

[NAIC P/C Committee Sets New Disaster Charge, Draws Fire on Transparency](#)

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The National Association of Insurance Commissioners' Property and Casualty Insurance Committee voted at its spring meeting to hold a public hearing on whether the organization should create model guidelines for processing claims in the wake of a natural disaster. But in the process, the committee drew fire from industry representatives for not being adequately transparent.

The hearing was called for by consumer representatives who told regulators that natural disaster claims are different than routine claims. "We think it would be beneficial to consumers to have claims handling rules that only apply in a post-disaster setting because the issues that come with a catastrophe are much different than the one-off types of claims that are typically filed," said Amy Bach, executive director of United Policyholders, who serves as a consumer representative for the NAIC.

Issues to be considered during the public hearing could include the appropriate duration for payment of additional living expenses; the appropriate duration for consumers to recover the full replacement costs of personal and real property; streamlined inventory requirements in the event of a total loss; enhanced training requirements for calculating replacement values; a requirement that insurers provide a complete copy of a policy upon request as part of the claim settlement process; and access to copies of claim-related documents in a claim file.

The committee didn't set a date for the hearing during the session.

The committee passed the motion to hold the hearing unanimously in a voice vote. But industry representatives said they were frustrated by how the committee considered the proposal. Mississippi Insurance Commissioner Mike Chaney stated several times during the meeting that he wished to end on time and did not call for comments from interested parties on the charge.

Dave Snyder, vice president and associate general counsel for the American Insurance Association, said he was "surprised" the committee approved the charge without giving the industry a chance to comment.

"There are already claims processes in place. We shouldn't be taking an ad hoc approach to these

things,” Snyder said.

Neil Alldredge, senior vice president of state and policy affairs for the National Association of Mutual Insurance Companies, agreed with Snyder, saying “It’s curious that the consumer groups can draft and get unanimous support of a brand new charge for the committee without any discussion from anyone else.”

Allredge added the charge makes assumptions about obstacles in the claims settlement process. “The way you frame the charge is important because it informs the group’s thinking before they begin their discussion,” Allredge said. “And this is coming at a time when the industry is being applauded for how it has been responding to historic levels of natural disaster losses.”

The question of whether the NAIC was being adequately transparent has become something of a theme at the organization’s spring meeting in New Orleans. During an earlier session, Snyder questioned regulators about whether they allowed a consumer representative to make presentation on access to automobile insurance for low-income drivers at a closed-door meeting without inviting industry representatives to comment as well Best’s News Service, March 5, 2012).

Those questions come on the heels of a letter from U.S. Rep. Ed Royce, R-Calif., calling on the NAIC to explain what kind of organization it is and what role it intends to play in the new regulatory landscape under the Dodd-Frank Act. Royce’s letter specifically asked whether the NAIC believes it is subject to open-meeting laws Best’s News Service, Feb. 28, 2012).

Also during the Property and Casualty Insurance Committee session, Texas Insurance Commissioner Eleanor Kitzman proposed the committee consider developing model laws that would set up an interstate compact for coastal property insurance to aid in the flow of capital.

Stressing the proposal was “purely conceptual at this stage,” Kitzman said, “This compact would be intended to attract and facilitate the more efficient flow of capital in what is a distressed market in many coastal states. It would also streamline licensing process for writing coastal property insurance. If you write in one state, you could write in all states that are part of the compact.”

Chaney said the committee would take up the issue during the next NAIC meeting.

Snyder said he already saw a “major barrier” to the proposal. “A major barrier to writing on the coast is the highly politicized prior approval of rate regulation that exists in many states,” he said.

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