

PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE

Property and Casualty Insurance (C) Committee March 18, 2024, Minutes

Catastrophe Insurance (C) Working Group and the NAIC/Federal Emergency Management Agency (FEMA) (C)
Advisory Group March 16, 2024, Minutes (Attachment One)

Draft Pending Adoption

Draft: 4/1/24

Property and Casualty Insurance (C) Committee
Phoenix, Arizona
March 18, 2024

The Property and Casualty Insurance (C) Committee met in Phoenix, AZ, March 18, 2024. The following Committee members participated: Alan McClain and Russ Galbraith, Chair (AR); Michael Conway, Co-Vice Chair (CO); Michael Yaworsky, Co-Vice Chair (FL); Mark Fowler (AL); Andrew N. Mais and George Bradner (CT); Amy L. Beard and Patrick O'Connor (IN); Vicki Schmidt (KS); Mike Chaney represented by Andy Case (MS); Scott Kipper (NV); D.J. Bettencourt and Christian Citarella (NH); Alice T. Kane represented by Melissa Robertson (NM); Andrew R. Stolfi (OR); Larry D. Deiter (SD); Tregenza A. Roach (VI); Kevin Gaffney (VT). Also participating were: Cindy Amann (MO); Eric Dunning (NE); and Michael McKenney (PA).

1. Adopted its 2023 Fall National Meeting Minutes

Commissioner Conway made a motion, seconded by Commissioner Yaworsky, to adopt the Committee's Dec. 3, 2023, minutes (*see NAIC Proceedings – Fall 2023, Property and Casualty Insurance (C) Committee*). The motion passed unanimously.

2. Adopted the Reports of its Task Forces and Working Groups

A. Casualty Actuarial and Statistical (C) Task Force

Citarella said the main discussion topics for the Casualty Actuarial and Statistical (C) Task Force have been centered on the rate-making practice of risk classification. This is where companies have implemented their complex internal models and are using third parties for data and models. He noted the Task Force has two areas of concern. For years, the state regulatory system has relied upon actuarial standards to provide professional guidelines for rate filings. Companies are often no longer using actuaries to make the rate filings, and thus, the quality of actuarial and technical rate filings has diminished. Citarella said that, while not discussed by the Task Force in open session, state insurance regulators need to decide if there is a mechanism that could be used, such as a bulletin, regulation, or even model law, that would provide guidelines for anyone submitting rate filings, not just actuaries.

Citarella noted for filings made by actuaries, actuarial standards adopted by the Actuarial Standards Board (ASB) are used to help govern rates and rate filings. The Task Force submitted comments on the recently exposed new standards for risk classification. Two of the main concerns are that: 1) the Actuarial Standard of Practice (ASOP) would no longer state the purpose of risk classification nor tie risk classification to expected costs or outcomes; and 2) the ASOP diminishes the importance of the concepts of homogeneity and credibility, which are the concepts where an individual risk class should contain similar risks and that those risks are measurable and substantive enough to produce reliable rates.

B. Surplus Lines (C) Task Force

Director Deiter said the Surplus Lines (C) Task Force has discussed the feasibility of developing a service of process form specifically for the surplus lines industry. The form would address an issue related to the parties to potential lawsuits and the location of those lawsuits. The new service of process form would align with language in the newly adopted *Nonadmitted Insurance Model Act* (#870). He noted the Task Force will hear amendments to the International Insurers Department (IID) Plan of Operation, which is a plan that guides non-U.S. insurers that are currently on the Quarterly Listing of Alien Insurers or are seeking admission to the quarterly listing. The Task Force

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will also continue progress on the service of process project, and the Task Force will hear and discuss surplus lines industry results.

C. Title Insurance (C) Task Force

Director Dunning said the Title Insurance (C) Task Force is in the process of updating the *Survey of State Insurance Laws Regarding Title Data and Title Matters*. The report includes a compilation of each jurisdiction's laws and regulations regarding title insurance. It is still collecting filings from 14 jurisdictions. It will begin compiling the results to produce the updated report once the filings are complete. The Task Force heard a presentation from October Research on the findings from its *2024 State of the Title Industry Special Report*. Findings show that states are increasing initiatives and actions related to escrow, affiliated business arrangements, joint ventures, and affordable housing. Presenters also shared resources available to state insurance regulators, which include five publications, special reports, annual conferences, webinars, a blog, and a podcast. The Task Force also heard a presentation from the American Land Title Association (ALTA) on a proposed rule from the U.S. Department of the Treasury's (Treasury Department's) Financial Crimes Enforcement Network (FinCEN) on money laundering and residential real estate. The proposed rule would require certain professionals involved in real estate closings and settlements to report information to FinCEN about non-financed transfers of residential real estate to legal entities or trusts.

