Regulatory Perspectives on Managing Catastrophe Risk:

Working with Insurance Adjusters and First Responders

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Learning Objectives

• Today we will learn:
  – What steps to take before a disaster strikes;
  – How to interact with first responders, adjusters and other important constituents;
  – The difference between disaster response and business continuity plans;
  – To identify opportunities to work collaboratively with state and federal emergency managers, insurers, insurance adjusters and others to implement appropriate disaster response best practices.

Planning for Disasters

• Everyone needs to be ready
• Insurance departments need to have a plan
  – It needs to be written
  – It needs to be in the hands of the right people
  – It needs to be practiced
  – It needs to be fine-tuned from experience

Working with State & Federal Agencies

• The Governor’s Office
• The Federal Emergency Management Agency
• The State Office of Emergency Management
• Agencies Providing Access to Housing
• The National Flood Insurance Program
• U.S. Small Business Administration
• State Department of Labor

What to Expect

• When an event occurs, there will be a period of chaos
  – It is everyone’s job to stay out of the way
  – Let first responders do their work to save lives
• Basic concerns:
  – Transportation
  – Communications and technology
  – Safety

What to Expect

• Difficulty maneuvering around water, trees, debris and downed power lines
• Streets “gridlocked” like rush-hour traffic
• Major thoroughfares like parking lots
• Ambulances and first responders on roads
• Sirens throughout the night
What to Expect

• Convoys—military, corrections, private
• Gas shortages
• No street signs; maps useless
• Virtual maps on laptop computers helpful, but not readily available
• Communications issues

What to Expect

• Telephone and Internet service down
• Networks busy
• Cell phones with certain area codes inoperable
• Cell towers impaired or down
• Problems calling other states
• Limited text messaging generally works
• Satellite phones unreliable

First Steps for Insurance Departments

• First things first:
  – Locate staff and be sure they are paid
  – Send announcement(s) on when the office will open and when staff is to report to work
  – Assess & address any Civil Service issues
  – Remind employees of the agency mission
  – Implement Disaster Response Plan
  – Communicate with authorities and public

Communication with Insurers & Adjusters

• Communicate with regulated entities:
  – Meet in remote location
  – Consider transportation in and out
  – Conference accommodations
  – Tell entities the plan
  – Get entities to commit to the plan
  – Receive information from entities

Emergency Measures

• Issue Emergency Regulations or Bulletins
  – Purpose
    • To inform insurers of extraordinary measures to work with the public and with producers
    • Inform adjusters of what to expect and what is expected of them
      – Emergency licensing measures
      – Remind Unfair Trade Practices Act Requirements
      – Remind of Unfair Claim Settlement Practices Requirements
    • To protect consumers
    • To address issues, including mail delivery problems

Impact on Consumers

• Things a state might do to assist consumers:
  – Prescription issues need to be addressed
  – Consumers might be allowed to go outside of network for health insurance
  – Right to cancel or non-renew might be suspended in the event of a catastrophic loss
  – Extension of coverage might be provided
  – Premium payment due date extensions
  – Notifications required to be by certified mail
Definitions

• Business Continuity Plan:
  – Purpose is to ensure the recovery of entity’s (Insurance Department or Insurer) critical business processes and operations in the event of a disaster that damages/destroys entity’s facilities or operations

Definitions

• Disaster Response Plan:
  – Purpose is to document how the resources of an entity (Insurance Department or Insurer) will be deployed for the benefit of it’s constituents before, during, and after a disaster that does not affect the entity’s facility or operations

NAIC Disaster Response Plan

• Handbook
• Guide to Assist States in Developing and Adopting a Comprehensive State Disaster Response Plan
• Suggests three Distinct Stages
  – Preparation
  – Activation
  – Post Disaster

NAIC Disaster Response Plan

• Preparation tasks:
  – Insurance Department Planning Subcommittee:
    • Insurance Community Liaisons
    • Mediation Program
    • Exceptions to Common Settlement Practices
    • Market Assistance Plans
    • Disaster Assessment Team
    • Emergency Licensing of Adjusters
    • Early Access for Adjusters

NAIC Disaster Response Plan

• Preparation tasks:
  – Combined Resources Subcommittee:
    • Logistics Task Group
    • Coordination/Communications Task Group
    • Command Post Task Group
    • Consumer Information Hotline Task Group
    • Media Relations Task Group
    • Volunteer Recruiting & Training Task Group
    • Market Monitoring Task Group

NAIC Disaster Response Plan

• During the activation phase, all your plans are implemented
  – Each task group should know what is expected of them and report on activities to their assigned subcommittee
  – Post disaster tasks generally go toward evaluating how the plan worked and changing what did not work
Your Disaster Response Plan

- Must be documented
- Should describe how the resources of your agency will be deployed, to assist consumers and the industry, before, during and after a catastrophe that does not affect your own operations
- Must be a living document
- Must be tested

Regulatory Coordination & Cooperation

- You are not alone
- Others have walked in your shoes
- State insurance regulators have big hearts and work together to provide extra staff to assist each other when called upon
- The NAIC serves a coordinating role
  - The NAIC offers a disaster data collection mechanism to obtain policy level information from your regulated entities at the ZIP Code level

Regulatory Coordination & Cooperation

- After Hurricane Katrina, regulators assisted Mississippi with a call center to supplement the department’s efforts
- After Superstorm Sandy similar assistance was provided to New Jersey
- After the Moore Tornado, the NIPR provided expedited claims adjuster licensing services

Call Center in Action

Three Things to Remember

- Planning is most important
- Communication immediately after an event is important for a smooth claim settlement process
- Transparency to the public, to insurers, to adjusters and to insurance producers can make a significant difference

And Remember

- According to Sir Winston Churchill:
  
  "He who fails to plan is planning to fail."
Thanks!!!