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COMMISSIONER OF INSURANCE

BULLETIN 2011-16

TO: All Property and Casualty Insurers in Massachusetts

FROM: Joseph G. Murphy, Commissioner of Insurance

DATE: September 19, 2011

RE: Procedures Related to Damage that Occurred in Berkshire, Franklin, Hampden and Hampshire Counties due to Tropical Storm Irene

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Background

From August 27 through August 29, 2011, portions of Massachusetts suffered significant damage as a result of severe weather conditions related to Tropical Storm Irene. On September 3, 2011, the Federal Emergency Management Agency ("FEMA") issued a Major Disaster Declaration for Berkshire and Franklin Counties, which makes individuals and state and local governments in these areas eligible for certain federal assistance. FEMA subsequently expanded this Major Disaster Declaration to include Hampden and Hampshire Counties. In light of this declaration and to provide ongoing support for the recovery efforts in the affected areas, the Division of Insurance ("Division") offers the following guidance and recommendations.

Claims Handling

- All insurers are required to promptly investigate all claims. This includes the investigation of the causation of loss to ascertain if coverage exists on a claim by claim basis.

- Qualifying for federal disaster assistance may be dependent on furnishing evidence that the insurer has denied an insured's claim in whole or in part. In those cases in which an insurer is denying a claim, the insurer must provide proper documentation to the insured which will be sufficient to allow the insured to apply for federal disaster assistance.

- The Division expects insurers to offer claimants who have been displaced from their homes or businesses as a result of the disaster extensions if they are unable to meet reporting timelines or other requirements that are specified in their insurance policies or otherwise.

- Insurers should establish expedited claim processing procedures and simplified claim reporting forms where appropriate.

Premium Payments and Vacancy Provisions

- The Division encourages all insurers to provide prompt and immediate relief to those policyholders impacted by the disaster, including the temporary suspension of premium payments and suspension of vacancy provisions for those temporarily displaced.

- The Division will work with insurers to minimize the regulatory effects of an insurer's suspension of premium payments, specifically in regard to financial review requirements.

- The term "suspension" is not intended to mean forgiveness of the premium; rather, it refers to an extended grace period for the payment of premium.

- Insurers are also encouraged to work with policyholders with regard to the collection of premiums, including granting requests for reasonable payment plans.

Underwriting

- It is not appropriate for insurers to re-rate, cancel, non-renew, or refuse to provide insurance coverage due solely to an individual's status as a victim of the storm or as an evacuee of this disaster.

- It is not reasonable to change policyholders' rating classifications or increase their insurance rates solely because they are victims of the storms or evacuees of this disaster.