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OF INSURANCE

Bulletin 2018-016
October 22, 2018

**TO: INSURERS OF PROPERTY RISKS LOCATED IN NEW MEXICO AND
ADJUSTERS FOR SUCH COMPANIES**

RE: CATASTROPHE CLAIM PROCESSING

THE FOLLOWING Bulleting is issued pursuant to NMSA 1978, § 59A-2-8, and 13.1.2.8 NMAC *et seq.*

When a catastrophe damages property located in New Mexico, the ensuing property insurance claims may implicate NMSA (1978), § 59A-16-20(F). That statute provides that an insurer commits an unfair or deceptive practice if it fails “to settle all catastrophic claims within a ninety-day period after the assignment of a catastrophic claim number when a catastrophic loss has been declared.” NMAC 13.7.4.7(A) defines a “catastrophe” as “a disaster or accident or series of disasters or accidents arising out of a single event that results in at least 1,000 claims against insurers, results in total insured losses in excess of \$5,000,000 and takes place within a period of 72 consecutive hours.” To help insurers expedite catastrophe claim settlements, NMSA (1978), § 59A-13-6 provides procedures that an insurer can follow to expand adjuster services. In response to the increased frequency of natural disasters, the Office of Superintendent of Insurance (“OSI”) adopted new protocols and procedures for implementing these laws. The process is as follows:

1. All insurers of property risks located in New Mexico shall designate at least one individual, position or department to serve as a catastrophe liaison. The liaison will provide information to, and receive information from, OSI concerning catastrophes. Within 60 days

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of the publication of this Bulletin, each such insurer shall subscribe to "Catastrophe Liaison Updates" through the OSI subscription activities page located at:

<https://www.osi.state.nm.us/OSISubscription.aspx>

Each insurer shall provide updated contact information for its catastrophe liaison to OSI as often as necessary to keep OSI's records up-to-date. Any interested person may also subscribe to Catastrophe Liaison Updates.

2. When a disaster, accident, or series of either, causes insured property damage in New Mexico, any New Mexico licensed insurer or adjuster may contact OSI's Producer Licensing Bureau ("PLB") to request authority to employ unlicensed adjusters pursuant to NMSA (1978), § 59A-13-6. The PLB may approve the request even if the SOI has not declared a catastrophe.
3. If the PLB receives a request pursuant to NMSA (1978), § 59A-13-6, the PLB will communicate that request to OSI's Civil Investigation Bureau ("CIB"). The CIB will then transmit a data call to each subscriber to Catastrophe Liaison Updates. The data call will provide a description of the event reported to the PLB, and request that each insurer who has received a claim relating to that event inform OSI of the number of claims, and the aggregate estimated dollar value of the reported losses. OSI may also make such a data call based on reports about significant disasters or accidents from other sources.
4. If, based on insurer responses to a data call, or based on any other information or data available to the SOI, the SOI determines that a disaster or accident meets the definition of a catastrophe in NMAC 13.7.4.7(A), the SOI will issue an order declaring a catastrophe. Each such order shall specify the date(s), general circumstances, and geographic area impacted by the catastrophe, and each such order will be published on OSI website and e-mailed to each subscriber to Catastrophe Liaison Updates. The date of issuance of each such order will establish the start date for purposes of NMSA (1978), § 59A-16-20(F) and the implementing regulations.

Please direct your questions regarding this bulletin to Mark Marquez, Civil Investigation Bureau Chief, at 505.827.4439, or via e-mail mark.marquez@state.nm.us.

DONE and **ORDERED** this 22nd day of October 2018.



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