



NEW YORK STATE SENATOR

Velmanette Montgomery

## Department of Financial Services to Speed Resolution of Insurance Claims in Areas Affected by SANDY

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The NYS Department of Financial Services (DFS) is setting new rules to speed the processing of insurance claims in areas affected by Storm Sandy. The new regulation reduces the amount of time an insurer can delay its decision on a claim, and requires insurers to report to the Department on how many claims it is delaying and the reasons for the delays.

Under current insurance regulations, after a homeowner provides proof of loss, insurers have 15 business days to respond with a decision. If an insurer is unable to reach a decision in that time, the insurer must provide the homeowner with a reason needed for additional time -- but doing so grants the insurer an automatic 90-day extension. There is no limit on the number of additional 90-day extensions available to an insurer. Insurers also must provide claimants notification of any documents or forms needed to complete their proof of claim within 6 business days of receipt of the claim.

In response to the complaints that insurance companies are taking too long to accept or deny Sandy-related claims, the Department is instituting the following changes.

- If an insurer is unable to make a claims decision within the allotted time, extensions are now only 30 days, not 90 days.
- Any extension letter sent to an insured must provide not just the reason for the extension, but an estimate of the date the insurer expects the decision-making process to be completed.
- Insurers must report to DFS weekly on every claim that has been extended past the initial 15 business day decision window. This report will include, among other items, the amount of the claimed loss, the reason needed for the insurer's extension, the number of extensions the insurer already has utilized, and the expected date for its decision.
- Notification to claimants of what documents and forms will be needed to complete the claim must now be provided in a written, detailed document.

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