



Insurance regulator engagement in short and long term disaster recovery

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***Joint Meeting of the Cat Response Working Group
And Post-Cat Regulatory Guidance Subgroup***

April 8, 2017 Meeting in Denver, Colorado

About United Policyholders (“UP”)

- Not for profit 501(c)(3)
- An informed voice and help resource for insurance consumers nation wide
- Founded in 1991, focused on disaster recovery
- Funded by donations and grants, fueled by volunteers (attorneys, professionals, survivors)
- Partnering with local, state and federal officials and agencies, faith-based and other NGOs, professional associations and emergency response entities

Three Programs

- ***Roadmap to Recovery***

- *Helping victims of floods, fires, hurricanes, tornados, etc., solve insurance problems after disasters*

- ***Roadmap to Preparedness***

- *Increasing insurance literacy and promoting financial preparedness for adverse events through buying guidance*

- ***Advocacy and Action***

- *A voice for consumers in legislative, regulatory and court proceedings and in the media*

Each disaster has unique and common aspects

- Wind, water, fire, earthquake...
- Scale and severity
- Economic conditions in the impacted area
- Political and community leadership
- Local social service/support infrastructure
- Uninsured and insured losses



Challenges for impacted property owners:



- Finding policies
- Finding temporary living options
- Expectations created by insurer ads
- Knowing who to trust/good construction and claim help versus shady
- Unrealistic POL and other deadlines
- Underinsurance
- Getting lender sign-off on policy checks
- Disputes over coverage/causation (wind/water, pre-existing?)
- Disputes over repair methods or costs
- Payment and processing delays
- Communication difficulties
- Overwhelmed by paperwork

How will your agency respond?

- Proactively to assist disaster survivors and secure insurer voluntary cooperation?
- Empathy and support training to employees who will deploy.
- Communicating with other DOIs that have “been there done that”

Opportunities to assist

- Seek
- Participate in Local Assistance Center (LAC) or Disaster Recovery Center (DRC)
 - One stop shop for survivors to come to receive gov' t and nonprofit assistance
 - Pass out consumer friendly information, answer general questions and provide information on DOI help resources (many do not know a DOI exists)

Valley Fire LAC Lake County, California



UP Roadmap to Recovery Outreach and Education Coordinator at
Valley Fire Local Assistance Center, September, 2015

DOIs have an important role

- Cat claims require insurer flexibility and time extensions
- Advances are enormously helpful
- A regulator can facilitate communication and help insurers balance their obligations to policyholders versus shareholders
- Managing expectations on all sides
- Assisting local officials with expertise



Insurance Protection for All Californians

- Advance payment of 4 months ALE
- Advance payment of 25% of your contents coverage
- Reduced itemization requirements for contents (ok to list 100 books, instead of titles)
- Insurance should accept expedited debris removal process coordinated through county

Participating Insurers: Allstate, CSAA, Farmers, Hartford, Liberty Mutual, State Farm, Travelers, USAA