D. Workers' Compensation (C) Task Force

Commissioner McClain said the Workers' Compensation (C) Task Force plans to meet April 11 to hear about the impact of mental health on the workers' compensation insurance market.

E. Cannabis Insurance (C) Working Group

Commissioner McClain said the Cannabis Insurance (C) Working Group has not met in 2024, but it is seeking feedback on a work plan for 2024. Prospective work plan items include adding a white paper addendum on emerging issues, meeting with cannabis insurance regulators, exploring unique structures created to address coverage needs, and keeping abreast of related movements at the federal level.

F. Catastrophe Insurance (C) Working Group

Amann said the Catastrophe Insurance (C) Working Group heard from Maryland about the catastrophe materials it uses following a catastrophic event. The NAIC will post links to Maryland's information so states are able to use the ideas and language in their own states. She also reported that the Federal Emergency Management Agency (FEMA) is coordinating with insurers and state insurance regulators to make the process for insureds needing documents to get individual assistance more uniform. They met in March, and several insurers and some commissioners from the Southeast Zone also attended. FEMA plans to meet with the NAIC, several insurers, and Working Group and Advisory Group members in April. Commissioners will also be invited to attend. Amann also noted the Catastrophe Modeling Center of Excellence (COE) will be providing some zone training on resilience in April for the Northeast, Southeast, and Western Zones.

G. Terrorism Insurance Implementation (C) Working Group

Commissioner McClain said the Terrorism Insurance Implementation (C) Working Group has not met yet in 2024 but will hear about workers' compensation data during a future meeting.

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H. Transparency and Readability of Consumer Information (C) Working Group

Bradner said the Transparency and Readability of Consumer Information (C) Working Group previously exposed its *Premium Increase Transparency Guidance* for a public comment period that ended Feb. 1. The guidance documents are intended to be best practices for states that are interested in implementing rate increase transparency measures to consider. The exposed guidance includes several revisions to better align with Washington state's premium change final rule (R 2022-1). These revisions included the addition of a scope of applicability section and an administrative and notification section. Additionally, the use of a two-phased approach was also incorporated into a new notifications thresholds section. The phased approach allows insurers time to update systems for more detailed reporting. The Working Group plans to meet in the near future to review the comments received.

Commissioner Roach made a motion, seconded by Commissioner Conway, to adopt the following Task Force and Working Group reports: the Casualty Actuarial and Statistical (C) Task Force; the Surplus Lines (C) Task Force; the Title Insurance (C) Task Force; the Workers' Compensation (C) Task Force; the Cannabis Insurance (C) Working Group; the Catastrophe Insurance (C) Working Group (Attachment One); the Terrorism Insurance Implementation (C) Working Group; and the Transparency and Readability of Consumer Information (C) Working Group. The motion passed unanimously.

3. Heard a Presentation from UP on Consumer Issues in Homeowners Insurance

Amy Bach (United Policyholders—UP) said affordability issues in homeowners insurance markets are challenging and widespread, while availability problems tend to be regional. She said many state legislatures are active in looking at homeowners insurance. She noted UP has published a document meant to help guide consumers through affordability and availability challenges. She noted consumers and businesses are being affected by increased premiums and nonrenewal issues are a challenge.

Bach said among her standard tips for consumers is to comparison shop by using shopping tools state departments of insurance (DOIs) offer. She said UP can assist states in creating or publicizing shopping guides. She said consumers should request a list of discounts an insurer offers. She also recommends consumers bundle different types of insurance products with one insurance company. She suggested that policyholders should insure their dwelling for replacement cost value and, if possible, buy gap filler products including peril-specific policies for flood or earthquake. She said UP also asks consumers to consider increasing deductible amounts or avoiding filing small claims, which can be challenging for people.

