

Volume 3, Fall 2004

In This Issue:

Page 2

Hot Issues-*continued*
Product Spotlight
Claims Center

Page 3

Claims Center-*continued*
Who is **WNCFirst**
CA Legislation Update
'Roving' Disaster Recovery Center

Page 4

Claims Center-*continued*
CA Legislation Update-*continued*

For additional information or clarification regarding any of the articles published in *The Guardian*, please contact Ms. Paula Anders, **WNCFirst** Corporate Development Coordinator, at panders@wncfirst.com

Hot Issues

The Florida Emergency Rule on Claims

by *Ferdie Cinco, Compliance Manager*

In response to the crises brought forth by a strong tropical storm and four hurricanes, Florida Gov. Jeb Bush issued four emergency orders to help the victims and assist in their recovery. The Office of Insurance Regulation (OIR) has issued the emergency rules in compliance with these orders. Investigators have been dispatched to insurance company offices to look at the claims handling processes and require corrective action when warranted.

A data call has been implemented to gather statistics on reported claims and monitor insurer performance or non-performance with regard to the number of claims settled and the average days of settlement.

Responding to numerous complaints received from claimants alleging delays in loss inspections and claim payments, the OIR issued Emergency Rule No. 69OER04-19 on October 26, 2004 entitled "Claims

continued on page 2

From The President's Desk

WNCFirst responds to Florida's Claims Adjustment Requirements

by *Carl L. Herrmann, III*



An estimated \$17 billion in insured losses. Over 1.3 million property insurance claims. That's how destructive the 2004 hurricane season has been for Florida - so far. Tropical storm Bonnie and hurricanes Charley, Frances, Ivan and Jeanne hit the state practically from all angles one after the other. The result was massive destruction to property and disruption of vital services.

You may or may not know that all claims are reviewed at the loss site by a claims adjuster. They go to the affected area from all over the country to be the eyes of the insurance industry. This hurricane season, with the multiple storms in broad areas of Florida and elsewhere, the adjuster workforce, for the first time in history, could not meet the needs of most of the insurance industry in the necessary time frame.

Notwithstanding the great efforts of the insurance industry in answering the call for service of its policyholders under such extraordinary circumstances, the State says it received thousands of complaints from claimants either because they have not met with an adjuster or company representative or no claim payment to repair the damaged property has been received.

Consequently, the Florida Office of Insurance Regulation deemed it necessary to issue a Rule that sets forth specific deadlines by which certain actions should have been taken by an insurer with regard to a claim related to the storm events I mentioned. For a more detailed summary of the Rule, please see the corresponding article in the Hot Issues section of this newsletter.

We at **WNCFirst** and our affiliate adjusting firm Precise Adjustments, have implemented reporting and monitoring procedures which meet or exceed the emergency ruling. Precise Adjustments was able to effectively address a majority of the problems faced by other insurance intermediaries. We have a long standing agreement between **WNCFirst**, Precise and our Independent Adjusters to get our claims seen first.

In addition to this plan, we have instituted weekly claims status reports based on the rule's action requirements and deadlines. Effective control over claims management through Precise Adjustments fosters full compliance with the Rule and elevates **WNCFirst** to the premier echelon of insurance intermediaries. Because of this relationship, we are more responsive, agile and effective in dealing with our insureds' special situations or difficulties. If you need special assistance with your claims handling and/or adjusting processes, please give us a call and we'll be happy to help.

If the 2004 hurricane season is any indication of changing weather patterns, we at **WNCFirst** remain very confident in our ability to fulfill our obligations to you our clients and insureds. We've been providing crucial multi-peril and flood protection to thousands of lending institutions and homeowners nationwide for the past 42 years and we will continue doing so. This is our mission and our guarantee.

Adjustment Requirements.” The Rule aims “to promote the expeditious settlement of claims.” It establishes critical timeframes for initial damage assessments, processing and payment of claims.

Among others, the Rule cites Section 626.9541(1)(i)3.e. of the Florida Statutes that requires insurers to affirm or deny coverage within 30 days after proof of loss statements have been completed. In effect, the Rule set deadlines for processing claims related to the storm and hurricanes named above.

The Rule also specified the actions that must be taken by the set deadlines. These actions are:

- (a) All insureds entitled to additional living expenses will have been advanced appropriate funds; and
- (b) All damage will have been evaluated and an initial assessment of loss will have been made; and
- (c) A good faith and reasonable effort will have been made to settle all claims, and, when applicable, earnest negotiations toward settlement of disputed claims will have begun.

