 30 Seconds

I'm XXXXXXXXXXXXX, Director of Public Affairs at the National Insurance Crime Bureau. Becoming a victim of a wildfire may be impossible to avoid. You can avoid being victimized by dishonest contractors and adjusters. Educate yourself against unscrupulous operators by visiting the NICB web site at [www.nicb.org](http://www.nicb.org). To report disaster fraud call 1-800 T E L - N I C B. (Speak letters.)



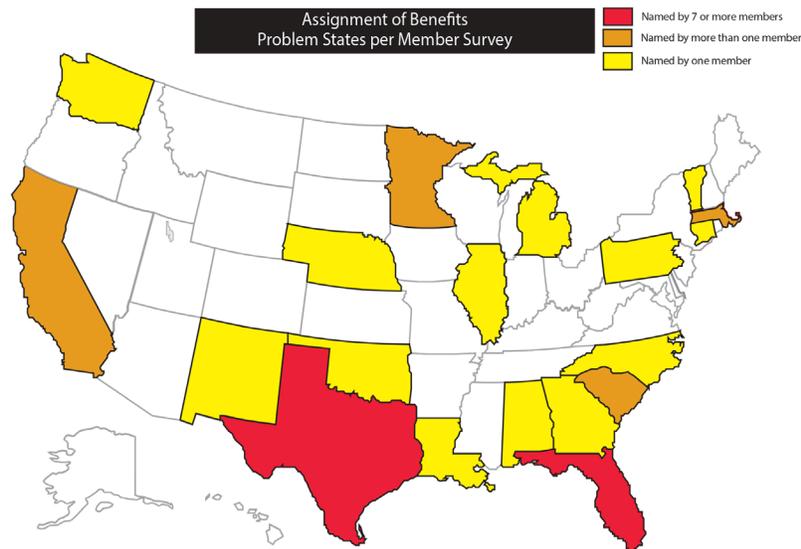
**APCIA CATASTROPHE ACTION TOOL KIT**

**SECTION 8**  
**ASSIGNMENT OF BENEFITS ABUSE**

Assignment of Benefits, or AOB for short, is a provision in a vendor’s repair contract. An AOB provision assigns the benefits that an insurance policyholder is entitled to receive over to a third party. Originally called a “direction to pay,” a cottage industry of some billboard trial lawyers and shady repair firms have found a way to exploit AOBs. While AOB’s are used in a wide range of circumstances, many examples of AOB abuse arise in the aftermath of a catastrophic event.

**HOW WIDESPREAD IS AOB ABUSE?**

APCIA recently conducted a survey of its members to determine the extent of the problem. The results indicated that while AOB’s are used to some degree in every state, nearly half were named as problematic by survey respondents.



**WHAT KIND OF PROVIDERS ABUSE AOB’S?**

While water remediation/restoration companies were most often named as abusers, glass repair vendors, body shops, roofers, medical providers were often mentioned as well as public adjusters, who are believed to secure signatures on AOB agreements for providers.

*continued*

### WHAT CAN BE DONE TO CURB AOB ABUSE?

- **Promote Public Awareness** — More than any other state, Florida has had the most experience with AOB abuse and provides an excellent model of what regulators can to do raise awareness among other policymakers and the public.
  - **The Florida Office of Insurance Regulation (OIR)** — the OIR website includes a dedicated page for the issue that includes recent trends analysis and OIR presentations. The page also includes an AOB fact sheet and a consumer alert issued in the aftermath of Hurricane Irma.
    - **Post-Loss Assignment of Benefits (AOB) Fact Sheet**
    - **CONSUMER ALERT: Know What You Are Signing for Repairs After Hurricane Irma**
  - **Florida Chief Financial Officer (CFO)** — The Florida CFO website also includes a dedicated page of resources related to AOB including a glossary of AOB related terms, FAQ and other educational materials. The site includes an informational video, AOB brochures, red flag check lists, and other consumer tips in English, Spanish, and Creole.
  - Radio PSA Script From Florida Consumer Protection Coalition

A fast-growing scheme called Assignment of Benefits is costing Floridians millions.

It works like this: After you file a homeowners or auto glass claim, shady lawyers, contractors and auto glass companies take control of your insurance benefits. Trial lawyers manufacture lawsuits by inflating claims or suing insurance companies without your knowledge. This added cost is passed onto consumers through higher insurance premiums.

Call your state legislators today and tell them to support meaningful AOB reform. Learn more at [fight fraud dot today \(www.fightfraud.today\)](http://fightfraud.today).

- **Support AOB Reform Legislation** — Notwithstanding anti-assignment language contained in most property policies, most state courts recognize the ability of a policyholder to assign their rights under a policy post loss while still enforcing anti-assignment policy language in other circumstances.

As AOB abuse has become more widespread, insurers and other stakeholders have proposed a number of common sense reforms aimed at clarifying the parties' obligations without limiting consumer choice. AOB reforms recently passed in Nebraska ([LB 743](#), [Sections 32-35](#)) include:

- An improved consumer disclosure in repair contracts that includes an assignment of benefits; and
- Prompt notice to the insurer (within 5 business days of the assignment) of the assignment.

Other reforms supported by insurers, regulators and consumer groups in Florida include:

- Clarifying that the assignee must abide by the terms of the policy; and
- Curbing “one way” attorney fees that encourage litigation and in some circumstances allow recovery of fees that dwarf the amount in dispute.



## APCIA CATASTROPHE ACTION TOOL KIT

### SECTION 9

## FLOOD VEHICLES AND SALVAGE TITLE ISSUES

Whenever catastrophic events involve flooding, there will be many flood damaged vehicles. Recovering, appraising damage and efficiently disposing of a large number of such vehicles properly, branded as “flood damaged” or “salvage” according to the title laws of the state, becomes a “second storm” that faces insurers, regulators and motor vehicle title agencies.