Bach also described updated tips UP has been providing to consumers, such as recommending they begin shopping right away if their policy is nonrenewed. She said consumers should work with an agent or broker and find out what their risk score is and correct any errors. She noted that California has a regulation now that allows the consumer to find out what their risk score is from the company that has nonrenewed them, and if it is based on incorrect information, consumers can fix it. She said she now suggests that consumers may need to consider a surplus lines company even though they are not protected by the guaranty fund and the policy forms, and rates are not regulated. She also said UP has had to tell some policyholders to trim their coverage even though that is something historically they have not recommended.

Bach said California requires 75 days' notice before nonrenewal. Colorado requires 60 days, and the NAIC model is 30 days. She said it would be helpful if consumers had more than 30 days' notice of nonrenewal. She suggested that 60 days would be appropriate.

Bach said UP encourages consumers to do as much mitigation as they can to reduce the risk to their homes. She said many states are trying to bring grant money to policyholders. She cautions consumers to understand what

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money they might need if they raise a deductible. She noted consumers should understand their state residual market plans and what options they offer.

Bach said UP suggests to consumers that they reduce or eliminate coverage they can live without, such as high-dollar limits on contents or other structures. She said some insurers have automatic coverage on contents or other structures, so she encourages insurers to be more flexible.

Bach said a federal bill calls for a public reinsurance alternative for the worst catastrophes. She said Hawaii has proposed a working group to identify the feasibility of a state-run reinsurance program to offset the liabilities of private reinsurance companies. Idaho legislation also considers a wildfire risk reinsurance mitigation pool. Bach suggested that proposals should be considered that would help those insurers who are writing in areas perceived to be higher risk. She said private reinsurers should not be replaced, but backstops should be considered.

Commissioner Yaworsky said Florida is expanding the My Safe Florida Home program with an additional \$200 million to homeowners to harden their homes. He also said Florida is reviewing the mandatory mitigation credit form that every homeowner has access to so that homeowners can provide that form to their insurer and receive credits that the state has approved. Bach said money for grants and mitigation programs is important, and consumers also want to know that if they take mitigation steps, they will receive insurance discounts or have more options. She said it is well known what mitigation steps work for wind and water, less so for wildfire. She said clear rules are necessary for mitigation programs.

Commissioner Stolfi said some insurers say they are not able to identify mitigation discounts or incentives because those are part of their evaluation of a property. He noted he is working with insurers so that insurers can communicate those benefits to consumers. Bach said in California, the Fair Access to Insurance Requirements (FAIR) plan offers up to a 15% discount, which seems meaningful. She noted the Insurance Institute for Business and Home Safety (IBHS) says all steps must be taken to achieve certain certifications, but it is difficult for many people to achieve all steps.

Commissioner Roach said he struggles with recommendations for consumers to trim coverage. Bach said she would only recommend reducing contents and other structures because it is important to have reasonable amounts for Coverage A and to avoid coinsurance penalties. She noted that condominium associations are seeing large price increases and often struggle to avoid coinsurance penalties.

McKenney said the Unfair Trade Practices Act only has a 30-day notice requirement for nonrenewal, and the Committee might wish to consider opening that act to increase the amount of time required. Bach agreed that such a change seems reasonable and would be valuable.

Dave Snyder (American Property Casualty Insurance Association—APCIA) said he would like an opportunity at the Summer National Meeting to present ideas APCIA has in moving forward to improve home insurance markets. He said these issues are shared between consumers, regulators, and insurers. He said he would like to provide potential solutions. He said the basic sources leading to homeowners insurance problems are extreme and volatile weather, increased people and resources in harm's way, long-term increases in asset values, and severe and sudden inflation. He said land use planning and building codes should be discussed. He also stressed that insurers and insurance regulators are not the total solution to these issues. He also said a federal backstop would not be reliable and would intrude too much into state regulation.

4. Heard a Presentation from Guy Carpenter and Eversheds Sutherland on Parametric Products

Roberto Guidotti (Guy Carpenter) said parametric solutions pay a pre-established amount based on the occurrence of a physical event with certain characteristics. The products provide fast payments after an event.

