STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

INSURANCE BULLETIN 12-04

Joplin Debris Removal

Issued November 29, 2012

To: All insurers insuring property in Joplin, Mo.

From: John M. Huff, Director

Re: Joplin Debris Removal

This bulletin contains information of interest to insurance companies insuring real property (residential) in the City of Joplin, Mo., damaged by the May 22, 2011, tornado.

Background

As a part of the recovery efforts following the May 22 tornado, the Federal Emergency Management Agency (FEMA) instituted an Expedited Debris Removal (EDR) program in the City of Joplin to remove storm debris from residential property. Only properties located in the "extensive" and "catastrophic" damage areas were eligible for debris removal. Property owners were required to give authorization for the debris removal on their property, through the execution of a Right of Entry (ROE) form.

The federal government, through Direct Federal Assistance (DFA) programs authorized under the Stafford Act, funded 90 percent of the debris removal operations. Under federal law, services provided through such federally funded public assistance programs are prohibited from duplicating assistance that is provided under private insurance coverage or other public assistance programs (i.e., coverage cannot be paid out by both the EDR and private insurance). As a grantee, the City of Joplin is required to take reasonable steps to prevent duplication of benefits and to verify that private insurance coverage does not exist for debris removal benefits provided under the EDR program.

Current Status

The debris removal operations have concluded. Not all insured properties damaged by the May 22 tornado were eligible for or received debris removal services through the EDR program. And, not all property owners disclosed they had private insurance coverage to pay for debris removal costs. To date, Joplin residents have neither been invoiced for nor paid any funds toward the debris removal services they received under the EDR program as a result of the May 22 tornado.

Because of its obligations as a grantee of FEMA, the City of Joplin must institute a process to ensure no duplication of benefits has occurred. In cases where property owners have private insurance coverage available, the City will invoice property owners and collect fees to offset federal funds, which have been expended on their behalf for debris removal services. If there is no private insurance coverage available, or if insurance coverage has been exhausted, **the property owner owes nothing** for debris removal services they received under the EDR program.

In order to make the above determination, the City needs documentation from insurance companies regarding the amount of private insurance coverage available to their insureds for debris removal services, if any. Again, this would only be for properties that received debris removal services under the EDR program **and** where there is insurance coverage.

City officials contacted the Department of Insurance, Financial Institutions and Professional Registration (the Department) in an effort to engage the insurance industry in developing a streamlined process for the identification of and collection of insurance proceeds for debris removal. The process outlined below is the result of the discussions between Department staff, City officials and insurance companies.

The City has notified the Department that it will start sending out communication to property owners and insurance companies on or around Dec. 3, 2012. Insurers are encouraged to review the process outline and to provide City officials with the information they need as expeditiously as possible.

Insurers may wish to review an informational news release the City released on Nov. 28, 2012.

Persons with questions or needing additional information are encouraged to email Angela Nelson, Director of the Division of Market Regulation, or call her at 573-751-2430.

Process Outline

1. The City will send a letter to each property owner who had private insurance *(see example, Exhibit 1)*, explaining the debris removal process and the City's obligation to ensure no duplication of benefits occurred. The letter will detail the actual, "per lot" charge for debris removal on each property, which will be owed if private insurance coverage is available.

a. The City will include an authorization form to be executed by the property owner authorizing the insurer to release information to the City regarding available insurance coverage for debris removal services (*see example, Exhibit 2*).

b. The letter will also include detailed instructions to the property owner on the procedure for executing and returning the authorization to the City.

c. Finally, the letter will include a warning that a failure to respond to the City's request will result in a direct invoice to the property owner.

d. A courtesy copy of the letter will be sent simultaneously to the insurer of record for the property.

2. When the City receives the executed authorization from the property owner, the City will forward a request for information, along with the executed authorization, to the insurer.

3. Accordingly, insurers will receive two communications: (1) a courtesy copy of the original correspondence sent to the property owner; and (2) a second communication to the insurer requesting information on debris removal coverage. This second communication will include an authorization for the insurer to release information to the City regarding their insured's coverage for debris removal. Upon receipt of either communication, the City requests insurers take the following steps:

a. Communicate with its insured regarding the availability of insurance coverage for debris removal under the insured's policy by providing to their insured(s):

- A written explanation of the amount of coverage available under the policy for debris removal; **or**
- A written explanation to the property owner that there is no coverage available for debris removal or if all available coverage has been exhausted.

b. Provide the City with information about the amount of private insurance coverage for debris removal under their insured's policy, if any. This information can be transmitted informally. For instance, insurers can provide the City with a copy of the communication(s) sent to the property owner.

If the insurer desires additional authorization or information to release the information to the City, or has any other concerns, the insurer can work directly with its insured to obtain the authorization or any additional information it requires.