The deadlines for the above actions are the following:

- (a) For all personal lines residential property claims filed through October 21, 2004 the deadline is November 22, 2004. If any claim is unresolved by this date and mediation has not been initiated, the claim shall be considered a disputed claim.
- (b) For the same type of claims filed through November 8, 2004, the deadline is December 8, 2004. As in (a) above, any unresolved claim by this date without mediation being initiated shall be considered a disputed claim.
- (c) For a claim filed on a date subsequent to the dates indicated above, and arising from any 2004 tropical storm or hurricane, the insurer is required to complete the actions no later than 30 days from the date that the claim is filed. Any claim in this category that is unresolved within 60 days of its filing with no mediation being initiated shall be considered a disputed claim.

To attest to their compliance, the Rule requires insurers to file “affidavits” with the OIR certifying one of the following:

- (1) That all affected claims meet the conditions and requirements of the Rule;
- (2) that not all affected claims meet the

conditions and requirements of the Rule (a list of non-compliant claims is required); or

- (3) that no claims were reported through the specified date.

For claims filed through October 21, 2004, the affidavit filing deadline is November 29, 2004. For claims filed through November 8th the deadline is December 15th. Those filed after October 21st for tropical storm Bonnie and hurricanes Charley or Frances and after November 8th for hurricanes Ivan and Jeanne, the affidavit deadline is January 1, 2005.

For a full copy of the Rule, please visit the **Florida Office of Insurance Regulation Website at: www.fldfs.com/companies/**

Product Spotlight

1-4 Family Rental Dwelling Program

by Kathy Price, Commercial Division Manager



Here's another insurance solution from **WNCFirst**. Not all customers' insurance needs fit neatly into the industry's established eligibility criteria for standard package policies - providing both property and liability coverages. Rental properties can present real challenges for an agent when trying to find the right market and the right coverage for their customer.

To assist in those situations, **WNCFirst** has just opened a new resource for insuring the 1-4 Family Rental Dwelling. This is a package program that will provide coverage on the dwelling up to a \$1,000,000; other structures on the property; loss of use and additional living expense/fair rental value.

It would not be a package if it didn't include Personal Liability Coverage. The insured has a choice of limits up to \$300,000.

WNCFirst is listening and will always endeavor to build insurance solutions that fit your needs.

POS Homeowner Insurance

by Lynda Andrews, EVP

Point of Sale Homeowner Insurance is a product which provides a unique opportunity for the lender to further assist borrowers by providing them access to a licensed company representative who can arrange the homeowners insurance coverage they will need at closing.

This product offers a friendly solution, especially to first time homebuyers who do not have a particular affiliation established with an insurance carrier. **WNCFirst** has sourced a high quality HO-3 homeowners product and the borrower is provided quotes from nationally chartered companies such as Travelers, Hartford and Chubb Insurance who will meet the lenders criteria for mortgage requirements.

WNCFirst will also include flood and earthquake quotes and can package a product to include auto and personal umbrella insurance as well. We understand the need to ensure that your customers obtain competitive premiums and receive the appropriate coverage to protect that which they cannot afford to lose.

The process was designed to provide the best coverage available to the borrower while making the mortgage loan closing hassle free.

Please call or email us at to receive a detailed description of how this product can work for you!

Claims Center

Record Hurricane Season Handled

by Lynne Miller, VP/Claims & Flood Products

As we all know this was a record hurricane season. Not since Texas was hit with three hurricanes in the 1880's has any one state seen the battering that Florida saw this season. It has been 40 years since Florida has had more than two hurricanes in a single season.

The people in Florida and the states north are still reeling, as is the insurance industry. The challenge? Before the carriers could get an adjuster out to see the losses on one hurricane, another hurricane sent everyone running for cover. Many properties suffered multiple losses. Additionally, the people in Pennsylvania have had the weather turn cold, so the standing flood waters are freezing. Yes, it has been very difficult for all involved.

WNCFirst Insurance Services had adjusters dedicated to certain areas ready to go in anticipation of each storm making landfall. We brought in adjusters from other parts of the country to make sure we had the people to handle the volume. Adjusters also took on duties beyond their assigned territories as the storms kept coming. Immediately after the storms **WNCFirst** arranged for claims to be directly reported on weekends or holidays to our adjusters. We have been able to get advances to the people who desperately needed it to help them either with temporary housing or to get a jump on repairs. All this has helped to expedite the claim reporting and payment process.

continued on page 4

California Insurance Legislation Update

In the October 1, 2004 a press release from the California Department of Insurance, Commissioner John Garamendi announced that Gov. Schwarzenegger signed into law all twelve department-sponsored bills. Of these twelve bills, the three that are of special interest to **WNCFirst's** products, processes and operations are the following:

Assembly Bill 2199 (Kehoe): This bill extends the time for rebuilding destroyed homes and establishes a minimum 12-month period (24 months in a declared State of Emergency) for homeowners to repair, rebuild, or replace their home after a loss, commencing with payment of actual cash value. It further provides that additional extensions of six months shall be provided to insureds for good cause. Prior to this bill, most homeowner and/or fire policies provided for 180 days (6 months) within which rebuilding or repairs must be completed before paying full replacement cost value to the insured.