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They are versatile, as recoveries can be applied to various economic losses. They are also transparent, as coverage is clear and understood by buyers and sellers. He noted that parametric structures can complement a traditional indemnity program. A traditional indemnity process may take months to settle following claims assessment and policy review. Guidotti noted parametric solutions may have basis risk, which is the difference between the actual parametric payout and the expected payout based on the losses incurred. This can be addressed upfront, during the due diligence, underwriting, and product design process, or through post-payment loss adjustment, implementing provisions requiring any payments exceeding actual loss to be returned to the insured.

Guidotti explained a cat-in-a-grid earthquake parametric cover for Colombia and a tropical cyclone parametric cover for Puerto Rico, which both pay based on certain triggers being met.

Daran Moreira (Eversheds Sutherland) said rules under U.S. insurance laws vary by state. Some state laws mention fortuitous events, while others mention indemnification. Case law also varies by state where courts have interpreted whether certain products or contracts meet the definition under a test of purpose, effect, contents, and import. The key elements of insurance are the assumption of risk, fortuitous events, insurable interest, indemnity for loss, and risk spreading.

Moreira said only a handful of states have adopted rules or guidance that govern parametric products. Some laws authorize captive insurers to write parametric insurance without a requirement for indemnification or proof of loss. Puerto Rico has one of the most expansive regulatory regimes for parametric products by adopting a framework in 2023 that allows for the sale of parametric micro insurance for catastrophe risks in personal lines. Some states have added parametric products to their surplus lines export lists.

Moreira noted both the insurer and insured need to conduct due diligence to address basis risk. Positive basis risk, which is when the payment under the contract exceeds loss, can be addressed in a number of different ways during the due diligence process, such as confirming that the insured has an insurable interest that they are seeking to protect. The other way it can be addressed is through modeling to ensure that the payment is a reasonable estimation of a loss. This is important because, under a parametric product, there is no post-loss adjustment. For negative basis risk, which is the risk to the insured that the payment will not be enough for the loss they suffer, this can be addressed in a few different ways. First, most commonly today, parametric products are purchased by large, sophisticated commercial buyers of insurance who either have their own representation or are aware of the risks they are undertaking to protect themselves using these products. For personal lines products, two ways are typically addressed, either through disclosure or because parametric products are offered as a supplement to traditional products, such as contributing to the payment of deductibles on high-deductible policies or, in the event of a catastrophe at low levels, so-called microinsurance.

Moreira also said form matters in a parametric contract. Contract language should reflect that the “principal object and purpose” of the transaction is indemnity, and parametric insurance should use the language of insurance. “True-up” provisions require the insured to submit proof of loss within a specified period of time. Under these provisions, the insured must return any claims payments in excess of actual losses incurred. This addresses basis risk.

5. Heard an Update on the P/C Market Intelligence Data Call

Commissioner McClain said the property/casualty (P/C) market intelligence data call was issued by states on March 8, which requested homeowners insurance data at a ZIP Code level from several hundred companies, representing more than 80% of the homeowners insurance national market. The data is due June 6. Commissioner McClain said states worked with the U.S. Treasury’s Federal Insurance Office (FIO) to agree to provide an anonymized subset of data to FIO to avoid duplication. State insurance regulators will work with companies in the coming months to receive a quality dataset so regulators can better understand changes in their homeowners

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markets, particularly as they relate to availability and coverage issues. He also noted a regulator steering committee has been established that will work on technical issues, including the important task of finalizing the dataset and setting up a framework for analysis of the data.

Having no further business, the Property and Casualty Insurance (C) Committee adjourned.

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Catastrophe Insurance (C) Working Group
and the NAIC/Federal Emergency Management Agency (FEMA) (C) Advisory Group
Phoenix, Arizona
March 16, 2024