#### **WATER DAMAGED VEHICLE CLAIM BASICS**

Unlike a typical homeowner policy, water damage is typically covered under an auto policy if the policy holder has chosen to purchase “comprehensive” physical damage coverage. While some water damaged vehicles can have carpets and upholstery dried and cleaned, if water (particularly salt water) contacts electrical or mechanical components damage can occur that will cause the vehicle to be a total loss.

#### **RECOVERY AND INSPECTION- ACCESS TO DAMAGED AREAS IS KEY**

As a rule, insurance company adjusters and supporting vendors (such as auto salvage companies and their towing contractors) should have access to the area as soon as the residents are allowed access to their homes.

In most cases, insurers will want to have water damaged vehicles moved by their salvage vendors to a location where no storage charges will accrue, and the vehicle can be inspected. To prepare for catastrophic situations, salvage vendors often have contingency plans to bring in more tow trucks and secure additional space to store storm damaged vehicles.

- Emergency Towing License - Where state law precludes out of state towing vendors, states should consider setting up an emergency licensing program, such as was established in Texas ( see attachment).

*continued*

To help expedite access, recovery and inspection of storm damaged vehicles, regulators should consider the following steps:

- Work with state disaster planning authorities to ensure that insurance adjusters, salvage vendors and their affiliated towing contractors are allowed access to the damaged areas as soon as residents are allowed access to their homes.
- Provide licensed insurers with a supply of or electronic format for adjuster ID badges for disaster security checkpoints, recognized by state and local law enforcement for access to damaged areas.
- Work with other state and local authorities to organize daily meetings or conference calls to coordinate access information about site hazards.
- Insurance departments should post daily web site updates about disaster areas as they become open for access.

### **THE SECOND WAVE: EXPEDITED SALVAGE TITLE PROCESSING**

Once insurers settle the claims, the “second storm” will hit the state agency responsible for motor vehicle titling, with thousands of applications for salvage titles being transmitted in a short period of time. Insurance regulators should work with their counterparts at the state motor vehicle title agency to coordinate activity, and serve as a conduit for information between insurers, salvage vendors and the titling agency. There is also an opportunity to discuss some steps that have been taken in other states, such as:

- **Staffing** — Being prepared to temporarily divert staff to title processing from other duties to avoid backlogs.
- **Lost or Unobtainable Titles** — A common occurrence absent a catastrophic event, some vehicle owners are unable or unwilling to produce the vehicle title, even though the insurer has paid the claim. Several states have passed legislation allowing an insurer to obtain a salvage title with proper documentation of payment and attempts to secure the title from the owner.
  - Attachments: Process for Lost or Unobtainable Titles (TX, Model Language)

*continued*

**Examples of other state actions to expedite salvage title processing**

- Waive notary process, accept scanned signatures (PA, NJ)
- Waive fees to expedite processing (FL)
- Temporary non-repairable process (TX)
- Waiver of Late Title Transfer Fee (TX)
- Temporary certificate of Destruction (LA)

**MODEL LANGUAGE - LOST OR UNOBTAINABLE TITLES**

1. An insurance company that does not receive, within 30 days from the date of the total loss insurance settlement, the properly endorsed certificate of title for a motor vehicle acquired as salvage may apply to the Department for a salvage certificate in the name of the insurance company, without surrendering the certificate of title for the vehicle.
2. Regardless of the existence of a lien against the vehicle, the Department shall issue a salvage certificate in the name of the insurance company, free and clear of all liens, if the application is accompanied by all of the following:
  - a. Evidence of payment of the total loss claim.
  - b. An affidavit from the insurance company or its authorized agent stating that it has made at least 2 written attempts, addressed to the vehicle owner of record and any known lienholders, and has been unable to obtain the properly endorsed certificate of title.



## APCIA CATASTROPHE ACTION TOOL KIT

### APPENDIX A ADJUSTER RESOURCES

While catastrophes are unforeseeable, advanced preparations can facilitate a rapid response to afflicted areas. Compiling informational resource packets in advance makes deployment of a temporary adjusting community easier and more efficient.

Suggested components for resource kits include:

**Create Adjuster's Kit** — Include maps of the area, emergency contacts, land and cell phone numbers, email, local statutes and regulations, key governmental and regulatory contacts, copies of emergency rules or orders that are issued or apply to the catastrophic event.

**Lodging Information** — Provide names and contact information for local hotels and motels and prearranging for priority space at standard pricing with hotel and chains that would ensure the availability of rooms for lodging and temporary working quarters in the area.

**Identify Sources for Meals/Water** — Provide lists of area restaurants, grocery stores, delis and sources for bottled water, along with area maps. Where significant disruption to the local infrastructure has occurred, emergency supplies of food and water at designated locations will facilitate rapid responses by the adjusting community.

**Develop Distribution Plan for First Aid Kits** — Designate a pickup area for Emergency First Aid Kits where local infrastructures have been significantly disrupted. Provide a list of medical providers in the area for injuries or illnesses requiring medical intervention, along with maps to access providers.

**Transportation/Gasoline** — List names and contact information for local rental agencies and gas stations. If gas shortages exist, compile real-time information of suppliers for use by adjusters at designated pickup areas. Where highway infrastructure has been disrupted, provide alternative route information.

**Licensing Protocols** — All licensing requirements applicable to handling the disaster should be reviewed, including those required for adjusters, engineers, contractors, emergency responders, loss prevention personnel, and others who will be working in the disaster area. Common areas should be designated to handle administrative requirements for licensing.

