

# MARKET BULLETIN

<b>From</b>	Director, Worldwide Markets (extn 6677)
<b>Date</b>	21 October 2005
<b>Reference</b>	Y3648
<b>Subject</b>	<b>Hurricane Katrina: Louisiana Emergency Rule 16: notification of adjusters' details</b>
<b>Subject areas</b>	The requirement, following Hurricane Katrina, to notify the Louisiana Department of Insurance of the details of adjusters
<b>Attachments</b>	None
<b>Action points</b>	<b>Managing agents to ensure compliance with Emergency Rule 16 and to note the arrangements for central compliance.</b>
<b>Deadlines</b>	None

## Purpose of bulletin

To update the market on arrangements for complying with the requirement, under Louisiana Emergency Rule 16, to provide the Louisiana Department of Insurance ("LDOI") with details of adjusters.

This Rule was covered by Lloyd's [Market Bulletin Y3633](#) "Hurricane Katrina: Louisiana Emergency Rules 15, 16 and 17", issued in 21 September 2005. A copy of the Rule is attached to that bulletin.

## Emergency Rule 16

Emergency Rule 16 contains three provisions addressed to insurers:

*16.4 All insurance companies shall provide to the LDOI, in writing, the names and social security numbers of those adjusters who will be actively engaged in the settlement of losses and damages resulting from this catastrophe.*

*16.5 In compliance with the requirements of LSA-R.S. 22:1220, all public adjusters, as well as all insurance companies, owe a duty of good faith and fair dealing to insured persons in the state of Louisiana. Therefore, failure to comply with Emergency Rule 16 will be considered a violation of the Louisiana Insurance Code and administrative action will be taken by the LDOI and/or any appropriate law enforcement agency.*

*16.6 Every insurer shall distribute copies of Emergency Rule 16 to every person or entity directly responsible for the handling and settlement of claims in conjunction herewith.*

This bulletin is about compliance with section 16.4. Nevertheless, managing agents should note the specific requirement set out in section 16.6.

Emergency Rule 16 also requires public adjusters to register with the LDOI. This requirement applies to adjusters acting on behalf of the insured<sup>1</sup>. Individual adjusters acting in Louisiana on behalf of insurers require listing in accordance with section 16.4 of Emergency Rule 16, as discussed in this bulletin, but do not otherwise require registering or licensing.

## Complying with 16.4

Bulletin Y3633 referred to the difficulties of complying, and notified the market that the LDOI has agreed to Lloyd's managing agents delegating authority to provide details of individual adjusters to adjusting companies, although responsibility for compliance remains with managing agents. To ensure compliance, Lloyd's proposes the following course of action:

**Open market business:** Xchanging Claims Services ("XCS") have provided a list of adjusting firms working on Hurricane Katrina open market claims in Louisiana. It has contacted these firms individually to ask them whether they will provide the LDOI with the names and social security numbers of individual adjusters working for them.

Lloyd's proposes to provide the list of adjusting firms received from XCS to the LDOI. Providing they are prepared to give the LDOI details of individual adjusters, this will ensure compliance with 16.4, so far as those firms are concerned. If any adjusting firms will not give the LDOI details of individual adjusters, it will be necessary for them to give details to the managing agent(s) for whom they are working, for onward transmission to the LDOI. Lloyd's will provide the list of adjusting firms to managing agents once it is finalised and will notify them of any adjusting firms not providing details to the LDOI. Lloyd's also proposes to ensure that all the "open market" adjusting firms are provided with a copy of Emergency Rule 16.

**Binding authority business:** The LDOI has agreed that underwriters can delegate authority to provide the adjuster information to coverholders. XCS does not have a list of adjusting firms working on Hurricane Katrina binding authority claims in Louisiana, so if any

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<sup>1</sup> "Public adjuster" is defined in the Louisiana Insurance Code, RS 22:1476:

*"As used in this Section, "public adjuster" means an individual, except a duly licensed attorney at law, who, for compensation, acts on behalf of an insured or aides the insured in any manner in negotiating for or effecting the settlement of a claim for loss or damage resulting from an accident or other occurrence covered under an insurance policy that insures against loss or damage to property, or any person who advertises or solicits for employment as an adjuster of such claims."*

such firms are not included in the open market list, the coverholder should provide the appropriate notification.

So far as Lloyd's is aware, no state other than Louisiana is seeking to put in place a similar requirement on insurers to report the adjusters that are working on their behalf.

### **Further information**

If you have any queries about this market bulletin, please contact Lloyd's Worldwide Market Services:

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This market bulletin has been sent to active underwriters and to the compliance officers of managing agents and Lloyd's brokers.

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