The Catastrophe Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met in Phoenix, AZ, March 16, 2024, in joint session with the NAIC/Federal Emergency Management Agency (FEMA) (C) Advisory Group. The following Working Group members participated: Chlora Lindley-Myers, Chair, represented by Cynthia Amann and Brad Gerling (MO); Mike Causey, Vice Chair, represented by Jackie Obusek (NC); Heather Lowe (AL); Russ Galbraith (AR); Lucy Jabourian (CA); George Bradner (CT); Richie Frederick (FL); Julie Holmes (KS); Chris Cerniauskas (LA); Jackie Horigan (MA); Kory Boone and Joy Hatchette (MD); Andy Case (MS); Melissa Robertson (NM); Tim Biler and Tom Botsko (OH); Glen Mulready (OK); Cassie Soucy (OR); David Buono (PA); Glorimar Santiago (PR); Beth Vollucci (RI); Will Davis (SC); Stephanie Cope and Emily Marsh (TN); J'ne Byckovski and Mark Worman (TX); Mike Kreidler and Bryon Welch (WA); and Ellen Potter (WV). The following Advisory Group members participated: Glen Mulready, Chair (OK); Carter Lawrence represented by Stephanie Cope, Vice Chair (TN); Heather Lowe (AL); Lucy Jabourian (CA); George Bradner (CT); Jane Nelson (FL); Julie Holmes (KS); Chris Corniauskos (LA); Kory Boone and Joy Hatchette (MD); Cynthia Amann and Brad Gerling (MO); Andy Case (MS); Beth Vollucci (RI); Tony Dorschner (SD); Mike Kreidler and Bryon Welch (WA); and Ellen Potter (WV). Also participating were: Julie Rachford (IL); Patrick O'Connor (IN); Ron Kreiter (KY); Sandra Darby (ME); Paige Dickerson and Kevin Dyke (MI); Peter Brickwedde and Teresa Fischer (MN); Mike Andring, Debra Estes, and Santana Edison (ND); Nguyen Thai (NE); Jesse Kolodin (NJ); Hermoliva Abejar and Dede Benissan (NV); John Lamena and Arlena Zajac (NY); Isabelle Turpin Keiser (VT); Monica Hale (WI); and Joanne DeBella and Shamika McDonald (WY).

1. Adopted its 2023 Fall National Meeting Minutes

Bradner made a motion, seconded by Botsko, to adopt the Working Group's Dec. 1 minutes (*see NAIC Proceedings – Fall 2023, Joint Meeting of the Catastrophe Insurance (C) Working Group and the NAIC/FEMA (C) Advisory Group*). The motion passed unanimously.

2. Heard an Update on Federal Legislation

Shana Oppenheim (NAIC) provided an update on federal legislation. The federal budget proposal for 2025 includes \$23 billion for climate adaptation and resilience across multiple federal departments. The funds include resources for flood hazard mapping, including the development of new data to support future flood conditions so that Americans can have the most up-to-date information regarding their flood risk. The federal government is also investing in wildland firefighting, which includes support for the implementation of permanent and comprehensive pay reform and \$522 million to help address longstanding recruitment and retention problems. There is \$4.4 billion included in the federal budget for the Department of Homeland Security's (DHS') climate resilience programs in addition to the \$1 billion provided by the bipartisan infrastructure law for the programs.

The Government Accountability Office (GAO) released an artificial intelligence (AI) in natural hazard modeling report that identified five policy options for AI and natural hazard modeling. These options include: 1) facilitating and improving data collection, sharing, and use; 2) expanding education and training; 3) addressing hiring and retention barriers; 4) taking steps to mitigate bias and foster trust in data and machine learning (ML) models; and 5) taking stock of the status quo. Oppenheim said this is an interesting area of integration between AI and natural hazard modeling.

Legislative items that involve the Working Group's work include:

- The Reforming Disaster Recovery Act, which accelerates the delivery of funds to reduce recovery time.
- The Wildfire Resilient Communities Act, which intends to bolster support for community efforts through the United States Forest Service (USFS) and the Bureau of Land Management (BLM).
- The Flood Insurance Rate Map (FIRM) Interagency, which would require FEMA to consult with the Department of Defense (DOD), the U.S. Geological Survey, and the National Oceanic and Atmospheric Administration (NOAA) when developing flood maps relative to the National Flood Insurance Program (NFIP) rate maps.
- The Wildfire Response Improvement Act, which will direct the FEMA administrator to conduct a review of the cost-effectiveness of certain mitigation projects.
- The authorization of the Earthquake Hazards Reduction Act of 1977 through fiscal year 2028.
- The Flood Risk Transparency for Homebuyers Act, which would require the Department of Housing and Urban Development (HUD) to provide a disclosure notice to buyers that properties are located in special flood hazard areas (SFHA).
- The Homeowners Defense Act, which would allow the Department of the Treasury to guarantee the debt issued by eligible state catastrophe insurance programs, with limitations on the total amount of debt guaranteed.

