

Massachusetts Mandates Prompt Investigation, Encourages Insurers to Offer Deadline Extensions to Bombing Victims

On Monday of this week, the Massachusetts's Division of Insurance issued a bulletin mandating prompt investigation of business interruption, property damage and medical insurance claims by policyholders victimized by the Boston Marathon bombings and stating the Insurance Commissioner "expects" insurers to offer extensions of "reporting timelines and other requirements" to displaced insureds. Carriers are also advised they "should establish expedited claim processing procedures and simplified claim reporting forms" for bombing victims. Finally, the temporary suspension of premium payments and the granting of modified premium payment plans is "encouraged," and carriers are cautioned that it is neither "appropriate" nor "reasonable" to cancel, non-renew, refuse to provide coverage or change insurance rates solely because of an individual or business' status as a bombing victim.

As the world is aware, two pressure cooker bombs exploded at the finish line of the Boston Marathon on Monday, April 15, 2013, killing three people and injuring 264. Although little property damage was done, there will likely be many business interruption claims. A 15-block area of Back Bay, including the 52-story Prudential Building, was declared off limits as a crime scene, allowing authorities to investigate the blasts. Although this was reduced to a 12-block area on the following day, many businesses were shuttered and residents displaced for nine days until Wednesday, April 24. There were other brief closures, as well, including the entire Massachusetts Bay Transportation Authority (MTA) and the city's Logan International Airport. Finally, the dramatic car chase and shooting of one of the suspects in Watertown, Mass., to the west of Boston and the house-to-house search for his brother led authorities to close down virtually the entire metropolitan area (including Amtrak, the MTA, and the city's taxi service) for approximately 24 hours on Friday, April 19.

On April 25, 2013, Commissioner Joseph G. Murphy of the Massachusetts Division of Insurance (DOI) issued Bulletin No. 2013-03, titled "Procedures Related to Insurance Claims Resulting From Explosions Occurring in Boston on April 15, 2013 and Related Events." This provided guidance and recommendations to insurers in connection with any bombing-related claims and recited that the DOI would be "closely monitoring the recovery and insurance claims process related" to such events.

With respect to claims-handling, the bulletin mandates a prompt, claim-by-claim investigation of "all claims for all lines of coverage including, without limitation, business interruption insurance, home insurance, property insurance and health insurance." It also states that the DOI "expects" displaced homeowners and businesses will be offered extensions of time if unable to meet the "reporting timelines or other requirements" set forth in their contracts of insurance. Finally, "expedited claim processing procedures and simplified claim reporting forms" should be established where appropriate.

With respect to underwriting, insurers are cautioned that it is "not appropriate ... to re-rate, cancel, non-renew, or refuse to provide insurance coverage" and that it is "not reasonable to change policyholders' rating classifications or increase their insurance rates" solely because of an individual or business's status as a victim.

The bulletin also "encourages" all insurers to provide "prompt and immediate relief" to impacted policyholders by temporarily suspending premium payments and vacancy provisions for those displaced and by granting requests for "reasonable" alternative premium payment plans. The term "suspension" is specifically defined as an "extended grace period for the payment of premium,"



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however, and it does not mean forgiveness of the obligation.

A copy of the bulletin is available [here](#).

To discuss any questions you may have regarding the issues discussed in this Alert, or how they may apply to your particular circumstances, please contact Richard Bennett at 215.665.2114 or rbennett@cozen.com.

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