

Administrative Bulletin 2016-1

Date: February 25, 2016

To: ALL PROPERTY & CASUALTY INSURERS LICENSED IN THE STATE OF MINNESOTA

Subject: MARKET ANALYSIS, DISASTER PLANNING, PREPAREDNESS, AND RESPONSE

The Minnesota Department of Commerce (“Commerce” or “Department”) is one of the primary governmental agencies responsible for responding to disasters in Minnesota. The purpose of this bulletin is to proactively provide the Department with a snap shot of the insurance companies and citizens that may have exposure to a particular catastrophic loss; provide information the Department needs to effectively and promptly take action to assist consumers, businesses and regulated entities should such an event occur; and to describe the data that Property and Casualty insurers will be expected to provide upon request.

I. Disaster Liaisons

In the event of a disaster, the Commissioner of Commerce (“Commissioner”) will need to promptly establish contact with insurers which have policyholders impacted by the event. This will require each insurer licensed to write Property and Casualty insurance in Minnesota to designate a disaster liaison to serve in this role. The disaster liaison may also be required to assist in staffing emergency outreach and information efforts, depending on the scope and location of the disaster. To facilitate effective and efficient communication, a communications contact should also be provided to discuss inquiries received from press outlets and coordinate joint media and consumer outreach efforts.

II. Duties and Responsibilities of a Disaster Liaison

A. Each insurance company disaster liaison should:

1. Hold a position within the insurance company at the level where he/she is familiar with company procedures and have access to detailed and critical information that will be needed in the event of a disaster.
2. Provide coverage data and loss statistics as required by this Bulletin.
3. Transmit information about the disaster from the insurer to the Department

4. Be knowledgeable about company internal information systems and sources, as well as being authorized to access such systems so that the necessary information can be provided to the Department.
5. Be available to Department disaster response efforts as necessary.
6. Electronically submit the emergency disaster response plan to the Department by March 21, 2016.

B. Disaster Liaison Information – Each company must submit the following liaison information to the Department by March 21, 2016:

1. The name of its designated disaster liaison and back-up liaison;
2. The telephone and cell phone numbers (for both business and after business hours) for each of these individuals; and
3. The e-mail address for each of these individuals.

It is the company's responsibility to promptly notify the Department if the designated disaster liaison changes.

III. Pre-Disaster Data Survey

This section applies to Property and Casualty insurers that have direct written premium reported on their Annual Statements for any of the following lines:

- | | |
|------|---|
| 01 | Fire |
| 02.1 | Allied Lines |
| 02.2 | Multiple Peril Crop |
| 02.3 | Federal Flood |
| 03 | Farmowners Multiple Peril |
| 04 | Homeowners Multiple Peril |
| 05.1 | Commercial Multiple Peril (Non-Liability Portion) |
| 12 | Earthquake |
| 21.1 | Private Passenger auto physical damage |
| 21.2 | Commercial auto physical damage |

Accurate, timely, and consistent information is critically important to allow Commerce and insurers to respond quickly and effectively in the event of a disaster. To ensure that insurance industry information is readily available during disasters, the Department is requiring each Property and Casualty insurer to submit a listing of the following information,

compiled by US Postal Service Zip Code numbers for all insurance policies in effect for the required period:

- A. **Property exposure information** as of December 31, 2015, for personal (non-auto) and commercial lines (non-auto) for each authorized insurer within an insurance company group. Such information should be provided for the following categories:
 1. Total building and contents insurance in force, and
 2. Total number of policies for the personal and commercial lines indicated above.

- B. **Vehicle exposure information**, as of December 31, 2015, for each authorized Property and Casualty insurer within an insurance company group. Such information should be provided as follows:
 1. The number of vehicles covered by comprehensive insurance, and
 2. The number of policies written containing vehicles covered by comprehensive insurance by county, for both private passenger and commercial auto.

The term “vehicle” is used in the broadest sense to include any vehicle written under private passenger and commercial lines of insurance and covered by comprehensive insurance. (A list of such vehicles would include but not be limited to automobiles, trucks, trailers, vans, motorcycles, and ATVs.)

C. **Filing Deadlines:**

1. [The initial Pre-Disaster Survey Electronic Template](#) is due on March 21, 2016. Email the electronic template to insurance.bulletin@state.mn.us.
2. Thereafter, the Pre-Disaster Survey Report is due annually on March 1, for exposures, as of the preceding year-end.

