

4. The Rhode Island Insurance Division issued Insurance Bulletin 2011-5 on August 25, 2011 and Industry Alert 2011-3 on August 29, 2011 to inform all insurers that Tropical Storm Irene, which had occurred days earlier, did not meet the criteria of R.I. Gen. Laws § 27-5-3.7 and Insurance Regulation 110 that would be necessary for application of a hurricane deductible. As a result insurers were directed that hurricane deductibles could not be applied to claims arising out of Tropical Storm Irene.

5. The Department received a consumer complaint indicating that Respondent did apply a hurricane deductible to a residential homeowners claim arising out of Tropical Storm Irene.

6. Upon inquiry Respondent indicated that some of its adjusters improperly applied hurricane deductibles to all claims handled by those adjusters. Respondent was instructed to report back the number of effected claims and additional funds due to consumers if the deductible were not applied. Respondent reported that it received a total of 181 claims in Rhode Island associated with the storm. Respondent identified 10 claims in which the hurricane deductible was improperly applied.

7. Of the ten effected claims eight homeowners were paid additional amounts ranging from \$112.83 to \$4,312.73 after the claims were recalculated without application of the hurricane deductible. With regard to the two other claims the homeowners were contacted but declined to make claims.

THEREFORE, based on the foregoing, Respondent and the Department have decided to resolve this matter without further administrative proceedings and hereby agree to the following resolution:

1. Respondent has paid to each of the eight (8) claimants identified above the full value of their claim without application of the hurricane deductible.

2. Respondent has instituted appropriate training relative to the adjusting of claims and agrees that hurricane deductibles will only be applied in the future in accordance with then existing Rhode Island law.
3. Respondent will pay a fine of five thousand dollars (\$5,000).

Counsel for the Department and Respondent hereby consent and agree to the foregoing on behalf of their respective clients the 4th day of March 2013.

Department of Business Regulation
By its Legal Counsel,


Elizabeth Kelleher Dwyer

Homesite Insurance Company
By its President,


Douglas Batting