ISAAC ADJUSTMENT ISSUES

Tropical Storm Isaac has passed the lower Florida Keys and is approaching the northern Gulf Coast as a potential Category 2 hurricane. As the storm approaches, insurers should be prepared to deal with the many adjustment issues that arise from such a disaster. The answers may vary widely from state to state. Although each claim is unique on its face, here are some of the things that you should consider when making preparations to handle the expected losses from this event:

1. The impact of the valued policy laws of the different states that will be affected by this storm.

2. Wind versus water; flood coverage versus wind or all risk? Often handled by different adjusters, communication and documentation are essential.

3. Property damaged while foreclosure is pending. Who has an insurable interest? How much is that interest?

4. When adjusting a storm loss, are you prepared to handle the necessary communication needed to keep your insureds informed following a disaster? Some states, such as Florida, have mandatory deadlines within which an insurer must respond to an inquiry from a policy holder.

5. Residential or commercial or small commercial? Some states, such as Florida, have different rules.

6. The procedure and scope of appraisal differ widely. Have you considered the differences and how to deal with each?

7. The Departments of Insurance for have procedures in place to assist with resolution of disputes before they rise to the level of full-blown litigation. Have you considered utilizing these procedures when adjusting storm claims? In Florida, they are mandatory in residential claims.

8. Are you prepared to effectively deal with and properly document the “initial” payments (such as Additional Living Expenses) that normally accompany disasters of this nature?

9. Many commercial entities such as hotels have properties in more than one state. Have you considered which state’s law will govern the Insured’s loss?

10. Will you be legally dealing with a public adjuster or not? The answer will depend on the state in which the property is located.

11. Have you considered the impact of the state’s tort of bad faith when it comes to the investigation and adjustment of post-disaster claims?

This is but a small sample of the many issues that insurers and their policyholders will no doubt struggle with in the aftermath of this storm. The experienced attorneys of Butler Pappas stand ready to assist in providing answers to these issues. Our property insurance partners have wide experience counseling insurers and litigating their interests arising from major storms across the Gulf Coast states and in the Gulf of Mexico. For more information and advice on these, or any other question, contact our attorneys in our Tampa, Miami, Tallahassee or Mobile, Alabama offices or our Managing Partner.