

February 25, 2013

Christie Administration Announces Insurance Mediation Program to Expedite Sandy-Related Claims

Continuing the Administration's commitment to assist New Jersey residents in swiftly resolving their Sandy-related insurance claims, Governor Chris Christie and New Jersey Department of Banking and Insurance (DOBI) Commissioner Ken Kobylowski announced the release of a Request for a Qualification (RFQ) to establish a new mediation process that gives consumers the option to settle disputed cases without resorting to costly and time consuming lawsuits.

"This process is needed to help alleviate the hardship being experienced by residents whose property was damaged or destroyed by Sandy," said Governor Christie. "As of February 15, the percentage of claims closed is now 87% overall and 91% for homeowners. This mediation program is an opportunity to expediently resolve outstanding claims so that residents can continue to rebuild their lives."

The new program will allow property owners to submit homeowner's, automobile and commercial property claims to a mediator who will review the case and assist in settlement discussions. Disputed non-flood Sandy-related claims greater than \$1,000 that do not include a reasonable suspicion of fraud and are based on policies in force at the time Sandy made landfall will be eligible for mediation. Insurance carriers will pay for the cost of the mediator.

"Safeguarding the interests of policyholders is part of this Department's mission to protect consumers," said DOBI Commissioner Kobylowski. "We know that other states facing the aftermath of weather-related disasters and storms, such as Hurricane Katrina, successfully operated similar mediation programs. New Jersey's program will help rapidly and amicably resolve claims to help residents recover from Sandy."

The Mediation Program will not include flood insurance claims at the inception of the program because those claims are handled by the National Flood Insurance Program (NFIP) pursuant to federal regulations. However, the Department continues to monitor and assess the viability of securing NFIP participation in certain mediations at a later date.

State regulated insurers are required to notify insureds with open or unresolved homeowner's, auto and commercial claims that they can ask for a mediation conference and detailed instructions for filing that request. Participation by policyholders is completely voluntary. Insurers authorized or admitted to transact business in New Jersey and the New

Jersey Insurance Underwriting Association will be required to participate in the Mediation Program. Surplus lines insurers and risk retention groups (RRGs) may elect whether or not to participate in the mediation process on a case-by-case basis.