



William P. White
Commissioner

Insurer Notice

STORM SANDY

October 30, 2012 - Although initially labeled “Hurricane Sandy” the District of Columbia did not sustain hurricane force winds associated with the Sandy storm, nor did the National Hurricane Center (NHC) designate Sandy a Hurricane in the District of Columbia. Therefore, insurers may not impose a hurricane deductible on any claims submitted by District of Columbia insureds.

This notice is intended to provide additional guidance for insurers operating in the District of Columbia in the post “Sandy” environment.

Insurers and adjusting entities are responsible for the conduct of temporary emergency adjusters and are liable for any violations of District of Columbia insurance law and/or regulation by any adjuster working for the insurer or adjusting entity.

Claims Handling:

- The District of Columbia requires the prompt investigation of all claims on a claim by claim basis, including investigation of the causation of loss to ascertain if coverage exists.
- Insurers have a duty to properly investigate all claims to ascertain if coverage exists including the applicability of policy provisions such as sump pump and/or water backup endorsements.
- District of Columbia insureds may be eligible to apply for federal disaster assistance. If so, in order to qualify for federal disaster assistance, insureds may be required to furnish evidence that the insurer has denied their claim in whole or in part. In cases in which an insurer is denying a claim, the insurer must provide proper documentation to the resident or business owner to allow for application for federal disaster assistance.
- Insurers are not relieved from their obligation to investigate all claims as promptly and as expeditiously as possible. However, in light of the large volume of claims that may result from Sandy, DISB acknowledges that some delays may occur. If an insurer believes that delays beyond acceptable limits will occur, the insurer should notify DISB in advance.
- DISB expects insurers to recognize that claimants who have been displaced from homes or businesses may be unable to meet reporting timelines as specified in insurance policies and if that is the case, insurers are expected to provide these insureds reasonable extensions of time.

- Insurers should establish expedited claim processing procedures and simplified claim reporting forms where appropriate.
- All claim forms must provide the required fraud warning statement.

Premium Payments and Vacancy Provisions:

- DISB encourages all insurers operating in the District of Columbia to provide prompt and immediate relief to those policyholders impacted by the disaster, including the temporary suspension of premium payments and suspension of vacancy provisions for those temporarily displaced.
- DISB will work with insurers to minimize the regulatory effects of an insurer's suspension of premium payments, specifically in regard to financial review requirements.
- **The term "suspension" is not intended to mean forgiveness of the premium; rather, it refers to an extended grace period for the payment of premium.**
- **Insurers are also encouraged to work with policyholders with regard to the collection of premiums, including granting requests for reasonable payment plans.**

Underwriting:

- It is not appropriate for insurers to re-rate, cancel, non-renew, or refuse to provide insurance coverage due solely to an individual's status as a victim or evacuee of this storm.
- It is not reasonable to change policyholders' rating classifications or increase their insurance rates solely because they are victims or evacuees of this storm.
- Insurers are reminded that the first weather related incident cannot be used as a basis for the cancellation or non-renewal of policy of insurance in the District of Columbia.

Consumers with questions about this notice should contact Lee Backus at (202) 442-7812 or lee.backus@dc.gov. Insurers with questions should contact Angela King at (202) 442-7798 or angela.king@dc.gov.

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Department of Insurance, Securities and Banking
October 30, 2012