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November 10, 2004

Memorandum 2004-12A

To: Insurers Authorized to Conduct Flood Insurance Business in the State of Hawaii

From: J.P. Schmidt
Insurance Commissioner

Subject: Manoa Valley Flood

The Insurance Division participated in State Civil Defense's Disaster Assistance and Recovery Center (DARC) in response to the October 30, 2004, flooding in Manoa Valley.

At the DARC, the flood victims asked common questions about their homeowner's, automobile and flood insurance and if and how insurance companies can aid in the recovery of damages that occurred. Several flood victims said they called their insurance company and were told they had no coverage over the phone, without any agent or adjuster assessing the damage to the property, or were told that no adjuster was available. For the homeowners that had purchased flood insurance from the National Flood Insurance Program (NFIP), one recurring comment from these flood victims was that they contacted their insurance agent and were told to call NFIP's 1-800 number and then connected to a company on the mainland.

Timely inspection of a property and consultation with the homeowners is essential to proper claims determination and handling. The law requires prompt handling of claims, proper determination of whether coverage exists or not. Refusing to pay a claim without a conducting a reasonable investigation based upon all available information is a violation of the law.

The Hawaii Insurance Division encourages insurers to maintain its high standard of prompt and proper claims determination and handling. In the case of homeowners that have purchased flood insurance, we encourage insurers to send out its agents or adjusters to assist these victim in filing a damage claim with the NFIP and not merely tell the homeowners to call the 1-800 number.

If you have any questions or comments on this issue, please call the Insurance Division at (808) 586-2790.