**Designate Common Work Areas** — When infrastructure suffers significant disruption, designate common areas where agents, adjusters, governmental agencies and emergency relief agencies can all be accessed by the impacted public.

**Identify Administrative Help** — Provide names of temporary help services in the local area. Consider creating a temporary call center plan to help constituents obtain the right resources and designating individuals to help address the needs of citizens in public and private sectors.

**Create Internet Access Plan** — Create an emergency plan to activate a wireless network that would allow adjusters to access the Internet in a common work area. Work with insurers in advance to assure connectivity requirements are known.



**APCIA CATASTROPHE ACTION TOOL KIT**

APPENDIX B  
**SAMPLE CATASTROPHE DATA  
REPORTING FORM**

The following pages are a sample of the Catastrophe Data Reporting Form, presented in an Excel spreadsheet.

*continued*

**State of TESTSTATE Sandy Data Call Summary**  
**Group: Test Group**  
**Claims as of: 12/01/18**

|                       | Claims Reported | Claims Closed With Payment | Claims Closed Without Payment | Paid Loss | Case Incurred Loss | % Closed |
|-----------------------|-----------------|----------------------------|-------------------------------|-----------|--------------------|----------|
| Residential Property  | 156             | 36                         | 20                            | 24,565.00 | 26,550.00          | 35.9%    |
| Commercial Property   | 0               | 0                          | 0                             | 0.00      | 0.00               | 0.0%     |
| Personal Auto         | 0               | 0                          | 0                             | 0.00      | 0.00               | 0.0%     |
| Commercial Auto       | 0               | 0                          | 0                             | 0.00      | 0.00               | 0.0%     |
| Business Interruption | 0               | 0                          | 0                             | 0.00      | 0.00               | 0.0%     |
| All Other Lines       | 0               | 0                          | 0                             | 0.00      | 0.00               | 0.0%     |
| <b>Totals</b>         | 156             | 36                         | 20                            | 24,565.00 | 26,550.00          | 35.9%    |

**State of TESTSTATE  
Data Call for Storm Sandy**

Evaluation Date: 12/01/18

| NAIC Group # | Group Name    | Test Group |
|--------------|---------------|------------|
| 0101         |               |            |
| 99999        | Company Names | XXX        |
| 99999        |               | XXX        |

Insert more rows if needed

**Due Dates**

Claims Reported as of:

|                |                |
|----------------|----------------|
| 1st Report due | 5th Report due |
| 2nd Report due | 6th Report due |
| 3rd Report due | 7th Report due |
| 4th Report due |                |

**Thereafter, updated reports are due the 1st Tuesday of every month for all claims reported as of the preceeding Friday. Insurers must continue to report updated data until the respective Department of Insurance advises insurer to cease reporting.**

**Contact Person**

Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Telephone: \_\_\_\_\_  
 E-Mail: \_\_\_\_\_

**Instructions:**

- \* One file is to be submitted for the group.
- \* Data should be inception-to-date as of the evaluation date (this is cumulative data)
- \* Data should be entered as a number - this has been incorporated into the form - please do not change the form in any way
- \* Numbers that are zeroes should be reported using a zero - do not leave cells blank
- \* The ZipCode data fields are locked down. If there are no claims in a particular ZipCode the insurer will need to report a zero to confirm the particular ZipCode.
- \* Reporting does not apply to Reinsurance or Workers Comp claims. Reporting applies solely to Property & Casualty Insurers.
- \* E-mail the report to **xxxx@xxxx**. Please do not submit printed copies.
- \* Data will only be released in aggregate form on an overall state level.

**Definitions:**

"Loss" means indemnity payments, but excludes adjustment expense. Payments should be net of actual salvage and subrogation recover lines, include losses associated with loss of use, additional living expense, fair rental value, etc.

"Case Incurred Loss" means indemnity case reserves and payments to date. Estimates of IBNR should not be included.

"Payment" means loss payment, and does not include adjustment expenses.

"Residential Property" is defined as any type of personal lines insurance provided against loss to real and personal property as defined in policy and extended coverage thereon, a dwelling policy, the homeowners, tenants, and condominium unit owners multiple peril policy, mobi insurance policy, insurance against the perils of vandalism, malicious mischief, burglary, or theft, or liability insurance, or any combination th issued for delivery in the State,

"Commercial Property" includes all commercial property losses, including those on commercial Dwelling Fire and Allied Lines policies. Bu losses should be excluded from this tab, but included on the separate "Business Interruption" tab.

"Business interruption" includes losses under a commercial policy for loss of income, operating expenses, and extra expenses while a bu operations.

"Private/Excess Flood" shall NOT include NFIP "write-your-own." It should only include private and excess insurance.

"All Other" shall exclude Workers Compensation, other than property damage claims, professional liability, mortgage/financial guaranty, fid Property/Casualty claims.

