



The insurance claim landscape post-Hurricane Ian and Tropical Storm Nicole

2022 NAIC Fall National Meeting, Tampa, FL
Consumer Liaison Committee, December 12, 2022



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The numbers...

Ian

September 28, 2022

Category 4 hurricane

Nicole

November 10th, 2022

Tropical Storm

OIR is requiring simplified catastrophe reporting for Hurricane Ian and Nicole

Lines of Business	Number of Claims Reported	Number of Open Claims with Payment	Number of Open Claims without Payment	Number of Claims Closed with Payment	Number of Claims Closed without Payment	Percent of Claims Closed
Residential Property	449,170	51,711	141,562	145,754	110,147	57.0%
<i>Homeowners</i>	358,555	40,614	110,812	112,444	94,689	57.8%
<i>Dwelling</i>	48,926	5,262	17,501	15,831	10,332	53.5%
<i>Mobile Homeowners</i>	38,937	5,650	11,496	16,994	4,797	56.0%
<i>Commercial Residential</i>	2,752	185	1,753	485	329	29.6%
Commercial Property	26,817	1,993	18,386	2,576	3,862	24.0%
Private Flood	3,260	241	1,923	725	371	33.6%
Business Interruption	439	71	147	174	47	50.3%
Other Lines of Business*	168,256	30,618	25,700	94,353	17,583	66.5%
TOTALS	647,942	84,634	187,718	243,582	132,010	58.0%

FLOIR IAN data, 11/30/22

Lines of Business	Number of Claims Reported	Number of Open Claims with Payment	Number of Open Claims without Payment	Number of Claims Closed with Payment	Number of Claims Closed without Payment	Percent of Claims Closed
Residential Property	32,176	912	9,930	12,468	8,866	66.3%
<i>Homeowners</i>	29,162	850	8,091	11,866	8,355	69.3%
<i>Dwelling</i>	1,954	30	1,081	428	415	43.1%
<i>Mobile Homeowners</i>	1,022	32	722	173	95	26.2%
<i>Commercial Residential</i>	38	0	36	1	1	5.3%
Commercial Property	660	7	616	5	32	5.6%
Private Flood	43	2	37	2	2	9.3%
Business Interruption	5	0	2	2	1	60.0%
Other Lines of Business*	12,186	2,571	2,051	6,539	1,025	62.1%
TOTALS	45,070	3,492	12,636	19,016	9,926	64.2%

