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
• 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
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