

Draft: 3/26/23

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.

SharePoint/NAIC Support Staff Hub/Committees/C CMTE/2024 Spring /Catastrophe/Minutes – CatFEMA – SprNM 31624