Local conditions

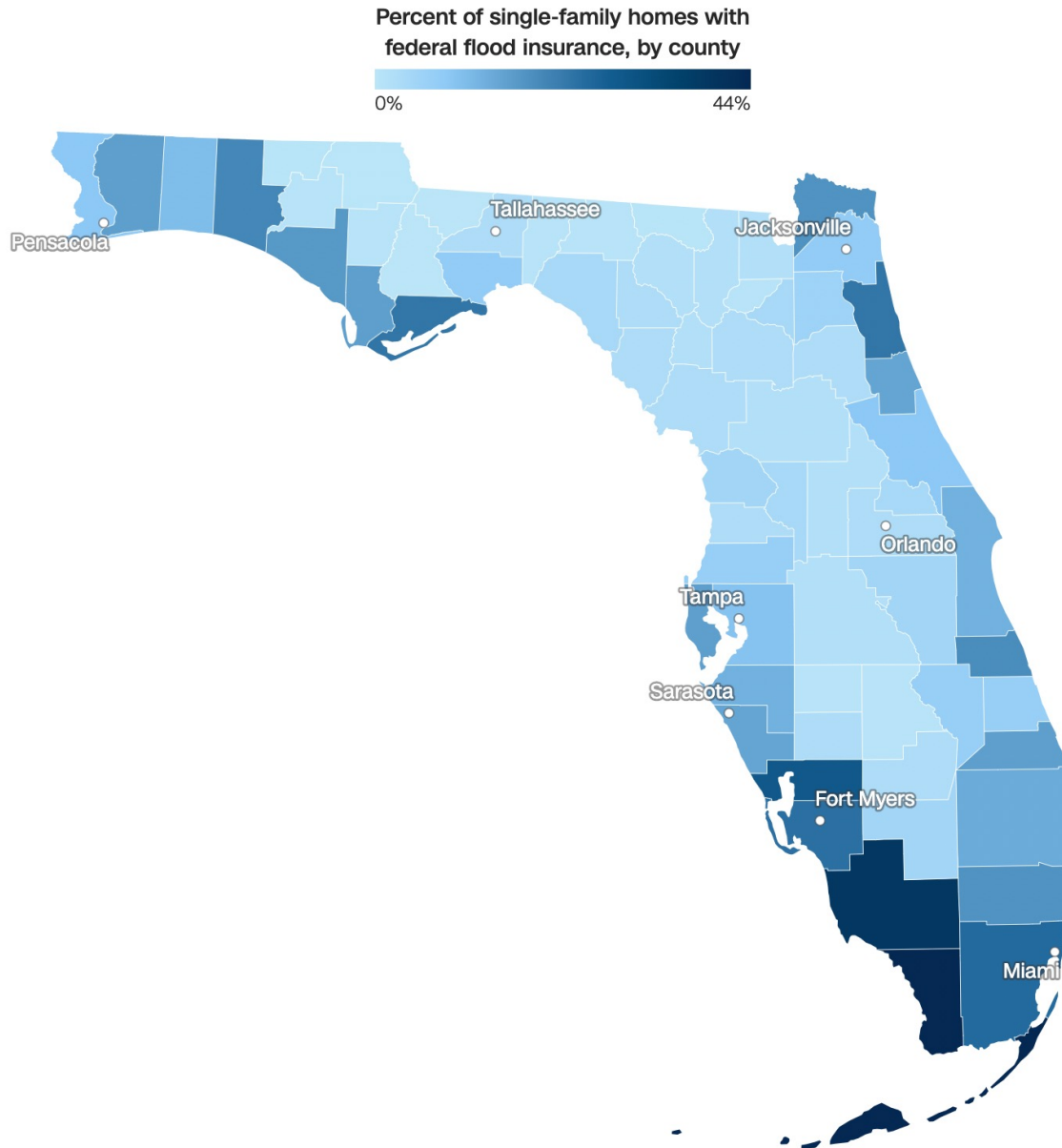
- Logistics/access challenges
- Adjuster and housing shortage
- Local contractor/remediation prof'l shortage
- Imperative to tarp/prevent mold growth/further damage
- Wind vs. Water, Home insurance v. Flood insurance
- FL insurance marketplace:
 - Smaller, regional insurers
 - Building code requirement that if 25% of roof damaged, need new roof overturned by the legislature in 2022
 - 5% discounts for Managed Repair, ACV only on roofs
 - PHs warned by public officials not to hire public adjusters
 - TPAs, consultants, Independent Adjusters not staff adjusters

FL Citizens (insurer of last resort)

- 60k claims to date (100k projected)
- Ian loss estimate of \$3.8 billion incorporates the results of two hurricane models, considers the actual claims activity to date, and includes additional provisions for litigation costs and inflation.
- A projected \$1.4 B bill be ceded to the FHCF, net impact to Citizens' surplus is projected to be \$2.4 billion.
- CAT bonds FL Citizens has in place are not expected to be triggered
- Citizens intends to modify policies to mandate arbitration, not litigation
- Nicole not projected to have a big impact on Citizens

NFIP

- As of Nov. 10, the National Flood Insurance Program (NFIP) has received more than 44,000 flood claims from Hurricane Ian and has paid nearly \$437 million to policyholders.
- \$20k advances upon request
- FEMA's initial estimate projects Hurricane Ian could potentially result in NFIP claims losses between \$3.5 - \$5.3 billion, including loss adjustment expenses. The losses include flood insurance claims received from five states, with the majority of claims coming from Florida.



50% Sanibel Island
25% in Lee County
4% Seminole
3% Orange County

Statewide @ 13-18%
according to the III,

Online help resources

The screenshot shows the United Policyholders website with a navigation bar including links for HOME, ABOUT, MEDIA, RECOVERY HELP, GET PREPARED, ADVOCACY, EVENTS, COMMUNITY, and SUPPORT UP. The main header reads "DISASTER RECOVERY HELP". Below this, a breadcrumb trail indicates the path: Home » Disasters » 2022 Tropical Storm Nicole - Insurance Claim and Recovery Help Library. The main content area is titled "2022 Tropical Storm Nicole – Insurance Claim and Recovery Help Library". It contains three paragraphs of text: the first describes the Roadmap to Recovery® program, the second mentions FEMA's individual assistance declaration, and the third discusses flood damage insurance. On the right side, there are two sections: "UPCOMING EVENTS" and "DISASTER UPDATES", each with a form for First Name, Last Name, and a dropdown for State.