4. Individual circumstances may arise where policyholders have moved with no forwarding contact information. Insurers are encouraged to contact Darci Klick at the City's Finance Department to resolve those issues and concerns. **Email or call Darci Klick at 417-624-0820, ext. 244.**

Finance Department
602 S. Main Street
Joplin, Missouri 64801
417-624-0820 Ext. 244
417-624-4620 (Fax)

November 1, 2012

Jane Doe
123 XXX
Joplin, MO 64801

Dear Ms. Doe:

Following the devastating EF-5 tornado that struck our community on May 22, 2011, you signed a right-of-entry (ROE) form with the City of Joplin that allowed FEMA's (Federal Emergency Management Agency) government-funded contractor, the United States Corps of Engineers, to clean the loose, tornado debris from the following property(ies):

XXXXX

Our records indicate that this work was completed and the Corps of Engineers removed the storm-generated debris from this property(ies).

The ROE form specified that the property owner can't receive insurance coverage to pay for the removal of storm-generated debris, as well as have the property cleaned by the federal government, as this was noted as a "duplication of benefits".

The City recently requested a copy of your insurance policy. Unfortunately, it is not possible to determine if there has been a duplication of benefits from the information that was originally requested by us. Therefore, after consultation with the Missouri Department of Insurance and the insurance providers, it has been determined that the most accurate information can be provided directly by your insurance company. ***However, in order for your insurance company to give the benefit information to the City, you must sign the enclosed release authorization form and return it to XXXX by XXXX. By signing the release authorization, you will help ensure that you only receive a bill if a duplication of benefits has occurred.***

The information provided by your insurance carrier will help determine if a duplication of benefits occurred for the removal of the loose, tornado debris from your property by the government-funded contractor. There will only be a fee assessed if you received insurance proceeds for the loose, debris cleanup and did not use those proceeds for the cleanup effort.

For example, if your insurance policy provided $5,000 for the cleanup of ***both*** debris and demolition, and the Corps of Engineers cleaned the loose debris from your affected property, and you paid a contractor $5,000 for demolition of your structure, there is no duplication of benefits. Therefore, a fee will NOT be assessed for this service. It must be documented that ***either*** there was no duplication of benefits ***or*** the fee assessed according to your lot size is collected if a duplication of benefits occurred.

You may recall during the time of signing the Right of Entry form, the City had established a three-tier cost structure based on the size of the lot, when discussing the possibility of a duplication of benefits.

If it is determined that a duplication of benefits has occurred, a bill for your lot size based on this three-tier cost structure will be generated. The proceeds from any duplication of benefits are required to be returned to FEMA. If there has been a duplication of benefits, your fee for this service will be XXXX, based on your lot size.

According to federal regulations, if you do not sign the authorization from and return it by XXXX, it will be determined that a duplication of benefits ***did occur*** and a bill will be generated for the debris cleanup at this property.

After the review of your information, you will receive written notification stating that ***either*** there was no duplication of benefits and no charge will be assessed ***or*** you will receive a bill for the duplication of benefits. However, this will be a lengthy process and may take several months.

We do appreciate your assistance in this effort. We also understand that the disaster clean-up process has been trying to all affected, for a variety of reasons. If you should have any questions about this final step in the process, please call the City at (417) 624-0820 ext. 244.

Sincerely,
City of Joplin
Finance Department

CITY OF JOPLIN MISSOURI

Finance Department
602 S. Main Street
Joplin, Missouri 64801
(417) 624-0820 Ext. 251
(417) 624-4620 (Fax)

RELEASE OF POLICY AND CLAIM INFORMATION RELATED TO RIGHT-OF-ENTRY AUTHORIZATION

The undersigned acknowledges that a claim has been presented to _____(insurance company) under Policy Number _____ (if known) for damages resulting from a loss which occurred on May 22, 2011. The loss and resulting damage occurred to property located at _____ (address of insured property).

The City of Joplin requests the insurance carrier provide policy and claim information for the policy issued to the person named above, covering the above described property covering the May 22, 2011 event. Specifically, the City of Joplin requests policy and claim information relating to the coverage of debris removal services under the policy issued to the person named above. The insured signed a right-of-entry and was provided private property cleanup services by the Federal Government. The right-of-entry requires certain insurance information be provided to ensure there is no duplication of benefits provided.

The City of Joplin is not requesting the release of any other policy or claim information and no other policy or claim information will be provided to the City of Joplin.

Information regarding debris removal coverage will not be released without permission of at least one of the named insureds on this policy. Please indicate your approval or refusal of the release of this information relating to debris removal and demolition coverage to the City of Joplin by signing and dating this form in the space provided below.

_____ I hereby authorize the release of this information as set forth above for debris removal coverage related to the May 22, 2011 disaster event.

_____ I hereby decline the authorization of the release of this information as set forth above for debris removal coverage related to the May 22, 2011 disaster event.

SIGNED: _____ SIGNED: _____

PRINTED NAME: _____ PRINTED NAME: _____

DATE: _____ DATE: _____