**Instructions from the State of TESTSTATE:**

---

**Industry Comments:**

**Please explain any decrease in data reported or any large swings (>25%) in numbers from previously repc**

---

| Zip Code | City/Town | Residential Property Claims Reported | Residential Property Claims Closed With Payment | Residential Property Claims Closed Without Payment | Residential Property Paid Loss | Residential Property Case Incurred Loss | Commercial Property Claims Reported | Commercial Property Claims Closed With Payment | Commercial Property Claims Closed Without Payment | Commercial Property Paid Loss | Commercial Property Case Incurred Loss | Personal Auto Claims Reported | Personal Auto Claims Closed With Payment | Personal Auto Claims Closed Without Payment | Personal Auto Paid Loss | Personal Auto Case Incurred Loss | Commercial Auto Claims Reported | Commercial Auto Claims Closed With Payment | Commercial Auto Claims Closed Without Payment | Commercial Auto Paid Loss | Commercial Auto Case Incurred Loss | Business Interruption Claims Reported | Business Interruption Claims Closed With Payment | Business Interruption Claims Closed Without Payment | Business Interruption Paid Loss | Business Interruption Case Incurred Loss | All Other Claims Reported | All Other Claims Closed With Payment | All Other Claims Closed Without Payment | All Other Paid Loss | All Other Case Incurred Loss |
|----------|-----------|--------------------------------------|---|--|--------------------------------|---|-------------------------------------|--|---|-------------------------------|--|-------------------------------|--|---|-------------------------|----------------------------------|---------------------------------|--|---|---------------------------|------------------------------------|---------------------------------------|--|---|---------------------------------|--|---------------------------|--------------------------------------|---|---------------------|------------------------------|
| ALL      | ALL       | 150                                  | 35  | 20   | 24,995                         | 26,500                                  |                                     |  |   |                               |  |                               |  |   |                         |                                  |                                 |  |   |                           |                                    |                                       |  |   |                                 |  |                           |                                      |   |                     |                              |
| 0        | City 1    | 11                                   | 3   | 0  | 3500                           | 3500                                    |                                     |  |   |                               |  |                               |  |   |                         |                                  |                                 |  |   |                           |                                    |                                       |  |   |                                 |  |                           |                                      |   |                     |                              |
| 11111    | City 2    | 1                                    | 1   | 0  | 4500                           | 5000                                    |                                     |  |   |                               |  |                               |  |   |                         |                                  |                                 |  |   |                           |                                    |                                       |  |   |                                 |  |                           |                                      |   |                     |                              |
| 22222    | City 3    | 1                                    | 0   | 0  | 4500                           | 5000                                    |                                     |  |   |                               |  |                               |  |   |                         |                                  |                                 |  |   |                           |                                    |                                       |  |   |                                 |  |                           |                                      |   |                     |                              |
| 33333    | City 4    | 1                                    | 0   | 0  | 5500                           | 6000                                    |                                     |  |   |                               |  |                               |  |   |                         |                                  |                                 |  |   |                           |                                    |                                       |  |   |                                 |  |                           |                                      |   |                     |                              |
| 44444    | City 5    | 1                                    | 1   | 0  | 85                             | 50                                      |                                     |  |   |                               |  |                               |  |   |                         |                                  |                                 |  |   |                           |                                    |                                       |  |   |                                 |  |                           |                                      |   |                     |                              |
| 55555    | City 6    | 1                                    | 2   | 0  | 1200                           | 1800                                    |                                     |  |   |                               |  |                               |  |   |                         |                                  |                                 |  |   |                           |                                    |                                       |  |   |                                 |  |                           |                                      |   |                     |                              |
| Unknown  | Unknown   | 150                                  | 30  | 20   | 5000                           | 5000                                    |                                     |  |   |                               |  |                               |  |   |                         |                                  |                                 |  |   |                           |                                    |                                       |  |   |                                 |  |                           |                                      |   |                     |                              |

**Make sure the data reported is cumulative data.**  
**Please continue to report data even if there are no changes from the prior reporting period**

Each individual state can provide the zip codes in their state. These zipcodes can be put into the spreadsheet and protected. The company can then enter information by zip code. Prepopulation of zip codes makes it easier to get correct information as some companies do not



## APCIA CATASTROPHE ACTION TOOL KIT

### APPENDIX C

## SAMPLE EMERGENCY SALVAGE TITLING PROCEDURES

#### EMERGENCY TOW PROVISIONS ENACTED

Due to recent storms and flooding in the region, Governor \_\_[Name]\_\_ has issued a disaster proclamation for \_\_[State]\_\_ effective \_\_[Date]\_\_. In conjunction with this proclamation, \_\_[Name]\_\_ has enacted emergency tow provisions for the disaster area. The disaster area includes the following counties: [List counties]

#### The following emergency tow provisions are now available:

- **Emergency Consent Tow Operator License.** To be eligible, you must hold a valid driver's license issued by a state in the United States, pass a background check, and pay the consent tow operator license fee of \$\_\_\_\_. An emergency consent tow operator must carry this license at all times when performing tow operations and must allow the Department of Licensing and Regulation and law enforcement personnel to inspect their tow truck at any time. **Please review the requirements for the Emergency Consent Tow Operator License.**
- **Emergency Tow Company License. Call ###-###-####.** Customer Service will expedite your tow company license application over the phone. **Please review the Emergency Tow Company License.**
- **Emergency Consent Tow Truck Permit.** To receive a consent tow truck permit, your tow truck must be affiliated with a licensed tow company. If your tow truck is not affiliated with a licensed tow company, you must apply for an emergency tow company license in order to receive the emergency consent tow truck permit (also referred to as a "cab card"). If your tow truck is already affiliated with a licensed tow company, the company can simply add your vehicle information to their account online and print out the permit. **Please review the requirements for the Emergency Tow Truck Permit.**

#### PLEASE NOTE:

An emergency license is valid for 90 days and:

- is valid only for towing operations that originate in the disaster area designated by the governor;
- is valid only during the time of the declared disaster for towing operations that originate within the declared disaster area; and
- may be renewed for an additional ninety (90) days if the disaster or disaster recovery period extends beyond eighty (80) days.

