



The complaints received by the Department can be grouped as follows:

**1. *Disputes between flood insurance carrier and wind insurance carrier***

A number of residents whose structures were completely destroyed by Hurricane Ivan have complained that insurers providing wind insurance have rejected claims in full, stating that the storm surge (rather than wind) was responsible for 100% of the loss suffered by the insured. The Department suggested that an insurer with open wind claims should consider offering some payment to its insured in recognition of likely wind damage incurred prior to the flood.

**2. *Adjusted but unpaid claims***

Many residents have complained about delays in receiving payment following adjustment of their claims. The Department asserts that delays have been compounded by a general unwillingness (or lack of authority) among adjusters to extend the 180 day deadline for completion of restoration of the insured structure to receive replacement cost, despite delays in the payment of adjusted claims. The Department considers that an extension is appropriate in such instances.

**3. *“Rolling” adjusters***

A number of complaints concern the replacement of the original adjuster after the adjustment process has started and a failure to bring the replacement adjuster up to speed on the status of the claims he has taken over. This suggests that insurers should avoid replacing adjusters if possible and ensure that replacements are properly briefed if necessary.

**4. *Failure to explain process***

The Department is concerned at purported failures of adjusters to explain adequately the claims submission and adjustment process to insureds, including the required submission of a proof of loss.

**5. *Unreasonable documentation demands***

The Department noted that a number of commercial/retail insureds had complained that insurers had made “unreasonable demands” for documentation of inventory and other personal property lost in the hurricane, as well as documentation of loss of income.

As noted above, Lloyd’s has received only a single Hurricane Ivan consumer complaint from the Department, so is unable to ascertain whether the reported causes of complaint are valid. However managing agents’ claims personnel are encouraged to take the comments into account when seeking to comply with the recent Department bulletin.

## **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.

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