



August 30, 2006

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Senate Bill 277

Please find attached a Notification of the Right to Mediate Residential Property Disaster Insurance Claim for optional use by member companies. This Notification was designed to comply with Section 1 of Senate Bill 277, which has previously been sent. While that section does not require the Bureau to file a notice, the Bureau concluded that given the difficult time constraints imposed by that bill and the hurricane season, it would be helpful for the companies and the public for the Bureau to prepare a prototype notice and have it reviewed for compliance by the Department of Insurance. The attached Notification reflects review and revisions by the Department, and the Department advises that it meets the requirements of S.B. 277.

Please consult with your legal counsel regarding interpretation of S.B. 277, including the content, sized print and the circumstances when notice must be sent. The Department has advised the Bureau that, in its opinion, the attached Notification is appropriate in the event that notice must be sent on more than one occasion.

Please note that S.B. 277 requires that the name of the administrator and contact information be printed on the Notice. At this time, an administrator has not been appointed; however, the Department has informed the Bureau that if a "disaster" as defined in S.B. 277 is declared, a temporary administrator will be appointed and that the information will be communicated as soon as possible. In addition, according to SB 277, the Department may require a brochure be included with the Notice. At this time, the Department has not published a brochure; however, when a brochure is published it will be communicated to you as soon as possible.

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dp
Attachment
P-06-14

[Date]

[Policyholder Name and Address]

{Policy number and/or Claim Number}

NOTIFICATION OF THE RIGHT TO MEDIATE RESIDENTIAL PROPERTY DISASTER INSURANCE CLAIM

The General Assembly of North Carolina has enacted a law to facilitate fair and timely handling of residential property insurance claims arising out of disasters. The law gives you the right to attend a mediation conference with your insurer in order to settle any dispute you have with your insurer about your claim. An independent mediator, who has no connection with your insurer, will be in charge of the mediation conference.

The mediator does not decide the dispute, but will facilitate discussion/negotiation between the parties. There is no cost to you for this service.

“Disputed Claim”

For the purpose of this mediation program, a “disputed claim” does not mean a claim denied because of exclusions, terms or conditions in the policy, or because the policy was not in force at the time of loss. “Disputed claim” also does not mean a claim that the insurer has reported to the Department of Insurance’s Investigations Division due to suspected insurance fraud.

Eligibility

To be eligible for a mediation conference:

- You must have a disputed claim arising from a declared state of disaster in which the insurer has denied payment in whole or in part.
- The dispute must be over the insurer’s findings on the cause of loss, or the amount of the loss.
- The total amount of the claim, or the difference in position between you and your insurer, must be at least \$1,500 unless both parties agree to mediate a smaller claim.

Requesting a Mediation Session

- You must request mediation within 60 days of your claim being denied, or your right to mediation is lost. Failure to request mediation does not prejudice any other legal right or remedy that you may have to pursue your claim. **To request mediation, you may contact the Mediation Administrator at:**

< insert name , address, phone and fax numbers for Administrator >

- Your request must include the following information, if known:
 - Your claim number and policy number.
 - Your name, mailing address, and (if different) property location.
 - A daytime telephone number where you can be reached.
 - A brief description of the nature of the dispute.
 - The name of your insurance company and the name, address and phone number of a contact person (if other than you) for scheduling mediation.
 - Information on any other policies of insurance that may provide coverage of the insured property for named perils such as flood, earthquake or windstorm.
- Once your request for mediation is received, the Administrator will contact you to schedule your mediation conference, and to provide further information such as the location of the mediation session, how to prepare, etc. The Administrator will select the mediator.

If you need further information

If you have any questions or need additional information concerning this notification, you may contact:

< insert name and address of insurer, contact person/division and phone number >