

FROM: Worldwide Markets Compliance EXTN: 6677
DATE: 11 March 2005 REF: Y3518
SUBJECT: **Alabama: Hurricane Ivan reporting requirements**
SUBJECT AREA(S): Claims in Alabama arising from Hurricane Ivan in 2004
ATTACHMENTS: **Appendix:** Alabama Department of Insurance Bulletin dated 9 March 2005: a summary of its requirements.
Alabama Department of Insurance Bulletin dated March 9 2005

ACTION POINTS: **Managing agents to comply with requirements**

DEADLINE(S):

Purpose of Bulletin

To inform the market that the Alabama Department of Insurance (“the Department”) has issued a bulletin with instructions to insurers on how to prepare and submit the report required by their earlier bulletin.

This market bulletin follows market bulletins Y3506, issued 1 March 2005 and Y3515, issued 10 March 2005.

Submission of reports

The Alabama Department of Insurance Bulletin dated 23 February 2005 requires insurers to file a report on claims that remain unpaid 30 days after the date of that bulletin.

The new Department Bulletin, dated 9 March 2005, provides instructions on preparing and submitting the report. A copy of the Bulletin is attached and a summary is set out in the appendix.

At a meeting between Lloyd’s local regulatory counsel and senior representatives of the Department the latter confirmed that they had no objection to coverholders filing reports on behalf of managing agents. However they asked that in such circumstances the syndicate provide a brief explanation of the coverholder’s responsibilities.

Further information

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

Lloyd’s Worldwide Market Services
Tel: 020 7327 6677
Email: market.services@lloyds.com

Box 190b, Gallery 1

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

Julian James
Director, Worldwide Markets

Appendix

Alabama Department of Insurance Bulletin dated 9 March 2005: a summary of its requirements.

The Bulletin requires insurers to prepare:

1. A cover letter stating:
 - The total number of claims submitted to the insurer as a result of Hurricane Ivan, with the total number remaining open as of 25 March 2005.
 - The name, title and contact number for the person within the insurer authorised to provide the Department with general claims information.
 - The name, title and contact number of the person(s) authorised to handle general claims enquiries from the Department.
2. A detailed report, dividing open claims into the following three categories:
 - A. Open claims submitted between 16 September 2004 and 15 November 2004.
 - B. Open claims submitted between 16 November 2004 and 15 January 2005.
 - C. Open claims submitted between 16 January 2005 and 25 March 2005.

The information required for categories A and B is:

1. Total number of claims filed during the time period.
2. Number of claims still open due to "ACV/RCV issue".
3. Number of other claims where the insurer is awaiting information from the insured.
4. Number of other claims, not covered by 2 or 3, with the company's expected timetable for closure.

For the purposes of the Bulletin the "ACV/RCV issue" means that the insurer:

- Has paid the actual cash value ("ACV") of the property insured under a replacement cost policy and
- Has held the claim open more than 60 days since payment of ACV awaiting the replacement of the property by the insured, at which point the difference between ACV and replacement cost value ("RCV") will be paid to the insured.

A claim is not considered open for the first 60 days after the ACV is paid.

The information required for category C is the total number of claims filed during this period and the number of claims still open.

Insurers with no Hurricane Ivan open claims are not required to file any report.

Reports are due to be submitted to the Alabama Commissioner of Insurance's office by **Monday 11 April 2005**. The bulletin provides a postal address, but not a fax number or e-mail address.

BULLETIN

TO: All Property and Casualty Insurers Operating in Alabama

FROM: Walter A. Bell, Commissioner

DATE: March 9, 2005

RE: Hurricane Ivan Reports

Our February 23, 2005, bulletin was issued regarding complaints related to the handling of claims arising out of damage caused by Hurricane Ivan. The February 23rd bulletin instructed insurers to file a report regarding claims that remained open 30 days after the issuance of the bulletin.

This bulletin provides instructions to insurers for properly preparing and submitting the report.

A cover letter should be prepared providing the total number of claims submitted to the insurer as a result of Hurricane Ivan along with the total number of claims remaining open as of March 25, 2005. The cover letter should also provide the name, title and contact number for the person within the company authorized to provide the Department with general claims information as well as for the person or persons authorized to handle individual claims inquiries from the Department.

Attached to the cover letter should be a more detailed report providing the following information:

A. For open claims submitted between September 16, 2004, and November 15, 2004:

1. Total number of claims filed during this time period.
2. Number of claims still open due to ACV/RCV issue.
3. Number of other claims, not ACV/RCV issue, where the insurer is awaiting information from the insured.
4. Number of other claims still open not addressed in #2 or #3 above, with the company's expected timetable for closure of these claims.

B. For open claims submitted by the insured, or by a producer on behalf of an insured, between November 16, 2004, and January 15, 2005, the following information is required:

1. Total number of claims filed during this time period.
2. Number of claims still open due to ACV/RCV issue.
3. Number of other claims, not ACV/RCV issue, where you are awaiting information from the insured.
4. Number of other claims still open not addressed in #2 or #3 above, with the company's expected timetable for closure of these claims.

C. For open claims submitted by the insured, or by a producer on behalf of an insured, between January 16, 2005, and March 25, 2005, please provide the total number of claims filed during this time period and the number of claims still open.

For the purpose of this bulletin and the bulletin of February 23, 2005, an "open claim" means a claim for which a dispute exists between the insurer and the insured or a claim for which the

company "reasonably expects to make a future payment." An insurer company does not "reasonably expect to make a future payment" on an claim when it pays the insured an amount equal to or greater than the amount claimed by the insured on a proof of loss or similar document.

For the purpose of this bulletin, the "ACV/RCV" issue means the insurer has paid the actual cash value (ACV) of the property insured under a replacement cost policy and has held the claim open more than 60 days since payment of ACV awaiting the replacement of the property by the insured, at which point the difference between ACV and RCV (replacement cost value) will be paid to the insured. For reporting purposes under this bulletin, a claim shall not be considered open for the first 60 days after the ACV is paid.

Insurers with no open claims related to Hurricane Ivan do not need to file any report. This directive applies only to companies with pending Hurricane Ivan claims.

Reports should be submitted by April 11, 2005, to the Commissioner's office as follows:

Postal Address: Commissioner of Insurance
 PO Box 303351
 Montgomery AL 36130-3351

Overnight Address: Commissioner of Insurance
 201 Monroe St
 Ste 1700
 Montgomery AL 36104
 334-269-3550

WAB/JJ/RN/bc