3. Received an Update on the Center for Excellence (COE) Resiliency Activities

Jeff Czajkowski (Center for Insurance Policy and Research—CIPR) provided an update on the Center of Excellence (COE) resiliency activities. The COE has partnered with the Federal Alliance for Safe Homes (FLASH) to author the Resiliency Policy Resource Guide and Retrofitting Playbook for Regulators (Playbook). Two of the pillars of the COE are focused on education and training and applied research. These pillars apply to catastrophe modeling, as well as resilience and how it interacts with catastrophe models.

The COE will provide zone training on resilience, which will be held in April for the Northeast, Southeast, and Western zones. The COE also has a resiliency hub designed to assist departments of insurance (DOIs) to become more resilient to disaster, and it will begin to work with states on resiliency efforts.

Brain Powell, formerly with Strengthen Alabama Homes, has now joined the COE as the new catastrophe risk and resilience specialist. A resilience hub has been designed to assist insurance commissioners and their insurance departments in helping their state become more resilient, especially to natural disasters. The resilience hub will use the Playbook to help states achieve a higher level of resilience.

Powell said he would like to continue working with the Working Group and its members to promote resiliency and to continue the COEs mission to help stabilize markets and support the insurance industry.

4. Heard an Update from California on its Recent Flooding

Jabourian said the governor of California declared nine disasters between December 2022 and March 2023. Severe storms related to a series of atmospheric river systems struck California, bringing high winds and heavy rainfall, resulting in urban flooding between December 2022 and January 2023. Another round of storms began in late February and continued into March 2023, bringing snowfall in areas unaccustomed to snow. These storms caused damage and forced highway and road closures, power outages, and evacuations in some areas.

On Aug. 18, 2023, Hurricane Hillary brought heavy rain and flooding to Southern California. Residents and visitors of Catalina Island and a few other areas were ordered to evacuate. The hurricane was downgraded to a tropical

storm by the time it made landfall; however, flooding and debris flow occurred in more than one county. There were three emergency declarations as a result of this storm, which impacted 13 counties in total.

On Aug. 15, a series of lightning strikes occurred in two counties causing fires in the Smith River Complex and the Happy Camp Complex. These wildfires prompted evacuations, road closures, and prolonged power outages. These fires were major fires and prompted gubernatorial declarations. Following these fires, Commissioner Lara issued a bulletin mandating a one-year mandatory moratorium on insurers from canceling policies or not renewing policies in areas within or adjacent to the fire parameter. While Commissioner Lara was serving in the California State Senate in 2018, he authored Senate Bill 824, which requires a one-year moratorium on non-renewals for fire parameters.

From December 2023 through January 2024, a severe winter storm struck Southern California, bringing intense rainfall to San Diego and Ventura counties. These storms caused widespread flooding, mudslides, and debris flows, threatening lives and safety structures.

The governor subsequently issued an amended declaration adding an additional five counties to the list that were impacted in early February 2024 when a powerful, slow-moving atmospheric river struck California. The National Weather Service (NWS) issued multiple winter storm warnings. The heavy-hit areas included the following Southern California counties: Los Angeles, Orange, Riverside, San Bernadino, San Diego, San Luis Obispo, Santa Barbara, and Ventura.

Many of the events between 2023 and 2024 also had several federal emergency declarations. These presidential declarations helped to mobilize personnel and resources and allowed the opening of a record number of disaster recovery centers (DRCs). The most recent declaration was issued on Feb. 19 to provide support to the families and individuals impacted in San Diego.

The California Department of Insurance (CDI) is proactive when it comes to disaster planning. The CDI has a designated team of compliance officers who continually monitor various resources to identify any potential disasters that may have an impact on the property and well-being of consumers in the state. Based on the information the CDI obtains in its internal protocols, alerts are filtered through management up to the executive staff so the commissioner is aware of the progress and extent of the disaster in real time.

The CDI works closely with the California Office of Emergency Services (Cal OES) as the planning of local assistance centers (LAC) or DRCs begins. Once the LACs and DRCs are established, the CDI is called upon to deploy staff and help with recovery efforts based on established protocols. Logistics, such as location, size, and access to the venue at which the LAC or DRC will be held, are just some of the things that need to be considered. The LACs are a one-stop shop to assist consumers and expedite services.

