



**State of New Jersey**

DEPARTMENT OF BANKING AND INSURANCE

OFFICE OF THE COMMISSIONER

PO BOX 325

TRENTON, NJ 08625-0325

TEL (609) 292-7272

CHRIS CHRISTIE  
*Governor*

KIM GUADAGNO  
*Lt. Governor*

KENNETH E. KOBYLowski  
*Commissioner*

**BULLETIN NO. 13-07**

**TO: ALL INSURERS AUTHORIZED OR ADMITTED TO TRANACT  
PROPERTY AND CASUALTY BUSINESS IN THIS STATE AND THE  
NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION**

**FROM: KENNETH E. KOBYLowski, COMMISSIONER**

**RE: IMPLEMENTATION OF A MEDIATION PROGRAM TO AID IN  
RESOLUTION OF CLAIMS RELATED TO STORM SANDY**

On March 26, 2013, the Commissioner of the Department of Banking and Insurance (“Department”) issued Order No. A13-106 establishing a Mediation Program for unresolved first party claims against homeowners, automobile and commercial insurance policies as a result of Storm Sandy. Insurers authorized or admitted to transact business in New Jersey and the New Jersey Insurance Underwriting Association are required to participate in the Mediation Program and resulting mediation conferences. Surplus lines insurers and risk retention groups may elect whether or not to participate on a case-by-case basis. The Order requires that, upon selection of an Administrator for the Mediation Program, the Department shall issue a bulletin specifying necessary additional technical procedures for the program. Accordingly, this Bulletin satisfies this requirement and should be considered a part of, and as implementing the provisions of, Order No. A13-106.

The Department has completed the requirements of public bidding laws and selected the American Arbitration Association (“AAA”) as the Administrator for the Mediation Program. Pursuant to [Order No. A13-106](#), insurers subject to mediation are required to provide written notice to policyholders with open and unresolved homeowners, automobile and commercial claims of the availability of the Department’s Mediation Program. The Department hereby provides the sample notice for issuance to those policyholders in Appendix 1. Pursuant to [Order No. A13-106](#), insurers (other than surplus lines insurers and risk retention groups) shall provide such notice within five (5) business days of issuance of this Bulletin.

In addition to the Mediation Program procedures established in [Order No. A13-106](#), the Department has approved the following technical procedures necessary to the operation of the mediation program:

1. The Department and AAA shall establish and publish mediation guidelines and provide additional information about the mediation program and its operation for both insurers and policyholders on AAA's website: [www.adr.org](http://www.adr.org).
2. All requests for mediation shall be submitted to American Arbitration Association via the following contact methods:
  - E-mail: [njsandymediation@adr.org](mailto:njsandymediation@adr.org);
  - Facsimile: 877-307-8457;
  - Phone: 855-366-9774;
  - Online: [www.adr.org](http://www.adr.org); or
  - Traditional Mail to: 1101 Laurel Oak Road, Suite 100, Voorhees, NJ 08043.

If a policyholder submits a mediation request to an insurer, the insurer shall forward the request to AAA via e-mail or facsimile no later than one (1) business day after receipt.

3. Mediation conferences may be scheduled beyond 30 days after receipt of a request for mediation only in cases where both parties agree in writing that an extension of time is necessary.
4. Mediation conferences shall be held in person to the extent practicable. However, video-teleconferencing mediations will be permitted if all parties consent and to the extent such can be facilitated by AAA.
5. All mediation conferences shall be scheduled to minimize travel for the policyholders.
6. [Order No. A13-106](#) provides for immediate payment of settlement funds by the insurer to the policyholder at the mediation conference unless otherwise agreed upon by the parties. However, if an insurer cannot accommodate this requirement because of the need to issue a computer generated check, then the insurer shall disburse the settlement amount to the policyholder and any lienholder(s) as required by the insurer's business practices no later than three (3) business days following resolution of the claim at the mediation conference. The settlement amount, payment method and timing of payment shall be memorialized in writing by the mediator and provided to both parties prior to termination of the mediation conference.

March 28, 2013  
Date

  
\_\_\_\_\_  
Kenneth E. Kobylowski  
Commissioner

Attachments:  
Appendix 1

## Sample Notice from Insurer Regarding DOBI Mediation Program

Dear Policyholder:

The New Jersey Department of Banking and Insurance has established a voluntary mediation program to resolve disputes between insurers and New Jersey policyholders involving claims against homeowners, automobile and commercial insurance policies as a result of Storm Sandy.

Mediation is a process where a neutral third party meets with you and your insurer to help you and your insurer reach an agreement that both parties will accept to resolve the claim. It is non-binding, meaning you do not have to accept the settlement. Policyholders may submit homeowner's, automobile and/or commercial insurance Sandy-related claims where the disputed amount is \$1,000 or more to a mediator who will review the case and assist in settlement discussions.

Your insurance coverage must have been in force at the time Sandy made landfall in New Jersey and the claim must not have been denied or delayed due to reasonable suspicion of fraud. Claims under policies issued by or through the National Flood Insurance Program are not subject to mediation in the Department's program at this time.

Your insurance company pays the cost of the mediator and the program administration unless the policyholder fails to appear, in which case the costs of the cancelled mediation conference and any rescheduled conference are split evenly between both parties. Other expenses you may incur, such as travel to the mediation session, will be your responsibility. The mediator is an independent neutral party with no ties to the insurance company.

You can request mediation by contacting the Mediation Administrator as follows:

American Arbitration Association  
E-mail: [njsandymediation@adr.org](mailto:njsandymediation@adr.org);  
Facsimile: 877-307-8457;  
Phone: 855-366-9774;  
Online: [www.adr.org](http://www.adr.org); or  
Traditional Mail to: 1101 Laurel Oak Road, Suite 100, Voorhees, NJ 08043.

Once you submit your request for mediation to the Mediation Administrator, they will advise if your claim is eligible for mediation within 3 business days and will contact you to schedule your mediation conference. More details about the mediation process are available at [www.adr.org](http://www.adr.org) or at the Department's website [www.dobi.nj.gov](http://www.dobi.nj.gov).

Policyholders may elect to participate in an insurer's internal appeal process [or insurer mediation programs Note: insurers that do not offer a mediation program may delete this phrase] as well as the mediation program established by the Department.

If you have any questions about this letter, please contact us at [insert the name of a person who will handle questions at the insurance company and contact phone number]

Sincerely  
[Insurance Company Information]