

The Alabama Commissioner of Insurance has adopted a regulation to facilitate the fair and timely handling of residential property insurance claims arising out of hurricanes, tropical storms, tornados and other disaster damages. This regulation gives you the right to attend a mediation conference with your insurer in an effort to settle any dispute you have with your insurer about your claim.

1. What is mediation?

Mediation is a non-adversarial, non-binding, alternative dispute resolution procedure designed to facilitate the resolution of claims as fairly and quickly as possible. During the mediation conference, a neutral person (the mediator) guides a discussion of several ways to solve a problem. The mediator does not make decisions for the consumer or the insurance company, but simply helps both parties to develop workable solutions. Mediation is non-binding, meaning that neither party is legally obligated to accept the outcome. Attorneys are not permitted to attend or participate in the mediation conference except for attorneys employed by the Department.

2. Who can ask for mediation?

Any insured that has a disputed hurricane, tropical storm, tornado or other disaster claim may request mediation if the insured has not yet engaged legal counsel. A disputed claim is defined as any claim where the difference between the positions of you and your insurance company is \$500.00 or more. Claim disputes involving commercial insurance, private passenger motor vehicle insurance and liability insurance coverage are not eligible for mediation.

3. What if I have appealed the insurance company's findings through its appraisal or appeals process, or have filed legal action?

An insured that is involved in the appeals or appraisal process regarding his or her claim with an insurance company can participate in the Mediation Program at the conclusion of the appeals or appraisal process if the insured wishes. However, if an insured is involved in a legal action or arbitration action with an insurance company relating to the disputed hurricane, tropical storm, tornado or other disaster claim, the insured will not be eligible to participate in the Department of Insurance Mediation Program. It is possible the court will order mediation through its own procedures.

4. Will insurance companies participate?

All admitted insurance companies and any eligible non-admitted insurers/surplus lines insurers which provided personal residential property insurance coverage in Alabama including the Alabama Insurance Underwriting Association, (Beach Pool), will participate in the Mediation Program.

5. How do I begin the mediation process?

For claims filed on or after May 1, 2006, the insurer, upon notification by bulletin, must within sixty (60) days of the time an insured files a first-party claim mail to the insured a notice of the right to mediate disputed hurricane, tropical storm, tornado or other disaster claims. For pending disputed Hurricane Katrina or Ivan claims, insurers should mail the notice to the insured by approximately June 1,

2006. This notice will fully explain how an insured may request a mediation conference by contacting the Alabama Department of Insurance (Department).

6. Who will be the mediator and what will the mediator do?

An attorney with the Department will serve as the mediator and oversee the day-to-day operations of the mediation program. That attorney will handle all administrative duties for this program, including accepting and reviewing the requests for mediation, scheduling the mediation conferences, and conducting the mediation conference.

7. How do I contact the Department?

You can contact the Department in the following three ways:

- (a) By writing to the Department at:
Alabama Department of Insurance
Attn: Consumer Services Division
P O Box 303351
Montgomery, AL 36130-3351
- (b) By calling the Department at : 334-241-4143
- (c) By faxing the Department at: 334-240-4409

8. Does mediation work?

The State of Florida implemented a mediation program in 2004 and as of December 5, 2005, 12,160 mediation requests from Florida residents had been received. 11,925 of those cases have been closed, resulting in a settlement rate of approximately 93% (includes settlements, partial settlements and pre-settlements). Mississippi has had at least 1500 residents to request mediation since February 2006, with at least 165 scheduled mediation conferences and an 88% success rate.

9. Whom do I contact if I have further questions?

You may contact the Department at 334-241-4143 or visit the Department's website at <http://www.aldoi.gov>.