All CDI staff attend a pre-deployment briefing with CDI management to identify any specific issues. Management provides a review of frequently asked questions (FAQ) and relevant laws. Staff are then deployed with laptops and virtual private networks (VPNs) to assist them in the field.

The CDI communicates with its enforcement branch. Unfortunately, natural disasters create an opportunity for unscrupulous individuals to take advantage of victims. The CDI's Enforcement Bureau deploys staff to the fields to learn about potential misconduct by unlicensed contractors or other potential scams.

Depending on the disaster event in the planning phase, the CDI may initiate communication with insurance company catastrophe teams. One big improvement the CDI has made over the years in response to disaster events is to put the insurers in a location adjacent to the LAC. Historically the CDI has called these locations insurance

villages. The CDI has found it crucial in the initial stages of a disaster to include insurance companies so that advanced payments can be made directly to consumers for immediate displacement needs.

It is important to note that not every disaster event triggers an insurance village. Internally, the CDI identifies a list of potentially affected insurers and contacts the insurers to inform them of the location and layout of the LAC dependent upon the insurers' exposure.

The CDI maintains a consumer hotline that is staffed with insurance professionals who can discuss insurance concerns. The CDI also works diligently to keep its disaster resource pages on its website current. Consumers can access important information about their rights and laws that specifically apply to claims procedures, as well as locations of any active LACs or DRCs.

The CDI also assists property owners with their legal representatives using its residential policy location tool when there is a disaster declaration by the governor or the president. The CDI forwards the information to the insurance company licensed in California and then searches the records to determine if the property was insured. The insurance company will then contact the consumer directly if they locate a policy that was in force at the time of the disaster event and the company has a reason to believe the request is the owner of the property or the legal representative. This service is free of charge.

2023 was an unprecedented year in terms of declared disasters and LAC and DRC deployments. The CDI had a busy start to 2024. More LACs/DRCs have been deployed in 2023 and 2024 than in 2020 through 2022.

The CDI also supported Hawaii during its recent wildfires. The effort was coordinated directly with the NAIC, as Commissioner Gordon Ito requested assistance due to the extensive damage caused by the wildfires in Maui. The CDI deployed five staff members to Hawaii between Nov. 7 and Dec. 2.

Issues continue to arise during the claims process due to recent disaster events in California. Complaints may be filed from six months to a year after the event, as the recovery process takes some time. For the 2023 disaster events, the CDI received a total of 1,536 written complaints related to claims delays, denials, and unsatisfactory settlement offers. A majority of the complaints involved residential and commercial properties, and a few related to auto claims. There were also a handful of travel cancellation complaints related to Tropical Storm Hillary. For the 2024 disaster events, the CDI has received 16 complaints so far.

A question was asked from the online audience about deploying insurers to LACs based on the insurers that have exposures in the affected areas. The question asked was, "How does California track this information?" Jabourian said they use information from its data analysis team by looking at the data call information and determining which insurers might have potential exposure. She said they have numbers that they can use to call the insurers and ask if they are planning on deploying staff. Jabourian said they have established that relationship with the insurers.

5. Heard a Presentation from Maryland About Catastrophe Event Materials

Hatchette presented materials that were available following a catastrophic event to the Working Group. Maryland provides numerous resources that they are willing to share with other DOIs. These materials include information pertaining to pre-disaster, during the disaster, and post-disaster. These resources can be used whether or not a federal disaster declaration has been made.

Maryland uses multiple strategies, including social media channels, such as NextDoor, to get communication started. When using social media, the message should be very brief and contain some type of graphic, which

makes the message visually appealing. It is also helpful to include QR codes. The Maryland Insurance Administration's (MIA's) interactive social media links are found at [Links to Social Media](#). The MIA uses these to stay connected with consumers. Hatchette provided some social media examples and told the Working Group members to contact the MIA if they would like to obtain the materials they use.

The goal of disaster preparedness messages is to communicate the importance of preparation and to make consumers aware that they should review their insurance policy prior to a disaster event. If consumers do not review their insurance policies, they may find out when they have a claim that it is not covered or that they are underinsured at the time of an event. Examples can be found by visiting [Insurance Preparedness for Natural Disasters](#).

