

BULLETIN 358

BUSINESS CONTINUITY PLANNING

Events such as the H1N1 pandemic recently declared by the World Health Organization underscore the need for insurance carriers to maintain adequate business continuity plans. Carriers play a vital role in responding to claims in the wake of disasters. In Maine, insurance companies have a history of responding well to local natural disasters, including the Patriot's Day storm of 2007 and the St. John River flood of 2008. A hallmark of a well-functioning market is how well insurers keep their operations going in the midst of a health or natural event of catastrophic proportions. Therefore, the Superintendent issues this bulletin to remind all carriers doing business in Maine of the need to have in place business continuity plans that ensure policyholder access to insurance benefits during and after a disaster, including a public health emergency.

Maine law requires insurers to conduct their business in a sound and prudent manner, and requires the Superintendent to review the management and operations of insurers in accordance with the financial examination criteria adopted by the National Association of Insurance Commissioners and published in its *Financial Condition Examiners Handbook*. As noted at Section 3.III.D of the *Handbook*, reviewing a carrier's business continuity plan is an established part of financial condition examinations. Each insurance carrier doing business in Maine should ensure that its business continuity plan appropriately meets the objectives set forth in the *Handbook*:

- minimizing financial loss;
- continuing to serve policyholders and financial market participants;
- mitigating the negative effects that disruptions can have on a carrier's strategic plans, reputation, operations, liquidity, credit ratings, market position and ability to remain in compliance with laws and regulations.

Should a catastrophe affect Maine, the Superintendent will closely monitor carriers' response in light of the *Handbook's* criteria and Maine laws regulating claims handling.

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Mila Kofman
Superintendent of Insurance

NOTE: This bulletin is intended solely for informational purposes. It is not intended to set forth legal rights, duties or privileges nor is it intended to provide legal advice. Readers should consult applicable statutes and regulations and contact the Bureau of Insurance if additional information is needed.