

CATASTROPHE CLAIMS PROCEDURE

BOTH PLANS

Producers in coastal areas may make application yearly for authority to assign certain losses to specified independent adjusting firms for a short period of time following a hurricane. Producers approved for this process should follow the steps outlined in the agreement.

In all other instances, losses should be reported to the Association office by mail or fax. Repair damages from a catastrophe may be authorized to \$2500 once photographs of the damages have been made. Policyholders who proceed with repairs should be told that adjustments to repair costs may be made in accordance with the policy.

If a coastal storm involves both windstorm and wave wash damage, we plan to adjust losses adhering to the "single adjuster concept" as much as we can. This means that, where possible, one independent adjuster will be assigned to handle both the windstorm and flood losses to a covered property. This will enable us to utilize the available adjusting resources more efficiently and will result in policyholders dealing with one adjuster rather than two. In preparation for making this plan work, we have worked with the National Flood Insurance Program for many years and, more recently, we have been working with several of the larger "Write Your Own" companies.

Part of our planning involves the pre-matching of our policies with the flood policies. Your providing the flood policy carrier and policy number on applications will help us in this process. Description of the address submitted for the damaged property must be the same for both carriers.

ACORD has revised its property Notice of Loss (ACORD 1) so that it can be used to show losses caused by more than one peril. This means that when there is damage caused by both windstorm and wave wash, only one Loss Notice needs to be completed. We will not accept any loss reports by telephone. You will still need to be explicit in completing the form so that the flood carrier and

the FAIR or Beach Plan will have a clear picture of the type of damage to the property. Do not say "hurricane damage", as this does not give us sufficient information. It is very important that you include both the carriers and the policy numbers on the form.

It is vital to the successful and prompt adjustment of claims that loss notices be completed both fully and accurately, including all named insureds, coverage amounts, form numbers and phone numbers, etc. Certainly, there is a lot of confusion immediately after the hurricane has left the area. You will be doing your insureds a greater favor by submitting properly completed Loss Notices than sending in poorly completed Loss Notices a day or two sooner. We receive an amazing number of Loss Notices for beach property that show the insured's home address as the location of the loss. If your computer program shows Homeowner's policy information, you must correct the Loss Notice before submitting it to us.

If a policy has more than one scheduled location of property, damaged properties must be identified. You may attach a list of damaged locations, with a description of the damage to each, to the Loss Notice.

There are several things that you should do before and/or after a catastrophe strikes:

1. You should explain to each of your policyholders the coverage afforded by the policy as written. One of the biggest problems adjusters found in handling past losses was that many insureds were not aware that many Plan policies are Actual Cash Value Policies and depreciation may be considered in the loss adjustment. Please alert your clients to this. Pertinent limits exclusions and any applicable deductible clauses should be made clear to the insured before any loss occurs.
2. You and your insured should be aware of the possibility that in the event of a hurricane, some damage may not be

covered by either the Beach Plan policy or the Flood policy.

3. When a loss is reported to you, you should obtain as complete a detail as possible concerning the loss and a reasonable estimate of the damage broken down, if possible, into windstorm damage and flood damage. Obtain the insured's telephone number (home and office) and include them on the Loss Notice. If the insured is at a temporary location, provide all pertinent information.
4. Loss Notices should be completely filled out, including information on both windstorm and flood coverages, if applicable. **LOSS NOTICES MUST BE SUBMITTED IN DUPLICATE AND THEY MUST BE LEGIBLE COMPUTER GENERATED OR TYPEWRITTEN PREFERRED. DO NOT COMPLETE THE HOMEOWNER'S SECTION.** Many agents are using computer issued Loss Notices, and we find that in the majority of cases, these are submitted showing the incorrect form numbers. You should take measures now to correct these problems.
5. Tell the insured to protect the property from further damage by arranging for necessary, temporary repairs, the reasonable cost of which should be a part of the claim. Advise insureds in all instances to take photographs of all the damage, and to secure itemized estimates for repair. Refer the insured to the policy conditions for other responsibilities after a loss.
6. Advise your policyholders that hardship cases will have priority with adjusters – but that all other losses will receive the attention of adjusters in an orderly sequence as rapidly as conditions permit. Priority must also be given to those whose primary residences have been destroyed or damaged.

We have been working with the Department of Insurance and the North Carolina Division of Emergency Management in an effort to coordinate some of our activities following a

major storm. We anticipate obtaining estimated loss figures from them following their initial survey of damages, and we are working together to impress upon local authorities, the importance of permitting claims adjusters to meet with insureds as soon as it is practical so that the insurance money can start flowing into the beach communities. If needed, adjusters will have special badges that will identify them as having legitimate needs to having access to the beaches.

Please understand that in the event of a storm, many of our storm office personnel will be performing duties they do not normally handle. While we are preparing for this as much as we can with cross training now, we will appreciate your patience as we implement our catastrophe procedures. Policyholders should be advised that we will contact them as soon as possible, but they should understand that some delays cannot be avoided in the beginning of storm operation.

In the event of a catastrophe, it is our intention to do what we can to provide our insureds with claim service that is as prompt and efficient as possible. To succeed, it must be a joint effort of many people, but the entire process begins with you, the producer. Your help in accomplishing this goal is invaluable and your cooperation in the event of a catastrophe will be most needed.