United Policyholders. Empowering the Insured

LOG IN ASK AN EXPERT FORUMS Search

HOME ABOUT MEDIA RECOVERY HELP GET PREPARED ADVOCACY EVENTS COMMUNITY SUPPORT UP

DISASTER RECOVERY HELP

Home » Disasters » 2022 Tropical Storm Nicole - Insurance Claim and Recovery Help Library

2022 Tropical Storm Nicole – Insurance Claim and Recovery Help Library

If your home or business has been damaged or destroyed by Tropical Storm Nicole, United Policyholders' Roadmap to Recovery® program will help guide you in valuing and documenting your loss, understanding insurance rules, settling your insurance claims fairly, and finding qualified professional, charitable, and government help. United Policyholders is non-profit and has 31 years of experience helping individuals and communities hit by disasters. We're rooting for you and here to help. No strings attached.

Check if Federal Emergency Management Agency (FEMA) has made an individual assistance declaration in your area. If so, disaster assistance may be able to fill insurance gaps or provide help if you've been waiting more than 30 days on a homeowner's claim. You can register here: www.disasterassistance.gov.

If your rental, home or business was insured for flood damage, there are some differences in how a flood versus a home insurance claim gets adjusted and settled, but many similarities. Wind damage will be covered under your

UPCOMING EVENTS >

DISASTER UPDATES

First Name *

Last Name

Your State *

- Select State -

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UPCOMING EVENTS >

2022 HURRICANE IAN DISASTER UPDATES

First Name *

Last Name

Your State *

- Select State -

Orientation Webinar, November 2, 2022 <https://uphelp.org/events/nov2webinar/>

The order UP recommends...

1. Self help and tenacious ph (Speak UP)
You paid for good claim service and coverage, use www.uphelp.org
2. If problems arise:
 1. Notify and seek help from DFS, NFIP, and your elected representatives
 2. If that fails, hire qualified professional help
Licensed, reputable public adjuster 7-10% OR
Policyholder/insurance consumer attorney 15 -33%

Do

- Focus on drying/cleaning out, avoiding further damage, and getting damage inspected, measured, and estimated by qualified, reputable, independent experts.
- Check license status of anyone you're thinking of hiring

www.myfloridalicense.com or call

(850) 487-1395

Do

- Give your home and/or flood insurer a chance to do the right thing, but...don't be a pushover
- Get a second opinion if a home or flood insurance adjuster says damage isn't covered or makes a lowball offer.
- Speak "UP" (politely push for fair treatment, advocate for yourself and be prepared to get help if you're not being treated fairly).

Don't

- Sign away/give up your rights, prematurely assign your benefits to or hire a contractor who's offering to negotiate with your insurer or "absorb" your deductible, hire or assign your benefits to a lawyer to negotiate with your insurer *until you've given your insurance company's adjuster a chance to adjust your loss fairly*
- Allow anyone to rush you into signing a contract other than for temporary repairs.
- Think you're powerless or alone – you are neither

Areas of concern

- Reports that insurers under financial stress are slow/low paying
- Consumer frustration w/poor claim service
- Deductibles and new limits causing confusion
 - Roof charts, ACV only on roofs
 - Managed repair/no consumer choice
 - "Refusal to inspect" forms

"UPC Adjusters left desperate for information amid claims frenzy"

Tampa Bay Business Journal
12/2/22

An independent adjuster who works for UPC Insurance is raising concerns that the St. Petersburg-based company doesn't have adequate manpower to process the thousands of claims it has received in the wake of Hurricane Ian.

The adjuster, who was retained by UPC to assess that storm's damage and issue estimates of insured losses, told the Tampa Bay Business Journal on the condition of anonymity that they – and others – are desperately searching for instruction from UPC, which the adjuster said has failed to provide basic information and is generally unresponsive to their inquiries.

UPC Insurance is among the latest Florida-domiciled property insurance companies to have **fallen on hard financial times** this year. The company reportedly laid off around 80 employees in August, according to two of those employees, and at least seven key executives have left the company since mid-2020, according to documents filed with the U.S. Securities and Exchange Commission.