*continued*



# New Jersey Motor Vehicle Commission

P.O. Box 160  
Trenton, New Jersey 08666-0160

STATE OF NEW JERSEY

**Chris Christie**  
Governor

**Kim Guadagno**  
Lt. Governor

**Raymond P. Martinez**  
Chairman and Chief Administrator

November 5, 2012

Chuck Leitgeb, Vice President  
Insurance Council of New Jersey  
820 Bear Tavern Road  
Ewing, NJ 08628-1021

Re: Exemption from Notary Requirement - Titles Issued in Total Loss Cases

Dear Mr. Leitgeb;

The New Jersey Motor Vehicle Commission (MVC) is offering an expedited procedure for processing salvage titles until January 31, 2013 to assist persons affected by Hurricane Sandy that impacted New Jersey on October 29 through October 31, 2012.

In order to assist with processing titles more expediently, the MVC will waive the notary requirement for salvage titles through January 31, 2013. MVC's usual procedure requires a notarized and signed correspondence on insurance company letterhead (see attached MVC Salvage Title Issuance for Vehicle, Insurance Company's Possession form). The temporary waiving of the notary requirement for salvage titles requested in claims of total loss resulting from Hurricane Sandy will help to expedite the process.

As part of this expedited process, please be aware that issuing an insurance company a salvage title eliminates the step of presenting a duplicate title.

Unless otherwise indicated, all other MVC procedures remain in effect.

Sincerely,

Denise L. Coyle,  
Deputy Chief Administrator

Attachment (1)  
DLC/KT/lt

Moving  
PennDOT  
Forward



# Driver and Vehicle Services Update

Bureau of Motor Vehicles – Research and Support Operations Section  
P.O. Box 68031, Harrisburg, PA 17106-8031

This bulletin may be downloaded by visiting the Driver and Vehicle Services  
website at [www.dmv.state.pa.us](http://www.dmv.state.pa.us)

Tom Corbett, Governor

Barry J. Schoch, P.E., Secretary

BULLETIN NO. 12-13

November 2012

## SPECIAL EDITION

The Department of Transportation is issuing Exemption #2012-08, requirements of notarization and verification of assignments of title to an insurer in connection with an application for a certificate of salvage for vehicles destroyed or dismantled, salvaged or recycled as a result of damage from Hurricane Sandy.

### EXEMPTION 2012-08

Pursuant to the Proclamation of Disaster Emergency issued by the Governor on October 26, 2012, and 75 Pa. C. S. §6108, the waivers in this exemption apply to the requirements of notarization and verification of assignments of title to an insurer in connection with an application for a certificate of salvage for vehicles destroyed or dismantled, salvaged or recycled as a result of damage from Hurricane Sandy. The Pennsylvania Department of Transportation hereby issues the following exemption:

**TYPE OF OPERATION:** Assignments of title to an insurer under Section 1161 of the Vehicle Code, 75 Pa. C.S. §1161(b), in connection with an application for a certificate of salvage for vehicles destroyed or dismantled, salvaged or recycled.

**EXTENT OF EXEMPTION:** The requirements of Section 1111(a) of the Vehicle Code, 75 Pa. C.S. §1111(a), that the assignment of title be notarized and verified.

**EFFECTIVE DATE:** November 6, 2012 1200 hours.

**TERMINATION DATE:** December 24, 2012 1200 hours.

### SPECIAL CONDITIONS:

1. This exemption only applies to vehicles destroyed or dismantled, salvaged or recycled as a result of damage from Hurricane Sandy.

**DATE:** November 6, 2012

A handwritten signature in black ink that reads "Barry J. Schoch".

Barry J. Schoch, P.E.  
Secretary of Transportation

AGENTS ARE REQUIRED TO ENSURE ALL THEIR EMPLOYEES RECEIVE PENNDOT'S DRIVER AND  
VEHICLE SERVICES UPDATE BULLETINS



September 7, 2017

**Registration and Title Bulletin # 015-17  
Policy and Procedure**

**TO:** All County Tax Assessor-Collectors

**SUBJECT:** Waiver of Delinquent Transfer Penalty as a Result of Hurricane Harvey

**PURPOSE**

To provide guidance on assessing and waiving delinquent transfer penalty for residents of, or applications submitted in, counties covered by the Governor's Disaster Proclamation.

**DETAILS**

On August 30, 2017, Governor Greg Abbott granted the Texas Department of Motor Vehicles' (TxDMV) request for a waiver of the delinquent transfer penalty, which covers the counties in the Governor's Disaster Proclamation. The waiver is valid for 45 days from August 30. As a result of this waiver, the days calculated towards the delinquent transfer penalty are paused as of August 30 and do not begin accruing again until October 15, 2017.

Applicants who have incurred delinquent transfer penalties prior to August 30 will continue to be subject to those penalties. The amount of the penalty, if any, due on August 30 will be the amount due during the entirety of the 45-day waiver period. As of October 15, 2017, any delinquent transfer penalties calculated by the Registration and Title System (RTS) will be due, and no credit will be given for the 45-day waiver period.

webDEALER automatically assesses the \$10 dealer delinquent transfer penalty for applicable transactions. Dealer transactions eligible for the delinquent transfer penalty waiver must be submitted over-the-counter to the county tax office; otherwise, webDEALER dealers will need to obtain a refund of the delinquent transfer penalty accessed by webDEALER.

**COUNTY ACTION**

If you are a county covered by the Governor's Disaster Proclamation, processing an application for a resident of a county covered by the Governor's Disaster Proclamation, or processing an application for a transfer of ownership that occurred in a county covered by the Governor's Disaster Proclamation, please ensure new or additional delinquent transfer penalty fees are not assessed. When applicable, the penalty should be manually changed in RTS and will require a Supervisor Override.

