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Insurance Bulletin No. 226

Federal Disaster and Storm-Related Damages

July 11, 2023

On July 11, 2023, President Biden approved Vermont's emergency declaration in response to the damage caused by torrential rains and flooding. In light of the federal and state disaster declarations and the number of Vermonters affected by the storms, the Department is providing licensees with the following guidance:

Catastrophe Adjusters

- Pursuant to Title 8 V.S.A. 4803(d)(2), the Department has authorized the use of Catastrophe Adjusters and Appraisers.
- An insurer seeking to utilize Catastrophe Adjusters and Appraisers should follow the requirements set forth in Bulletin 225. Within ninety (90) days from the date of a claim denial a Vermont licensed adjuster must review the denial to ensure the claim was properly adjusted.
- Insurers and adjusting entities are responsible for the conduct of persons authorized as catastrophe adjusters and appraisers and should ensure that all such individuals are familiar with Vermont laws and regulations regarding claims handling and settlement.

Claims Handling

- Vermont law requires the prompt investigation of all claims, including investigation of the cause of loss to determine if coverage exists, on a claim-by-claim basis. While the Department acknowledges the large volume of claims that insurers are experiencing, insurers are not relieved of the obligation to promptly acknowledge and investigate claims as set forth in [Regulation 79-2](#).
- Insurers have a duty to properly investigate all claims to determine if coverage exists, including the applicability of any policy endorsements, such as sump pump and water backup endorsements.



- The Department expects insurers to work with claimants who have been displaced from homes or businesses and are unable to meet reporting timelines as specified in insurance policies.
- To qualify for federal disaster assistance, insureds may be required to furnish evidence that their insurer has denied their claim, in whole or in part. If an insurer is denying a claim, it must provide proper documentation to all claimants in order to enable Vermonters and Vermont businesses to apply for federal disaster assistance.
- The Department encourages insurers to establish expedited claims processing procedures and simplified claim reporting forms where appropriate.
- Insurers handling automobile losses are reminded to review Regulation 79-2 addressing total loss settlements [and Bulletin 164](#) addressing diminution of value.

Premium Payments and Vacancy

- The Commissioner encourages insurers operating in Vermont to provide prompt and immediate relief to those Vermont policyholders affected by the disaster, including the temporary suspension of premium payments and suspension of vacancy provisions for those temporarily displaced.
- The Department will work with insurers to minimize the regulatory effects of an insurer's suspension of premium payments with regard to financial review requirements.
- The term "suspension" is not intended to mean forgiveness of the premium obligation; rather, it refers to an extended grace period for the payment of the premium.
- Insurers are encouraged to work with policyholders impacted by the disaster with regard to the collection of premiums, including granting requests for reasonable payment plans. The Department will be encouraging Vermonters to contact their producer or insurer directly if they have questions or concerns about premium payments or policy status.

Underwriting

- The Department's position is that it is not appropriate for insurers to re-rate, cancel, non-renew, or refuse to provide insurance coverage solely due to an individual's status as a victim or evacuee of this disaster.
- The Department's position is that it is not reasonable to change policyholders' rating classifications or increase their rates solely because they are a victim or evacuee of this disaster.

Kevin Gaffney, Commissioner

07/12/2023

Date