A public adjuster, **Rick Tutwiler**, said a trend started taking shape in 2016 of insurance companies eliminating adjusters from their payrolls as a cost-cutting measure and either replacing them with other professionals like building consultants or relying on a short supply of third-party independent adjusters.

"There's a shortage of manpower," Tutwiler said. Thousands of claims are filed following a storm, and insurance companies have a 90-day window to assess damage, process initial claims and notify policyholders whether their claims were accepted or denied. Tutwiler said there are instances "across the board" of insurance companies pushing back on initial claim estimates from Hurricane Ian submitted by independent adjusters.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ACTUAL CASH VALUE LOSS SETTLEMENT HURRICANE,
WINDSTORM, OR HAIL LOSSES TO ROOF SURFACING**

For Use With Dwelling Fire Form DP-3

This endorsement modified Section I-Loss Settlement Conditions in the policy form with respect to a covered loss for roof surfacing caused by the peril of hurricane, windstorm, or hail.

SECTION 1-CONDITIONS

In the Dwelling Fire DP-3 form:

5. Loss Settlement

Paragraph **a.(3)** is replaced by the following:

- (3) Structures that are not buildings; including their roof surfacing.

The following is added to paragraph **a**:

- (4) Roof surfacing on structures that are buildings if a loss to the roof surfacing is caused by the peril of hurricane, windstorm, or hail.

Paragraph **b.(1)** is deleted and replaced by the following:

- b.** Buildings under Coverage A or B at replacement cost without depreciation, subject to the following:
- (1) If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, after the application of depreciation, with the exception that damage to roof surfacing caused by hurricane, windstorm or hail will be paid at actual cash value at the time of loss. In any instance, we will pay no more than the least of the following amounts:
- (a) the limit of liability under this policy that applies to the building
- (b) the replacement cost of the part of the building damaged for like construction and use on the same premises; or
- (c) the necessary amount actually spent to repair or to replace the damaged building.

In the Special Provisions for Florida, SFIV DF 09 SP 12 11:

5. Loss Settlement

Paragraph **b.(4)** is revised as follows:

- b.(4)** we will initially pay at least the actual cash value at the time of loss, less any applicable deductible. We will pay any remaining amounts necessary to perform repairs as work is performed and expenses are incurred. If the loss is to the roof surfacing and is caused by hurricane windstorm or hail, we will only pay for the actual cash value at the time of loss, less any applicable deductible. In any instance, we will pay no more than the following amounts:

ROOF SURFACES PAYMENT SCHEDULE						
Age of Roof in Years	Roof Surface Material Type					
	Composition Shingle	Metal	Concrete/Clay Tile	Wood Shake/Shingle	Tar/Gravel	Other Roof
Less than 1	100%	100%	100%	100%	100%	100%
1 to less than 2	96%	99%	98%	98%	96%	96%
2 to less than 3	92%	98%	96%	96%	92%	92%
3 to less than 4	88%	97%	94%	94%	88%	88%
4 to less than 5	84%	96%	92%	92%	84%	84%
5 to less than 6	80%	95%	90%	90%	80%	80%
6 to less than 7	76%	94%	88%	88%	76%	76%
7 to less than 8	72%	93%	86%	86%	72%	72%
8 to less than 9	68%	92%	84%	84%	68%	68%
9 to less than 10	64%	91%	82%	82%	64%	64%
10 to less than 11	60%	90%	80%	80%	60%	60%
11 to less than 12	56%	89%	78%	78%	56%	56%
12 to less than 13	52%	88%	76%	76%	52%	52%
13 to less than 14	48%	87%	74%	74%	48%	48%
14 to less than 15	44%	86%	72%	72%	44%	44%
15 to less than 16	40%	85%	70%	70%	40%	40%
16 to less than 17	36%	84%	68%	68%	36%	36%
17 to less than 18	32%	83%	66%	66%	32%	32%
18 to less than 19	28%	82%	64%	64%	28%	28%
19 to less than 20	25%	81%	62%	62%	25%	25%
20 to less than 21	25%	80%	60%	60%	25%	25%
21 to less than 22	25%	79%	58%	58%	25%	25%
22 to less than 23	25%	78%	56%	56%	25%	25%
23 to less than 24	25%	77%	54%	54%	25%	25%
24 to less than 25	25%	76%	52%	52%	25%	25%
25 to less than 26	25%	75%	50%	50%	25%	25%
26 to less than 27	25%	74%	48%	48%	25%	25%
27 to less than 28	25%	73%	46%	46%	25%	25%
28 to less than 29	25%	72%	44%	44%	25%	25%
29 to less than 30	25%	71%	42%	42%	25%	25%
30 or older	25%	70%	40%	40%	25%	25%