**CONTACT**

If you have any questions, please contact your local TxDMV Regional Service Center.

Sincerely,

Jeremiah Kuntz, Director  
Vehicle Titles and Registration Division

JK:TT:TH



September 7, 2017

## Registration and Title Bulletin # 014-17 Policy and Procedure

**TO:** Insurance Companies and Salvage Pool Operators

**SUBJECT:** Temporary Application Process for Vehicles Impacted by Hurricane Harvey

### PURPOSE

To provide insurance companies with a temporary application process for a Nonrepairable Vehicle Title or Certificate of Authority to Dispose of a Motor Vehicle to a Demolisher in accordance with the governor's waiver of certain provisions of Section 501.0925, Transportation Code related to nonrepairable vehicles.

### DETAILS

In an effort to streamline the processing of nonrepairable vehicles, we are providing the *Insurance Company Application and Statement of Fact for Hurricane Harvey Impacted Vehicles* (Form VTR-441-HRV). This form is a joint application and statement of fact that replaces the *Insurance Company Statement of Fact* (Form VTR-331-INS) and *Application for Salvage or Nonrepairable Vehicle Title* (Form VTR-441) for vehicles impacted by Hurricane Harvey. The 30-day waiting period and requirement for two written notices are temporarily suspended. **This form is only valid for claims paid on or before December 31, 2017.**

This process is only available to insurance companies that acquired ownership or possession of a motor vehicle through payment of a claim as a result of Hurricane Harvey and its aftermath when the owner of the motor vehicle does not (or cannot) surrender the certificate of title or when the certificate of title was not properly assigned.

The attached form is only acceptable in conjunction with an application for a Texas Nonrepairable Vehicle Title or a Certificate of Authority to Dispose of a Motor Vehicle to a Demolisher; it is not acceptable with an application for a regular Texas Certificate of Title or a Salvage Vehicle Title.

Note: The waiver does not apply to Salvage Pool Operators. Vehicles that fall under the permitted use of the *Salvage Pool Operator Statement of Fact* (Form VTR-331-SPO) must continue to comply with the requirements noted on that form and the current process.

### INSURANCE COMPANY ACTION

Any time following payment of a claim, a completed Form VTR-441-HRV, proof of a paid claim, and the applicable fee may be submitted to the department. Please ensure all fields on the Form VTR-441-HRV are completed.

### CONTACT

If you have any questions, please contact the Vehicle Titles and Registration Division at (512) 465-5659, option 1.

Sincerely,

Jeremiah Kuntz, Director  
Vehicle Titles and Registration Division

JK:TT:TH

Attachment

## **MODEL BULLETIN LANGUAGE**

To: All Authorized Property/Casualty Insurers, Co-Operative Property/Casualty Insurers, Financial Guaranty Insurers, Mortgage Guaranty Insurers, Title Insurers, Reciprocal Insurers, Captive Insurers, Registered Risk Retention Groups, Commissioner of Insurance.

Re: Disaster Planning, Preparedness and Response Statutory Reference

### **A. INSURANCE DISASTER COALITION AND THE INSURANCE EMERGENCY OPERATIONS CENTER**

When an emergency or disaster situation occurs, the Insurance Department is looked upon to provide the Governor and the State Emergency Management Office with critical information regarding the amount and extent of property losses, as well as other damage assessments. Based on this information the Governor determines whether and when to request a federal disaster declaration and how to prioritize the deployment of state assets.

The Insurance Disaster Coalition, through the Insurance Department, serves to link the insurance community with the Governor's office, emergency management officials, law enforcement and other government agencies responding to a catastrophic event. The insurance community, including the property, life and health sectors, has been identified as a key resource to provide early assessments of damages arising from natural or manmade disasters. Insurers play an important role in quantifying the magnitude of losses – insured and uninsured – and determining both the degree and duration of insurer response to losses. Accordingly, all entities addressed by this Bulletin are expected to assist the Insurance Department in obtaining the information needed to accomplish the above objective before, during and after a disaster strikes.

An integral part of the Insurance Disaster Coalition response to any disaster is the Insurance Emergency Operations Center (IEOC), which will be staffed by insurance industry disaster liaisons and representatives of the Insurance Department to coordinate disaster response. The IEOC will be activated at direction of the Commissioner of Insurance in accordance with the nature and extent of the event. Where possible this determination will be made in conjunction with our disaster coalition partners.

**Disaster Coalition Communications Network**—Working with the Governor's office, the Insurance Department will keep insurers informed of all disaster declarations in the state, or changes to existing declarations via bulletin, or posting on the department of insurance web site.

Insurance industry representatives of the XXX Insurance Disaster Coalition are requested to provide the Insurance Department with Internet links of not-for-profit Web sites that are beneficial to the public before, during and after a disaster.

## **B. BEFORE A DISASTER STRIKES: PRE-DISASTER DATA/INFORMATION SURVEY**

Accurate, timely and consistent information is of critical importance to the Governor and the State Emergency Management Office during disasters. To ensure that insurance industry information is readily available during disasters, effective the date of this Bulletin, the Insurance Department requires the following information be provided:

This section is addressed to all property casualty insurers with XXXXX direct written premium reported on its annual statement, for any of the following lines:

- 01—Fire
- 02.1—Allied Lines
- 02.2—Multiple Peril Crop
- 03—Farm-owners Multiple Peril
- 04—Homeowners Multiple Peril
- 05.1—Commercial Multiple Peril (Non-Liability Portion)
- 09.0—Inland Marine
- 12.0—Earthquake

**Disaster Report**—Each property casualty insurer must be prepared to provide to the Insurance Department a listing—by county—of property exposure information, as of December 31 of the previous calendar year, for personal lines (non-auto) and commercial lines (non-auto) for each authorized member within an insurance company group.