STATE OF CALIFORNIA

Dave Jones, Insurance Commissioner

DEPARTMENT OF INSURANCE

EXECUTIVE OFFICE
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VOLUNTARY CLAIMS HANDLING REFORMS FOR WILDFIRES

1. **Additional Living Expenses (ALE):** Insurers should adopt a standard ALE advance payment of 4 months for a total loss, upon request. Additional ALE should be available upon proper proof following the advance period, upon request.
 - Current law imposes no requirement for advance payment of ALE.
 - This practice would recognize the reality that following a total loss in a wildfire disaster, consumers need support immediately and it is not conceivable that a destroyed residence in a wildfire disaster will be replaced within 4 months.
2. **Personal Property (Contents):** Insurers should provide a standard contents advance payment of at least 25% of policy limits for a total loss of the primary residence in a wildfire disaster.
 - Additional contents payments should be available upon proper proof and upon request.
3. **Vehicle Claims:** Upon satisfaction of proof of claim, insurance companies should expedite payment of automobile property damage claims under comprehensive loss coverage.
 - The Department of Insurance is not specifying precisely how much these claims should be expedited.
4. **Billing:** All insurers should grant billing leniency for at least 30 days for customers in designated wildfire disaster areas.
 - Whenever there is widespread wildfire loss, some victims lose their insurance renewal notices or may not have the ability to have mail forwarded. This can result in victims losing their insurance coverage for nonpayment of premium.
 - Many insurers already voluntarily grant payment leniency for wildfire victims.
 - This is not limited to homeowners insurance. A renewal bill for auto insurance, health insurance, or life insurance is as likely to be destroyed as is a bill for homeowners insurance.
5. **Debris Removal:** Insurers should accept an expedited debris removal process coordinated through city, county and state agencies, with master debris removal vendor contracts under pre-negotiated conditions unless the insurer can provide more rapid debris removal outside of the state and local government coordinated effort.
6. **Inventory Forms:** Insurers should agree to accept home inventory software (or paper alternative) currently available to the public by IINC or the CDI (or others), without a requirement of using company-specific inventory forms.
7. **Inventory Itemization:** Insurers should agree to accept reduced itemization of contents in wildfire total losses.
 - In some cases it is appropriate for inventories to allow grouping of categories of personal property, such as allowing a listing of "100 DVDs" instead of requiring a list of specific titles.

Applying a firm hand early on facilitates recovery:



“The New York State Department of Financial Services has informed the insurance industry that hurricane deductibles should not be triggered for this storm”

- Insurers complained this was re-writing the policy
- It was the right thing to do warranted by the facts
- Benefits far outweighed harm
- Only applied to home policies not flood, and they paid little anyway

Host a Town Hall Meeting

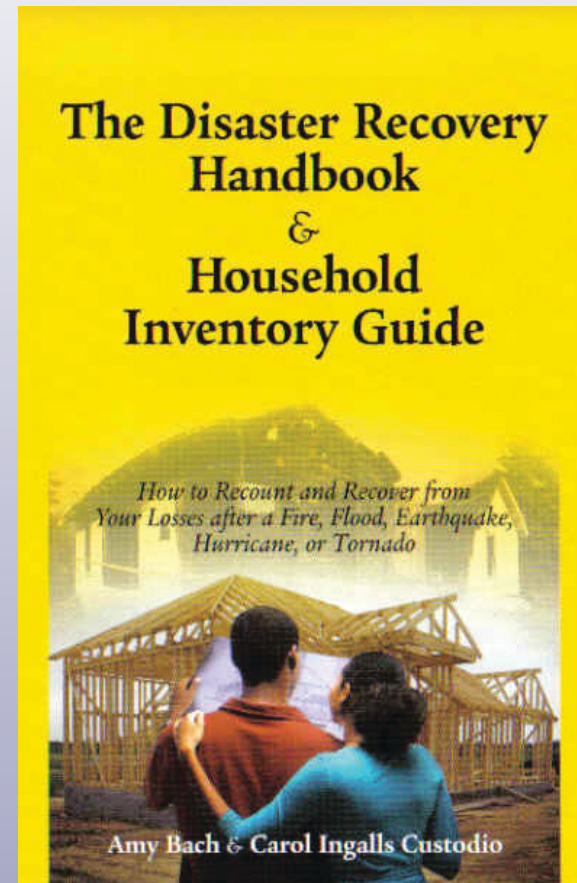
- Listen to the challenges of the community
- Encourage insurers to attend
- Long Term Recovery is long: at least 24 months
- Insurance issues arise at many different stages of recovery
- Be available to the community so they know they have support from your agency

Challenges that arise

- **Floods:**
 - No authority over NFIP, but yes over I.A's
 - Still have to field calls and complaints from consumers
 - Can help with auto and home insurance
- **Underinsured Homes:**
 - Advocate for full and complete payouts
 - Advocate for Inventory waivers
 - Creative solutions: use ALE to buy mobile home

Partnerships are key

- United Policyholders can provide:
 - Materials for your table at LAC
 - Webinars and trainings for employees
 - Speakers at workshops
 - Claim help reference library to complement yours



UP sent 50 copies to Tennessee Dept. of Commerce and Insurance for town hall meeting following November wildfire

Partners and players in Long Term Recovery

- VOADs
- Long Term Recovery Groups
- Case Managers
- Faith-based organizations
- Local businesses
- Community leaders

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See also: www.uphelp.org/news/disaster-recovery