

FROM: Director, Worldwide Markets, EXTN: 6677
DATE: 1 March 2005 REF: Y3506
SUBJECT: **Alabama: Department of Insurance Bulletin on Hurricane Ivan claims**
SUBJECT AREA(S): Claims for damage caused by Hurricane Ivan in Alabama
ATTACHMENTS: Alabama Department of Insurance Bulletin

ACTION POINTS: **Managing agents to take steps to ensure compliance with department bulletin**
DEADLINE(S): **Pending claims to be adjusted by Friday 25 March 2005**

Purpose of bulletin

To inform the market of new requirements for the adjustment and settlement of claims arising out of damage caused by Hurricane Ivan in Alabama.

The requirements

The Alabama Department of Insurance issued the attached Bulletin on 23 February. In summary, it requires “all insurers operating in this state” (a phrase which includes surplus lines insurers) to complete the adjustment of all pending claims arising from Hurricane Ivan within 30 days of the date of the bulletin. Thirty days from the date of the bulletin is 25 March, 2005, which in the UK is the Good Friday Bank Holiday.

The Bulletin also requires insurers to file a report on any Hurricane Ivan claims that remain unpaid 30 days after the date of the Bulletin, indicating the reasons for the delay and providing “an expected timeline for payment”. The Bulletin does not give a deadline by which this report must be filed.

The Bulletin refers to Alabama Regulation 125 and refers to it requiring “claims to be paid within 30 days of completion of the claim adjustment”. This appears to be a reference to Regulation 125 482-1-125-.07 paragraph (6):

“The insurer shall tender payment within thirty (30) days or the time specified in the policy, after accepting liability, reaching an agreement on the amount of the claim and receipt of any documents necessary to consummate the settlement.”

The Bulletin refers to “all pending claims”. It does not restrict this to particular classes of business and on the face of it, is intended to apply to all types of insurance.

Required action

As the Bulletin raises a number of questions, Lloyd's is seeking clarification from a local legal practitioner. Furthermore, Joseph Gunset, Lloyd's US General Counsel, is consulting with senior representatives of the Alabama Department of Insurance to discuss the Bulletin and related issues. Lloyd's will provide the market with further guidance on the Bulletin and on Regulation 125 as soon as it is available.

In the meantime, managing agents should seek to put in place arrangements to comply with the requirement to complete adjustment of Hurricane Ivan claims within the timescale laid down by the Department. Lloyd's is aware of, and will draw to the attention of the Department, the facts that Hurricane Ivan claims may only have been reported relatively recently and may relate to large and complex commercial risks, whose claims take time to adjust.

Further information

If you have any queries about this bulletin please contact Lloyd's Worldwide Market Services:

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This bulletin has been sent to active underwriters and the compliance officers of managing agents and Lloyd's brokers.

Julian James
Director
Worldwide Markets

BULLETIN

TO: All Property and Casualty Insurers Operating in Alabama

FROM: Walter A. Bell, Commissioner

DATE: February 23, 2005

RE: Hurricane Ivan Claims

The Department of Insurance continues to receive complaints regarding the handling of claims arising out of damage caused by Hurricane Ivan. Some of the complaints suggest insurers are using stalling tactics to avoid the payment of legitimate claims. Please be advised this department will not tolerate such treatment of Alabama policyholders. All insurers operating in this state are instructed to complete the adjustment of all pending claims arising from Hurricane Ivan within 30 days of the date of this bulletin. Insurers are also reminded of the requirements of Regulation 125 which requires claims to be paid within 30 days of completion of the claim adjustment. For any claims remaining unpaid 30 days after the date of this bulletin, insurers are instructed to file a report indicating the reasons for the delay, along with an expected timeline for payment. The Department will take appropriate action against any insurer found to be violating the laws and regulations of this state.

WAB/RN/bc