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SUSAN E. VOSS
COMMISSIONER OF INSURANCE

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BULLETIN 11-02

TO: All Insurance Companies and All Public Adjusters in Iowa
FROM: Iowa Insurance Commissioner Susan E. Voss
RE: Victims of Declared Disasters
DATE: June 15, 2011

This Bulletin pertains to insurance companies, public adjusters and other entities authorized to transact insurance business in Iowa.

This Bulletin derives from the floods and natural disasters of May and June 2011. The actions requested are applicable both to insureds residing in or to property insured in Iowa counties declared state or presidential disaster areas. The actions requested also will apply to any other disasters occurring where disaster areas are declared after the issuance of this Bulletin.

I. No Cancellation; No Nonrenewal.

No property insurance policy can be cancelled or nonrenewed if that property insurance policy was in effect as of 12:01 a.m. on the date a disaster occurred in an Iowa area later declared a state or presidential disaster area and if the property covered by the policy sustained damages as a result of the disaster activity.

There are limited situations which can allow cancellation or nonrenewal by an insurer, as follows:

- At the insured's request, replacement by an insurer of the current policy with another type of property insurance policy.
- Nonpayment of premium by the insured (subject to the premium deferral requirements of Section II) after providing the insured with the notice of cancellation or nonrenewal in accordance with the policy provisions and statutory requirements.
- Fraud or material misrepresentation by the insured.
- No intention of the insured to repair or reconstruct the insured property.
- Violation by the insured of a material provision of the policy, including but not limited to performing illegal activity or failing without just cause to make reasonable efforts to protect the insured property that results in an increased risk to the material detriment of the insurer (subject to the requirements of Section IV).

Nothing in this Bulletin shall prevent or prohibit an insured from voluntarily cancelling or nonrenewing the policy of insurance, if done by the insured in writing.

Nothing in this Bulletin shall prevent or prohibit an insured from voluntarily entering into an agreement with an insurer to modify the coverage, limits, terms, endorsements or deductibles with regard to the insured's policy of insurance, if done by the insured in writing.

The insured is obligated to exercise good faith in:

- making reasonable efforts to mitigate the damage;
- making reasonable efforts to secure and protect the property from further damage; and
- undertaking the repairs or reconstruction of the insured property.

All entities to which this Bulletin applies are obligated to provide the insureds with sufficient time to effectuate repairs or reconstruction to the insured properties and to recognize the unique circumstances that exist in Iowa with regard to the ability of the insureds to accomplish the necessary repairs or reconstructions of the properties.

II. Premium Deferral.

All entities to whom this Bulletin applies shall give their customers affected by a declared disaster the option of deferring premium or other payments, interest free, for up to 60 days from the original premium or other payments due dates. Further, as to any policy provision that imposes a time limit on an insured or claimant to perform any act, including the transmittal of information or funds, with respect to a contract for insurance, companies shall extend such time limits 60 days from the last day allowed under the terms of the contract, or any longer period that may be deemed reasonable under the specific circumstances related to that insured or claimant (for example, until such time as the disaster order is terminated, if it is not terminated until after 60 days).

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

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

No additional rate filing will be necessary to effect the deferrals requested. Any rate increase for insurance policies in affected areas shall be deferred during the pendency of the declared disaster (the longer of 60 days or the date the disaster order is terminated). The coverage shall remain in effect at the previously established rate.

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.

III. Copies of Policies to Be Provided.

Insureds in declared disaster areas may request and obtain a copy of any of their insurance policies from the issuer free of charge.

IV. Coverage for Evacuated Premises and for Property Removed from Evacuated Premises.

Iowa has a number of disaster areas related to recent and current flooding. Numerous individual residences and businesses are located in evacuation zones. Insurance policies may contain limitations of coverage for vacated property or for personal property or business personal property located away from the insured premises or the insured location.

It is the determination of the Commissioner that all entities to whom this Bulletin applies shall suspend the vacancy provisions of their policies for those insureds temporarily displaced by a declared disaster.

Also, insurers to whom this Bulletin applies shall cover all personal or business personal property removed from its insured premises five days before or any time after the evacuation zones were identified if the premises were affected by the disaster or in danger of being affected by the disaster and insurers shall cover that property at the same amount as if the property were located at or on the insured premises. After 90 days, insurers may subject the personal or business personal property to any applicable reduced coverages as provided for in the policy for being located away from the insured premises.

The 90-day time frame applicable to personal or business personal property removed does provide producers and their insurers time to extend or add coverage as may be needed by affected insureds. In order to expedite the providing of additional coverage for relocated personal or business personal property, the Division is suspending certain rate and form filing requirements. For any policy form issued in Iowa which will add or enhance coverage for personal or business personal property located away from the insured premises for dates of coverage commencing between June 1, 2011 and September 1, 2011, and for which the insurer has not received prior approval of that policy form, the Division shall waive (pursuant to Iowa Code section 515F.4(2011)) the normal filing requirements of those particular policy forms and such forms may be issued on a manuscript basis. Rates for any such policy form are exempt from filing but shall be reasonable pursuant to Iowa Code section 515F.4(2011), but the Division also shall waive the requirement of Iowa Code section 515F.5(2011) that they be filed with the Division for approval.

V. Prescription Drug Coverage.

The Commissioner recognizes that some consumers may not be able to access to their prescription medications as a result of a declared disaster. To make allowances for consumers to have an alternative method of obtaining a prescription that might otherwise not be obtainable until a future date, insurers should work with consumers to provide coverage for replacement medications. When prescription drug coverage exists for insureds of disaster areas, insurers shall allow insureds to obtain refills of their prescriptions even if the prescription was recently filled.

VI. Public Adjusters.

The Commissioner reminds all entities to whom this Bulletin applies that, in Iowa, public adjusters must be licensed by the Division before performing services. All licensed public adjusters performing services in Iowa shall exhibit their public adjuster licenses to any prospective clients before entering into any contracts for the performance of or before performing adjustment or settlement services.

Some public adjusters charge an hourly or flat fee. Other public adjusters are paid percentages of the amounts insurance companies pay the insureds with respect to insurance claims. In Iowa, no person required to be licensed as a public adjuster by the Division shall receive as consideration for such adjusting or settling more than ten percent of any amounts paid by an insurance company with respect to such property claim (see 191 Iowa Administrative Code subrule 55.18(3)). No person required to be licensed as a public adjuster by the Division shall require the insured to pay a fee in advance of the payment of the insurance company with respect to a claim in a disaster area. The insured has the right to cancel any contract with a licensed public adjuster performing adjustment or settlement services in disaster areas up to 14 days from the date the insured signed any contract.

VII. Questions, Construction and Contacts.

Any insurer unable or unwilling to comply with this Bulletin must inform the Iowa Insurance Division of the reasons for its inability or unwillingness to do so within five working days from the posting of this Bulletin on the Division's website (<http://www.iid.state.ia.us/>). Direct responses to: Rosanne Mead, Assistant Insurance Commissioner, Iowa Insurance Division, 330 Maple Street, Des Moines, Iowa 50319; Telephone 515-281-4242; E-mail rosanne.mead@iid.iowa.gov.

This Bulletin shall be liberally construed to effectuate the intent and purposes expressed and to afford maximum consumer protection for the insureds of Iowa who desire to maintain property insurance for property damaged by disaster in the declared disaster areas.

It is the Commissioner's expectation that every company will abide by this Bulletin. Not only is this a matter of good corporate citizenship, it is the right thing to do. The Commissioner applauds the efforts of those insurance companies that have already instituted programs similar to those set forth in this Bulletin and urges, in terms that cannot be overstated, all other companies to take the same course.