The MIA also has several short videos they use. Example videos include "Flooding in Maryland Is More Common Than You Think," "Flood Insurance Tips," "Tips to Help Prepare for a Disaster," "Do I Need Flood Insurance?" and "Tips for Purchasing Flood Insurance." The consumer can subscribe to be notified of more information. These videos should be short, interesting, and have lots of pictures and fewer words. MIA examples can be found by visiting the [Video link](#).

The MIA also has brochures available for consumers. These can be found by visiting [Quick Guide Brochures](#). The brochures can be used to create a consumer advisory or consumer alert. It is helpful for these types of items to be posted on the DOI website. The MIA also travels around the state and puts brochures at libraries, trade shows, and places like the Department of Motor Vehicles.

The MIA additionally has some pre-disaster cards that are handed out at in-person events and are available digitally. These cards can be given to partners, such as emergency managers, fire departments, the Red Cross, and other agencies to provide to consumers. MIA examples can be found by visiting [Consumer Advisory](#).

The MIA also provides insurance FAQs on topics such as [flood insurance](#) and [disaster preparedness](#). MIA also has a podcast called "MIA Minutes." These podcasts can be posted on the DOI website. To find a link to subscribe to the podcasts, visit [MIA Minutes](#). The MIA also has consumer monthly emails. There are over 40,000 subscribers to these emails. These emails by month can be viewed by visiting [Consumer Emails](#).

There are also brochures for "[Weather Related Damage](#)," "[Property Damage – What to do After a Loss](#)," and "[Disaster Relief Resources](#)." FAQs can be found by visiting [Storm Related Damage](#), [Hurricane Preparedness](#), and [Automobile and Homeowners Post Disaster Claim FAQs](#).

The MIA also posts similar types of social media for information about before and after the storm. Following a storm, the number of social media posts increases because consumers have a lot of questions, and the MIA is trying to provide information ahead of the questions. Hatchette said to develop and use hashtags to get more followers. To view a social media example, visit <https://After the Storm Advisory>.

The *Post-Disaster Claims Guide*, which is an NAIC document created by the Transparency and Readability of Consumer Information (C) Working Group, has been changed to meet Maryland's needs. MIA has its guide posted on its website and can be found by visiting <https://Post-Disaster Claims Guide>.

Commissioner Birrane instituted a virtual disaster center (VDC) in Maryland. This approach works well when a DOI has a small staff, and there are events across the state. MIA staff can work with people one-on-one in a virtual environment. There is a short presentation at the beginning of the VDC, which provides consumers with tips. Following the presentation, consumers can go into virtual breakout rooms for individual assistance. The VDC has been implemented for three to four years.

6. Heard FEMA Updates

Commissioner Mulready said several insurers and some of the Southeast Zone commissioners met with FEMA on March 11. FEMA provided information about its new Individual Assistance program and its new initiative to improve the customer experience.

FEMA is making some changes and would like to include the FEMA Advisory (C) Working Group and the Catastrophe Insurance (C) Working Group in future calls, where FEMA will further explain the direction regarding funding and information regarding the Stafford Act. The new rules that will be put into place will allow for initiatives such as additional group flood policies. Insurers said they would like to work with FEMA to create a national process for insurers. Insurers would like to see clear documentation and learn about the additional assistance available. FEMA agreed to hold a second call with the group, as well as more calls if needed. Call notices will be distributed to Working Group and Advisory Group members. The next call should be held sometime in April. FEMA welcomes both Working Group members and commissioners to participate in these calls.

7. Heard an Update on the FEMA Region 3 Workshop

Commissioner Mulready said that FEMA Region 3 and the NAIC will hold a workshop on the afternoon of May 6 and the day of May 7 in Harrisburg, PA. The agenda will include information from FEMA regarding its programs and contacts for the region, as well as how the state DOIs provide help following a disaster. These workshops provide valuable contact information and help forge a beneficial relationship between the DOIs and FEMA. FEMA staff plan to attend the Summer National Meeting to provide more information to the Working Group and Advisory Group about new FEMA initiatives.

8. Heard an Update on the 2024 Earthquake Summit

Amann said the plans for the next annual earthquake summit are ongoing. The summit will be held in early October, and she will provide details for the Working Group as the summit is finalized.

Having no further business, the joint meeting of the Catastrophe Insurance (C) Working Group and the NAIC/FEMA (C) Advisory Group adjourned.

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