

pandemic or other events that may cause severe and widespread property damage or interfere with normal business activities. Additionally, the DRPDG prepared recommendations to the Commissioner to maximize the performance of insurers when a disaster occurs, with a particular focus on the providing of services to consumers; and

IT FURTHER APPEARING that the DRPDG also developed recommendations to address the need for property insurers to have the ability to promptly process claims and provide claim payments in order to minimize the economic hardship on insureds affected by a disaster or catastrophic event; and

IT FURTHER APPEARING that the recommendations of the DRPDG are supported by the New Jersey Financial Services Sector Working Group (FSSWG), also comprised of representatives of a cross-section of financial services businesses in New Jersey, that has been established in cooperation with state homeland security and emergency management authorities consistent with guidance from the federal government; and

IT FURTHER APPEARING that insurer trade associations such as the Property Casualty Insurers Association of America (PCI) have developed recommendations including model rules regarding disaster preparation and response; and

IT FURTHER APPEARING that the PCI model rules are consistent with the recommendations of the DRPDG and FSSWG; and

IT FURTHER APPEARING that the Department is in the process of drafting rules consistent with PCI model rules; and

IT FURTHER APPEARING that the 2009 Hurricane season is about to begin and it is therefore appropriate for insurers to evaluate, and if necessary, update their current Disaster Response Preparation Plans as required by Department Order No. A07-126 and this Order.

NOW THEREFORE, IT IS on this 11th day of, May 2009

ORDERED that all authorized and admitted property and casualty insurers that are either actively writing, or have in force as of the date of this Order,

property or multiline insurance policies covering property risks resident or located in this State shall:

1. Review their current Disaster Response Preparation Plans as well as the contact information for any primary and a backup contact person for the company previously submitted to the Department in response to Department Order No. A07-126; and

2. Identify and provide the Department with the updated names of a primary and a backup contact person for the company, as well as the phone numbers and email addresses at which those individuals may be contacted in the event of a disaster or catastrophic event either during or outside of normal business hours, and if there is no change in the information previously submitted, confirmation of that fact; and

3. Review and become familiar with the PCI model rules regarding disaster preparation and response; and

4. Review and update, as needed, any provisions in their Disaster Response Preparation Plans in order to enable the insurer to comply with Emergency Orders that, upon the declaration by the Governor of a disaster or catastrophic event, would be issued by the Commissioner and would direct insurers to:

a) Institute agent check drafting authority by providing to their producers or other company representatives the authority, procedures and materials necessary to issue to insureds checks, debit cards or other cash equivalents up to a predetermined threshold of no less than \$5,000 at the discretion of the agent or representative, utilizing an expedited and simplified claims process, subsequent to the declaration of a disaster or catastrophic event;

b) Implement liberalized claims handling processes during a Disaster or Catastrophic Event Declaration in order to accelerate the payment of claims at such times, which procedures should address issues such as lien holders and additional living expense claims during extended denial of access by civil authorities;

c) Utilize additional contact information provided by insureds on a voluntary basis, including email addresses, cell phone numbers and an alternate contact person such as a relative residing outside of the region;

d) Implement the use of alternate forms of communication, including email, to provide insureds with post-event information on the key issues of protecting property and filing claims and which may also have been used to provide preventive information on topics such as preparing for a disaster or catastrophic event;

e) Utilize designated cross-trained staff so that essential business operations can continue if other personnel are involved in disaster response or unavailable due to pandemic illness or any other reason;

f) Implement policies for social distancing, telecommuting, and related measures as appropriate to minimize the spread of serious illness within the organization and to family members of employees;

g) Require producers to implement Business Continuity Plans formulated by the insurer in conjunction with the producer community as needed;

h) Implement a process for the expedited mediation of disputed claims;

i) Comply with a requirement to report claim related data necessary to enable the Department to provide information to the public and monitor industry performance; and

j) Suspend the cancellation and nonrenewal of policies for reasons related to the occurrence of the disaster or catastrophic event (e.g., for missed premium payments.)

AND it is further ORDERED that all property and casualty insurers as referenced above shall maintain the most current version of such Plan at the company's principal place of business in New Jersey, and shall make such Plan available for inspection by the Department upon demand by the Commissioner, as part of a Market Conduct Examination conducted pursuant to N.J.S.A. 17:37B-1 et seq., in conjunction with any regular or special Financial Examination conducted pursuant to N.J.S.A. 17:23-20 et seq., or in the investigation of any consumer

complaints conducted pursuant to the Unfair Claims Settlement Practices Act, N.J.S.A. 17:29B-1 or any other applicable statutory or regulatory provision.

The updated contact person information, or confirmation of the previously submitted contact information, referenced in paragraph 2 above, and any questions on this Order shall be submitted via regular mail, email or fax to:

New Jersey Department of Banking and Insurance
20 West State Street
P.O. Box 325
Trenton, NJ 086250325
Attn: Peter L. Hartt, Assistant Director, Division of Insurance
Fax: (609) 2923144
Email: peter.hartt@dobi.state.nj.us

/s/ Steven M. Goldman
Steven M. Goldman
Commissioner

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