**Pre-Disaster Data/Information Survey**—Each property casualty insurer must be prepared to provide to the Insurance Department a listing—by county—of property exposure information, as of December 31, XXXX for each authorized member within an insurance company group.

This information is to be provided for the following categories:

- total amount of building and contents insurance coverage in force; and
- the total number of policies for the lines indicated above.

Each insurer must provide the information by completing the electronic report. This report is due no later than April 1, XXXX and should be filed each April 1 thereafter.

The Pre-Disaster Survey electronic template and instructions for its completion and submission can be found on the Insurance Department web site at: (insert web address)

## **C. IDENTIFICATION OF ELEMENTS NECESSARY FOR A STRONG DISASTER RESPONSE PLAN AND QUESTIONNAIRE**

Sections (a) and (b) on Disaster Response Plans and Questionnaires apply to all addressees of this Bulletin.

Each addressee is asked to incorporate the XXXXX State Insurance Disaster Coalition procedures into its disaster response plan. Because the XXXXX state Insurance Disaster Coalition procedures and the Insurance Emergency Operations Center (IEOC) continue to

be integral parts of the industry’s response to any disaster in XXXXX State, the completion of the electronic template and the submission of each insurer’s disaster response plan are needed to maintain the effectiveness and accuracy of information used by the coalition in the event of a future disaster.

**(a) Disaster Response Plan**

The disaster response plan should describe how the insurer intends to provide its policyholders with the needed resources to recover from a disaster. To this end, a disaster response plan should at a minimum indicate what preparations the insurer has made in the following areas:

- Affirmation that the company board of directors is informed of the companies Emergency Preparedness Plan
- Appropriate emergency response training of company personnel
- Plans for suitable expansion of claims handling capacity in a variety of disaster scenarios, including provisions to cover:
  - Adequate personnel
  - Catastrophe response team availability
  - Access to disaster areas and personnel identification
  - Applications for temporary adjuster permits
- Testing of the Emergency Response Plan
- Incorporation of the role of insurance company disaster liaisons, and their interaction with the XXXXX State Department of Insurance.

On June 1, XXXX, the insurer’s Disaster Response Plans will be submitted to the Insurance Department and, following the initial filing, subsequent plan changes will be updated, if necessary. If no update is necessary, to a previously submitted plan, an email containing the company name(s), NAIC number(s), and NAIC group number should be submitted to the Insurance Department Disaster Plans Mail box (see below) to indicate that no change to the plan was necessary.

Drafting note: If department resources do not allow for review of detailed plans, an alternative is to require one page “executive summaries” to be filed for review.

Emails should be directed to the Insurance Department Disaster Response Plans Mail box at:

XXXXXXXXXX

U.S. mail should be addressed to:  
State of XXXXX Insurance Department  
Disaster Preparedness and Response Bureau

**(b) Disaster Response Questionnaire**

The Disaster Response Questionnaire electronic template is not to be used in lieu of an

insurer's own disaster response plan. Rather, the requested information is to be included in each insurer's own plan.

The Disaster Response Questionnaire electronic template and instructions for its completion and submission can be found on the Insurance Department web site at: XXXXXXXXXXXX  
**Insurance Company Disaster Liaisons** — By completing the Disaster Response Questionnaire, each insurer will be providing the Disaster Preparedness and Response Bureau the name of the designated disaster liaison(s), along with that person's telephone and cell phone number(s) (for during business and after business hours), email address and/or pager number, if applicable. Any change in the liaison(s) and/or contact information should be reported immediately to the Insurance Department by the resubmission of an updated Disaster Response Questionnaire.

To coincide with hurricane season, on June 1, the Disaster Response Questionnaire electronic template should be submitted to the Insurance Department. If none of the information has changed, the date field should be updated and the previous electronic template(s) may be resubmitted.

#### **D. BUSINESS CONTINUITY PLAN AND QUESTIONNAIRE**

This section on Business Continuity Plan and Questionnaire applies to all addressees of this bulletin.

To assure the Insurance Department that each addressee has taken steps to put in place a business continuity plan that would reasonably ensure recovery of critical business processes in the event of a disaster, each addressee is required to complete the Business Continuity Plan Questionnaire electronic template and attest to the accuracy of the answers.

The Business Continuity Plan Questionnaire electronic template and instructions for its completion and submission can be found on the Insurance Department web site at

XXXXXXXXXXXX.

On June 1, XXXX, and each June 1 thereafter, the Disaster Response Questionnaire electronic template should be submitted to the Insurance Department. If none of the information has changed from a previously submitted report, the date field should be updated and the previous electronic template(s) may be resubmitted.

#### **E. OPERATIONS DURING A DISASTER**

##### **1. Insurance Company Disaster Liaisons**

This section on Insurance Company Disaster Liaisons applies to all addressees of this bulletin. Upon the Insurance Department's activation of its Insurance Emergency Operations Center due to a State Emergency Disaster situation, the commissioner may activate designated

Insurance Disaster Liaisons representing several of the largest underwriters in the emergency areas. Participating companies will be determined based on the previously described Pre-Disaster Reports. Disaster liaisons will be contacted based upon information submitted in the Disaster Response Questionnaire.

