

# Zurich 2008 Hurricane Season Claims Alternative Dispute Resolution program



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# An innovative approach to resolving disputed claims

The 2008 hurricane season was one of the most destructive on record – second only to 2005.

In the U.S., Hurricane Ike emerged as the largest and most dangerous storm, causing extensive damage to Houston and the surrounding area. Making landfall just a few days after Gustav, thousands of businesses in the region felt the effects of Ike's size and strength.

As these businesses look to recover from their losses, Zurich stands ready to provide our customers with responsive and professional service. We will use our time-tested catastrophe management process to service all claims, and we expect the bulk of claims to be closed without any difficulties.

In addition, for any claims we can not resolve through our standard catastrophe adjusting process, we have created the 2008 Hurricane Season Claims Alternative Dispute Resolution (ADR) Program.

This program is modeled after a successful program we introduced in response to the devastating 2005 season.

The ADR Program will be integrated into our standard claims adjustment process so that it can be used for those claims where an impasse occurs and where the policyholder voluntarily chooses to participate.

Our objective is to handle unique claim resolution challenges in an equitable and timely fashion.

Zurich's 2008 Hurricane Season Claims Alternative Dispute Resolution Program is designed to resolve all aspects of a disputed claim involving a covered loss. Zurich has enlisted the services of Kenneth Feinberg, Special Master of the September 11th Victim Compensation Fund, to assist in the development and management of this program. Mr. Feinberg will assume the position of Program Administrator of the ADR Program and will play an integral role in the selection of experienced and independent mediators and arbitrators. All parties will benefit from the use of this innovative approach. Several of the primary attributes include:

- **Enhanced or expedited resolution of key issues in dispute**
- **Reduced potential for protracted and costly litigation**
- **Streamlined claims payment process**

#### Program criteria

- 1) Policyholder or agent has submitted a claim, and our investigation is complete or substantially complete, and:
- 2) Zurich and the policyholder believe there is an impasse over the amount of covered damages under the policy.
- 3) The impasse exists in the resolution of the claim arising out of a covered cause of loss in one or more of the following areas:
  - a) Allocation of property damage between covered and noncovered causes of loss
  - b) Allocation of damages among covered causes of loss
  - c) Allocation of business interruption loss between covered and noncovered causes of loss
  - d) Disagreement on scope of damage or cost of repair
  - e) Other issues identified by an agent or policyholder on a specific claim where an impasse occurs in connection with the amount of loss that was not otherwise resolved in the standard claims adjustment process
- 4) The ADR Program is designed to address issues relating to disputes covered by the policy contract. It is not meant to resolve issues relating to extra-contractual matters.





## Program overview

There are two channels for a claim to enter the ADR Program:

- Zurich professionals will review claims and identify files that meet program criteria.
- Agents and brokers, on behalf of policyholders, may submit requests for consideration of claims they believe meet the program criteria.

**The bulk of all claims will be resolved through our standard claims adjustment process.** We encourage our policyholders to actively work with their designated adjuster to resolve their claims in a timely fashion. In the event a claim meets the program criteria, policyholders may participate in the following steps:

### Step 1 – Resolution meeting

- An initial meeting will be scheduled with the policyholder to resolve issues that are currently prolonging the closure and payment of the claim. Other third parties, including accountants and attorneys, are also welcome to attend. The policyholder will be responsible for personal travel and any and all expenses incurred for persons accompanying him, etc.
- Meeting will be held in reasonable proximity of impacted areas and will last 60-90 minutes or longer, if necessary.
- Immediate payment will be made on all agreed-upon claims.
- If a final agreement is not reached, the policyholder will be invited to resolve any open issues through nonbinding mediation.

### Step 2 – Nonbinding mediation

This second phase is available at the option of the policyholder.

- The mediation process shall be voluntary, nonbinding and confidential.
- A single mediator shall be selected by the Program Administrator in his sole discretion from a panel of mediators determined by the Program Administrator and Zurich.
- If the policyholder seeking mediation wishes to propose a different mediator than that selected by the Program Administrator, the insured may do so subject to the approval of the Program Administrator in his sole discretion.
- Most mediations will be scheduled within 14 days of the policyholder's request for mediation.
- The costs of the mediation phase will be paid for by Zurich. The policyholder will be responsible for personal travel, as well as any expenses incurred for others accompanying him.
- Zurich and the policyholder retain and pay for their respective counsel, experts and costs in connection with the mediation.
- The Program Administrator oversees all aspects of the mediation, including the appointment of the mediator and the schedule and place of the mediation.
- Although there is no time limit set for the mediation, the Program Administrator anticipates that this informal phase will not exceed a few hours, except in the rarest of cases.

### Step 3 – Binding arbitration

This final phase of the ADR Program offers an opportunity to conclude the dispute by providing an efficient binding process to Zurich and the policyholder.

- Disputes that have been the subject of mediation may be submitted to a single arbitrator for binding resolution of the entire claim, subject to the mutual agreement of Zurich and the policyholder.
- A single arbitrator shall be selected by the Program Administrator in his sole discretion from a panel of arbitrators determined by the Program Administrator and Zurich.
- If the policyholder seeking arbitration wishes to propose a different arbitrator than that selected by the Program Administrator, the policyholder may do so, subject to the approval of the Program Administrator at his sole discretion.
- The arbitration hearing will be recorded.
- The costs of the arbitration will be paid by Zurich, but the policyholder pays costs associated with personal travel and representatives brought with them.
- Decisions rendered by the arbitrator are deemed to be final and binding with no right of appeal.
- The goal will be to schedule the arbitration within 30 days following the nonbinding mediation process, subject to the mutual consent of Zurich and the policyholder.

### Timely and fair resolution – a shared goal

The widespread damages caused by hurricanes Ike and Gustav have created a challenging situation for Zurich, brokers, agents and policyholders. We share a common goal: closing claims in a timely manner. All claims will be handled through our standard claims process. We developed the Alternative Dispute Resolution Program to handle certain types of disputed claims. This innovative approach is based on one premise: resolving the issues at hand so that Zurich can assist in providing some of the resources required to return the policyholder's business to operation as quickly as possible.

Zurich is committed to operating the Alternative Dispute Resolution Program until the volume of eligible claims diminishes to a level where it no longer mutually benefits our policyholders and Zurich.

Please call 847-605-6000 or go to our Web site at [www.zurichna.com](http://www.zurichna.com) and click on the Claims link for more information on the program.

**Zurich**

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