

Memorandum

To: All Property and Casualty Insurers licensed to write insurance coverage In North Carolina

From: Mike Causey, Insurance Commissioner

Date: September 27, 2018

Re: Hurricane Florence Wind/Hail CAT Loss Claims Adjusting Requirements

Pursuant to N.C. Gen. Stat. § 58-45-10, this memorandum pertains to all insurance companies that are Member Insurers of the North Carolina Insurance Underwriting Association (“NCIUA”). We remind Member Insurers of their obligation per N.C. Gen. Stat. § 58-45-35(e) to adjust losses under NCIUA policies. **This statute requires the licensed insurer that issued the essential property insurance to adjust losses under NCIUA wind policies that are the result of Hurricane Florence.** To be clear, this means Member Insurers are required to investigate and adjust Hurricane Florence losses under policies issued by the NCIUA where that Member Insurer issued the essential policy even though the Member Insurer’s policy does not provide wind coverage. Specifically, N.C. Gen. Stat. § 58-45-35(e) provides, in relevant part, as follows:

... Catastrophic losses ... that are covered under the windstorm and hail coverage in the beach and coastal areas shall be adjusted by the licensed insurer that issued the essential property insurance and not by the Association. The Association shall reimburse the insurer for reasonable expenses incurred by the insurer in adjusting windstorm and hail losses.

Property losses resulting from Hurricane Florence are “catastrophic losses” for purposes of triggering Member Insurer duties under N.C. Gen. Stat. § 58-45-35(e). This means that where a Member Insurer has issued the essential policy, that Member Insurer is responsible for all claim investigation, adjustment, supervision, review, and payment approval or denial, for a loss under the NCIUA policy. Member Insurers may make loss payments directly to insureds.

The citizens of North Carolina are in great need due to Hurricane Florence. We remind you that you should take into consideration the extent of the loss and the extent of the need of the insured in determining whether to make loss payments directly to insureds and then seek reimbursement from the Association, or to submit a payment recommendation to the Association for the Association to make payment to the insured. The Member Insurer has the option.

If a Member Insurer wants to advance direct payments to insureds, but cannot do so because of process constraints, contact the NCIUA at MemberInsurer@ncjua-nciua.org The NCIUA will set up an electronic process to assist with immediate advance payments.

Please refer any questions regarding the above to MemberInsurer@ncjua-nciua.org. Note that this email address is for inquiries only and is not for submission of claims information or claim payment reimbursement.