IV. Disaster Claim Data Reporting Requirements

Rapid access to data from insurers, once a disaster occurs, is critical in order for regulators to adequately assess and respond to emergency situations. Commerce encourages all insurers to compile necessary information to enable the company to promptly provide the information to the Department, when requested. This is a high priority of the Department.

In response to a request by the Department, insurers will be required to submit the following information in an electronic form made available by the Department in Excel format.

- A. Event Name

- B. Date of Event (provide the date the event began and the termination date if this is a multi-day disaster)
- C. Claims Reported
- D. Claims Closed With Payment
- E. Claims Closed Without Payment
- F. Percentage of Claims Closed
- G. Line of Business
 - 1. Residential Property
 - 2. Commercial Property
 - 3. Personal Auto
 - 4. Commercial Auto
 - 5. Business Interruption
 - 6. All other lines except Flood

V. Post Disaster Coverage Data and Loss Statistics

After an emergency or disaster, Commerce will contact disaster liaisons, as needed, who will be required to provide the Department with specific statistics about the insured losses. These statistics must be initially reported within seven (7) calendar days of the disaster and will need to be periodically updated on an as-needed basis, but not less frequently than bi-monthly.

Property/casualty insurers should be prepared to submit reports covering the following:

- A. Commercial insurance data;
- B. Personal insurance data;
- C. Number of available adjusters; and
- D. Other aspects of catastrophe claim operations and customer service issues.

VI. Post-Disaster Actions

A. Cancellation Grace Period Due to Nonpayment or Late Payment

Commerce requests that all insurers licensed in this State allow coverage to remain in effect for any insureds who reside in a county where a disaster has been declared and who have had their ability to timely act or respond to an insurer materially affected by the disaster. Insurers may choose to implement this request in a broad manner such as delineating impact areas by zip code, county or other geographic territory to assist impacted insureds in recovery.

Insurers are encouraged to provide a grace period during which their insureds can take actions necessary to keep their policies in force. The Department is not requesting insurers waive any premiums or other consideration owed on any policy or contract during this period

of time. The Department anticipates that a failure to pay premium or remit consideration within a reasonable time after the expiration for such disaster designation may subject the policy to a retroactive cancellation, in accordance with the policy terms.

B. Processing of Claims

Insurers shall promptly and in good faith adjust and satisfy all insurance claims directly resulting from the disaster and taking into the account the magnitude and circumstances surrounding the disaster and the severity and circumstances of the individual claims. The Department urges insurers to take the following actions upon receiving the notice of a claim:

1. Promptly establish contact with the claimant;
2. Promptly survey and assess the claimant's damage;
3. Provide prompt and accurate responses to claimants;
4. Provide prompt payment for additional living expenses and for temporary repairs after the assessment of the insured's damage; and
5. Promptly set appointments with the claimant for examination and resolution of all claim matters.

All authorized and admitted property and casualty insurers subject to licensure or regulation by Minnesota Law may pay first-party or third-party claims, related to a disaster or catastrophic event, by methods other than a draft or check, such as a prepaid debit cards, electronic transfer or other comparable alternative payment method, but only:

1. Where the claimant agrees to receive a claim payment by an alternate payment method;
2. If the alternate payment method is not subject to any fees that would result in the insured receiving less than the full amount due;
3. If the insured is permitted, at any time, to convert any balance into cash; and
4. If the claimant is notified of applicable terms and conditions

C. Mediation

The Commissioner may, by Order and/or Bulletin, establish a non-binding mediation program following a declared emergency to facilitate the resolution of open and unresolved (not settled) claims for damage resulting from the disaster.

VII. General

This bulletin endeavors to assist the property and casualty insurance industry in planning and preparing for, and responding to, disasters that may befall the citizens and

policyholders of Minnesota. Your cooperation in furnishing timely and accurate responses is essential and appreciated by the Commissioner and the people of Minnesota.

Questions

Questions on this bulletin may be directed to:

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Signed

A handwritten signature in cursive script that reads "Mike Rothman". The signature is written in black ink and is positioned above a horizontal line.

Mike Rothman
Commerce Commissioner