

FROM: Director, Worldwide Markets EXTN: 6677
DATE: 24 March 2005 REF: Y3527
SUBJECT: **Alabama: Hurricane Ivan. Revised instructions**
SUBJECT AREA(S): Claims in Alabama arising from Hurricane Ivan in 2004
ATTACHMENTS: Appendix: Alabama Department of Insurance Bulletin dated 21 March 2005:
a summary of its requirements.
Alabama Department of Insurance Bulletin dated March 21, 2005

ACTION POINTS: **Managing agents to note**
DEADLINE(S): **Reports must be submitted to the Alabama Commissioner of Insurance's office by Monday 11 April, 2005**

Purpose of bulletin

To inform the market that the Alabama Department of Insurance Bulletin dated 9 March 2005, attached to Lloyd's market bulletin Y3518, has been withdrawn and replaced by the attached Bulletin dated 21 March 2005.

The withdrawn Bulletin and its replacement both deal with the requirement to report unpaid Hurricane Ivan claims to the Alabama Department of Insurance. The changes made by the replacement Bulletin are not fundamental, and are detailed below.

This market bulletin will interest anyone in a managing agent or Lloyd's Broker who handles claims arising from Hurricane Ivan in Alabama.

The amended instructions

The replacement Bulletin differs from the withdrawn Bulletin as follows:

- (a) The information required for open claims submitted between September 16, 2004 and January 15 2005 has been simplified, by removing references to "the ACV/RCV issue". The information required is now:
 - 1. Total number of claims filed during the time period.
 - 2. Total number of claims open awaiting information from the insured.
 - 3. Total number of claims open other than those addressed in #2.
- (b) The definition of "the ACV/RCV issue" has been replaced by clarification that if an insurer has paid the actual cash value (ACV) of property insured under a replacement cost policy, the claim can be considered closed until the insured has replaced the property and files a request for the replacement cost value (RCV).
- (c) It is explicitly stated that the Bulletin applies to both personal and commercial lines, but not to automobile claims.

(d) Provision is made for submission of reports by e-mail to: Insdept@insurance.alabama.gov .
Subject: Ivan Claims Report.

(e) It is explicitly stated that:

“...reports submitted will be considered confidential and not subject to public review. All reports will be consolidated by the department into a compiled summary on an aggregate basis. No individual company information will be identified publicly.”

Separately, the Department has confirmed that reports may be submitted by facsimile to (334) 240-4409. Market bulletin Y3518 issued on 11 March 2005 confirmed that coverholders could submit reports on behalf of managing agents and said that the Department had asked that syndicates provide a brief explanation of the coverholder's responsibilities. Lloyd's will now submit a single central description of the function and responsibilities of coverholders, so syndicates are no longer required to submit this statement, although they may submit such statements if they wish.

A summary of the replacement Bulletin is attached.

Lloyd's market bulletins on Alabama Hurricane Ivan claims

Worldwide Markets has issued three previous market bulletins on Alabama's requirements for Hurricane Ivan claims:

Y3506 Alabama: Department of Insurance Bulletin on Hurricane Ivan Claims issued 1 March 2005

Y3515 Alabama: Hurricane Ivan issued 10 March 2005

Y3518 Alabama: Hurricane Ivan Reporting Requirements issued 11 March 2005

These market bulletins may be found on www.lloyds.com .

Further information

If you have any queries about this market 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 market 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 21 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. Total number of claims open awaiting information from the insured.
3. Total number of claims open other than those addressed in #2.

For the purposes of the Bulletin, if an insurer has paid the actual cash value (ACV) of property insured under a replacement cost policy, the claim can be considered closed until the insured has replaced the property and files a request for the replacement cost value (RCV).

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

The Bulletin applies to both personal and commercial lines, but not to automobile claims. 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 and an e-mail address. A fax number is contained in the covering Lloyd's market bulletin.

BULLETIN

TO: All Property and Casualty Insurers Operating in Alabama
FROM: Walter A. Bell, Commissioner
DATE: March 21, 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.

A bulletin dated March 9 provided instructions to insurers for properly preparing and submitting the report. This bulletin supersedes and replaces the March 9 bulletin.

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 claim 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. Total number of claims open awaiting information from the insured
3. Total number of claims open other than those addressed in #2.

B. For open claims submitted between November 16, 2004, and January 15, 2005, the following information is required:

4. Total number of claims filed during this time period.
5. Total number of claims open awaiting information from the insured
6. Total number of claims open other than those addressed in #2.

C. For open claims submitted 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 does not "reasonably expect to make a future payment" on a 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.