HO-2795

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ROOF SURFACES PAYMENT SCHEDULE ENDORSEMENT

This endorsement modifies insurance provided under the following: HOMEOWNERS POLICY

SECTION I – LOSS SETTLEMENT COVERAGE A – DWELLING

1. A1 – Replacement Cost Loss Settlement – Similar Construction.

The first paragraph in item 1.a. is replaced with the following:

APPROVED
08/07/2020

2022 legislative reforms

Separate Roof Deductibles

Property insurance companies are allowed to offer a policy with a separate roof deductible of up to two percent of the Coverage A (dwelling) limit of the policy or 50 percent of the cost to replace the roof, whichever is lower.

		Separate Roof Deductible Calculation
Coverage A	\$300,000	2% = \$6,000
Roof Replacement Cost	\$15,000	50% = \$7,500
Separate Roof Deductible	\$6,000	The lesser of the calculations.

This is an opt-out endorsement, which means that you must be offered and allowed to decline the roof deductible by signing a form. If a roof deductible is added to your policy at renewal, the insurance company must provide a notice of change in policy terms and allow you to decline the separate roof deductible.

Insurance companies must offer a premium credit or discount for selecting a policy with a separate roof deductible.

The roof deductible does not apply to:

- A total loss caused by a covered incident.
- Damage caused by a hurricane.
- Damage caused by a tree or other hazard that damages the roof and punctures the roof deck.
- Damage requiring the repair of less than 50 percent of the roof.

When a roof deductible is applied, no other deductibles under the policy may be applied.

“Managed Repair”



PREFERRED CONTRACTOR ENDORSEMENT

THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT DOES NOT APPLY TO SINKHOLE CLAIMS.

In consideration of the premium credit shown on “your” Declarations Page, “you” agree to the following:

THIS ENDORSEMENT ALLOWS US AT OUR OPTION TO SELECT RAPID RESPONSE TEAM, LLC™ TO MAKE COVERED REPAIRS TO YOUR DWELLING OR OTHER STRUCTURES.

“You” agree that in the event of a covered loss to “your” dwelling or other structures on the “residence premises”, other than a sinkhole loss, “we” at our option may select Rapid Response Team, LLC™ to repair “your” damaged property as provided by the policy and its endorsements.

This endorsement does not reduce the applicable deductible under the policy. “You” will be responsible for paying the amount of the deductible to Rapid Response Team, LLC™.

In addition, the following provisions of the policy and its endorsements where applicable, are changed:

Early reports

- Prompt advance payments on NFIP claims
- Unfair tarring of the entire public adjusting profession
- Inadequate supply of insurance company adjusters, unresponsive, untrained adjusters
- Roofers/Attorney teams knocking on doors
- Claim payment offers based on engineering reports that offer pennies on the dollar

No flood insurance?

Possible sources of \$

- SBA loans
- Home equity loans
- Tax strategies
- Charitable aid
- FEMA IA (Individual Assistance Grants)
 - Average \$5k, income/need based

Free dispute resolution options

Home insurance claim disputes:

Department of Financial Services, Mediation Program

Phone: 877-693-5236

<https://www.myfloridacfo.com/division/consumers/mediation/>

National Flood Insurance Program claim disputes:

FEMA, 400 C Street SW, 6th Floor SW, Washington, D.C.
20472-3010, or FEMA-NFIP-Appeals@fema.dhs.gov.

Reality check

- Strong anti fraud efforts are in place
 - DFS messaging/enforcement, SIUs, CAIF
- Legislative reforms May, 2022:
 - Contractor solicitation prohibitions
 - 25% of roof can be repaired/no oblig to match
 - Tort reform (AOB, Attorney fees, Bad Faith)

Recommendations

- Restore fairness/integrity to the appraisal process
- Let the legislative fixes work, don't remove the deterrent and remedial value of civil litigation rights
- Market Conduct Exams
- Evaluate the impact of high and multiple deductibles, roof repair coverage limits and ACV only coverage on consumers and on the structural integrity of buildings

THANK YOU!

- FL Expert volunteers
- DFS and OIR staff
- NFIP staff
- Consumer Liaison Committee members
for your time and attention