The bill, as an urgency statute, took effect

upon approval on August 25, 2004. Insurers are to implement its provisions on or after said date but are not required to modify policy forms until July 1, 2005.

Assembly Bill 2962 (Pavley): In case of a total loss, this bill guarantees a policy's renewability since it prohibits insurers from canceling coverage during the course of rebuilding the destroyed structure and requires that the policy be renewed at least once if the total loss was caused by a disaster. The bill also establishes a uniform measurement of "actual cash value."

It also ensures that insurers do not depreciate items that, by their nature, do not depreciate (wear out) during the normal life of a structure. Such items might include two-by-four studs, drywall, cement posts, and other components that do not usually wear out. However, an insurer may apply physical depreciation to items that do wear out like roofing materials, carpeting, paint, etc.

Finally, the bill requires insurers, at the time of renewal, to reduce the amount of the premium to reflect the reduced loss exposure in the case of a total loss, if the structure has not been

continued on page 4

Who is WNCFirst?



Mickey Slaughter, VP Operations

Meet Mickey Slaughter

Mickey Slaughter joined the **WNCFirst** family in 1998 as VP Operations. If she looks familiar or the name rings a bell it might be because her business relationship started in 1979 at Insureco (Mr. Carl Herrmann, Jr.'s former enterprise) where she handled collateral protection insurance.

Today Mickey is responsible for a staff of more than forty employees. Her department consists of Force Coverage, Quality Control,

General Services and Voluntary Insurance Units. The Voluntary Insurance Unit includes Homeowners, Private Flood Insurance for Non-Participating Communities (NonPar) and Coastal Barrier Islands (Cobra) as well as processing support groups for PFIP, Excess Flood and Commercial Insurance.

You will also find Mickey's name on most of **WNCFirst's** policy declaration pages. Mickey is licensed in all states and has been authorized by our carriers to sign the policies on their behalf. Being licensed in all states, Mickey receives continuous updates on the changes in the insurance regulatory world from the various state Departments of Insurance.

When our office relocated from Simi Valley a year ago, Mickey also moved near our new offices with her dog, cat and African gray parrot. Had she known then that living close to the office meant handling emergency calls at any time of the night, she might have continued commuting!

If you have been, or plan on coming to our offices in Pasadena, there is a good chance that Mickey is the one who will be giving you the "grand tour" of our facilities.

Motor Home Has New Role As 'Roving' Disaster Recovery Center

FEMA Release Date: October 26, 2004
FEMA Release Number: FNF-04-023

As part of the disaster recovery process, FEMA will work with affected states to set up disaster recovery centers, where disaster victims can meet face-to-face with recovery workers and get questions answered. Sometimes, there are no available sites for such a center. Find out how FEMA handled that in Pennsylvania by reading the full story on their Website.

Now, disaster victims can register online for assistance. Go to www.fema.gov or register by calling 1-800-621-FEMA (3362).



Mobile Disaster Recovery Center

Legislation Update *continued from page 3*

rebuilt by the time of the policy renewal. Consumers are only expected to pay a premium for the existing exposure, such as liability insurance.

The bill was approved on September 20, 2004 but allows insurers to defer implementation of its provisions until October 1, 2005.

Senate Bill 1855 (Alpert): Underinsurance Disclosures. Consumers are provided various disclosures when they purchase a homeowners policy. One disclosure, known as the “Petris Disclosure”, is given to consumers every two years and defines each of the categories of coverage available in the marketplace. The coverage currently known as ‘Extended’

Replacement Cost will now be called ‘Limited’ Replacement Cost. The “Declarations” page for the policy will include a new consumer disclosure about limitations on reconstruction costs for their home. In addition, a new ‘California Residential Property Insurance Bill of Rights’ will be provided to consumers every two years.

The bill was approved on August 27, 2004. No later than December 1, 2005, the Commissioner shall report to the Governor and the Legislature on the status of the issues regarding residential property insurance and the effectiveness of the disclosure.

Claim Center *continued from page 3*

The new hurricane claim volume is now subsiding and the payments are flowing to those who need it. The contractors will be kept very busy as the repairs begin. We know all those who suffered losses will be very happy to get this behind them.

WNCFirst stands ready to assist you and your customers wherever and whenever possible. Should you find yourself dealing with a claim situation with a mutual customer that requires special handling to satisfy, put us to the test. As in your business, we know that sometimes the only solution to a customer’s need is special, creative problem solving. Let us help.



WNCFirst[™]
Insurance Services

Corporate Home Office

899 El Centro Street • South Pasadena, CA 91030
www.wncfirst.com

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