Liaisons should be prepared to participate in the State's Disaster Response Plan as follows:

- A teleconference of the selected disaster liaisons will be held, where possible, following the occurrence of a disaster — before activation of the Department of Insurance Emergency Operations Center — to discuss the magnitude of the disaster and the scope of activation plans.
- Upon activation of the Insurance Emergency Operations, insurance disaster liaisons or their designees will be expected to staff the center at each of its locations.
- The Insurance Department will provide a fully equipped Insurance Emergency Operations Center for liaisons' use at each location. Included are data and voice telephone lines, along with videoconferencing links to the STATE EMERGENCY MANAGEMENT OFFICE emergency operations center.
- The Insurance Department will continue to coordinate communications among company and association contacts through ongoing teleconference calls to:
  - plan staffing of the Insurance Emergency Operations Center for the actual or threatening (as in the case of XXXXXXXXXs) emergency;
  - individually discuss with each insurer's liaison the company's catastrophe operations;
  - individually review each insurer's response plans; and
  - discuss catastrophe operations and emerging issues.
- Liaisons may be expected to remain on duty at the Insurance Emergency Operations as determined by the commissioner of insurance acting in consultation with coalition partners.

## **2. Liaison Duties and Responsibilities**

Liaisons should:

- Have a qualified back up. Both will preferably be members of the insurer's catastrophe team, or a manager-level employee, who are familiar with company protocols and have access to critical information.
- Transmit information on the disaster from the insurance industry to emergency response officials and also back to other industry representatives.
- Be prepared to remain on duty during the hours when the IEOC is operating, normally from 7 a.m. to 6 p.m., or for such time periods as needed to assist with the effective management of the disaster. Depending on the level of the disaster, this may be a seven day a week commitment.

## **F. CONFIDENTIALITY REQUIREMENTS**

The above reports and statistics are to be compiled and summarized by Insurance Department personnel for internal Insurance Department use. Reports submitted to the

State Emergency Management Office and the governor will be on an aggregate basis with no individual company information identified in those reports.

At the time of submission, an insurer should request an exception from disclosure under Section 89(5) of the Public Officers Law (Freedom of Information Law-FOIL) for any information or reports that it submits to the Insurance Department that it believes are trade secrets or commercial information that, if disclosed, would cause substantial injury to its competitive position.

If a request is received by the Insurance Department for the release of information pursuant to FOIL and the insurer requested an exception from disclosure upon submission; the insurer will be notified and given the opportunity to respond to the Insurance Department in accordance with FOIL and Regulation XXXXXXXX.

## **G. APPENDIX**

### **Insurance Emergency Operations Centers - Insurance Village Concept**

The Insurance Village, as part of an Insurance Emergency Operations Center, would be a central, easily accessible location near the disaster area where insurance carriers could set up and stage post-catastrophe housing (i.e., RVs) and claims-processing facilities.

Adjusters and customers would need assurance by the Department of Insurance that the Insurance Village could operate safely, securely and comfortably. These assurances would include:

- Aid organizations onsite, including FEMA, Red Cross, Salvation Army, etc.
- Insurance Department representative(s) onsite
- Local government representative
- Adequate site lighting
- Police officer(s) on the ground 24/7
- Public facilities
- Potable water
- First aid station
- Pre-arranged fueling services available for carrier RVs
- Banking/lending institution representatives onsite for customers
- Adequate, secure, lighted, off-site parking within easy walking distance of the Village for customer and adjuster personal vehicles
- Printed maps or directions to nearest grocery stores and restaurants, gas stations, hardware and building supplies, electronic supplies, office supplies, doctors/hospitals
- If the Village is based in an area so remote that cellular telephone service is poor, information on alternative sources of communication in the area

## **Additional Guidance on Creating a Disaster Response Plan**

### *Property Casualty Insurers*

If your Disaster Response Plan provides answers to the following questions, it will generally have met the Disaster Preparedness and Response Bureau's best practices standards for a disaster response plan.

### *Management Oversight*

- Does the company have a Disaster Response Plan?
- Is it a written plan?
- Has the plan been reviewed and approved by:
  - Senior management?
  - Board of Directors?
- Has the company provided a copy of the board resolution attesting to the approval of the plan by the Board of Directors?
- Has management identified additional resources that will be needed during a disaster?
- Has management analyzed its ability to provide the financial resources necessary to meet the cost of the additional resources that will be needed?
- Is a person/titled position named as being responsible for activating the plan after a disaster is declared?
- Is a person/titled position named as being responsible for monitoring the plan?
- Is a person/titled position named as being responsible for terminating the plan following a disaster?

### *General Information*

- Does the plan define what constitutes a disaster?
- Are there clear guidelines to indicate when the Disaster Response Plan should be invoked?
- Has the company established a disaster response team?
- Are the responsibilities of the disaster response team members segregated to establish clear reporting authority?
- Does the plan indicate that there is a role for designated disaster liaisons and/or back-up liaisons?
- Does the plan indicate that the designated disaster liaisons and/or back-up liaisons have been advised of their duties?
- Does the plan provide for training of staff?
- Has the company established varying levels of response based on the severity of the disaster?

### *Claimant Services*

- Is the role of the insurance agent/broker in a disaster defined?
- Has the company established a separate toll-free number to be used by claimants?
- Has the company established procedures to increase the number of adjusters?
- Has the company analyzed the risk of its inability to respond to claimants in a timely manner?
- Has the company established expedited claim processing procedures?

- If the company plans to use simplified claim reporting forms, do these claim forms include the required fraud warning statement?

#### *Fraud Detection*

- Does the plan include procedures for detecting fraud?
- Does the plan include procedures for reporting fraudulent activity to the appropriate regulatory authorities?

#### *Testing of Plan*

- Has the plan been tested?
- Does the plan indicate when the last test was conducted?
- Does the plan indicate how often the plan will be tested?
- Did the testing include the ability to get resources to the disaster site?
- Has the plan been tested utilizing scenarios involving varying disaster levels?