



Bipartisan CLAIM Act Would Eliminate Consumer Barriers to Insurance Claims

DAVID NORTH AND SCOTT HUDSON | AUGUST 14, 2017 | 05:00 AM

When disaster strikes, the rebuilding process can seem impossible. But it's precisely in those moments of greatest despair that claims professionals step in to assess the damage and serve as a conduit between the people impacted and their insurance providers to ensure that coverage acts as a true safety blanket for those in need.

Despite the importance of claims professionals, relatively little is known about the difficulties facing the industry — and that's a problem. The complexity of overlapping state adjuster licensing laws and regulations inhibits qualified out-of-state adjusters from getting to claims and helping those impacted. This is bad for business, and it's costly for consumers. As firms navigate legal and regulatory barriers, the expense associated with such efforts is needlessly passed on to average Americans.

Ultimately, policy changes are needed to ensure uniformity and reciprocity across state lines when it comes to independent claims adjustment. But in order to understand the need for policy change, it's important to fully understand the situation at hand.

Let's start with the obvious: What role do claims adjusters play in the process when a consumer files a claim after an accident or natural disaster? Put simply, they are the "first responders" in the process. On the technical side, they assess the extent of a consumer's damage and an insurer's liability through interviews and inspections. But, on a more personal level, they serve as an immediate resource for those in need. Whether helping someone through a workers' compensation claim, a natural disaster or some other misfortune, claims

adjusters are physically on the ground or in direct communication with the consumer, working with them to obtain appropriate medical treatment or other services and get the claim paid quickly.

Claims adjusters play a vital role in helping people who have had something, often unexpectedly, bad happen to them.

They are the indispensable human face, touching countless lives each year. Given this context, it seems obvious that policymakers should do everything possible to facilitate the work of claims adjusters. But today, that's just not the case.

Adjusters are expected to meet customer needs over the phone, online and in person, within or across state lines. They matter to both the consumer and insurance companies. However, when an adjuster moves from state to state, they often face a very different set of rules and regulations. This cross-border variance is commonplace; there are currently 34 different state licensing regimes, and only a few are somewhat reciprocal with each other.

Time, effort and expense can be wasted in order to comply with barriers such as residency restrictions and in-state office requirements. In addition to these regulations being inefficient, they often fail to align with common sense. For example, there is no need for an adjuster to have physical office space in a state to effectively and efficiently adjust claims within that state. Yet many states still have these outdated requirements in their books.

These policies are just the beginning of the story. Approximately nine states do not grant reciprocity for out-of-state adjusters who have passed the licensing exam in their designated home states. And 11 more fail to use the uniform application for adjuster licenses developed by the National Association of Insurance Commissioners. Clearly, change is needed.

Our nation needs uniform and reciprocal regulation for the claims profession. We need to create more manageable conditions for a functional marketplace. And most importantly, we need to ensure that adjusters can move freely to help those consumers who need them.

Fortunately, the wheels are already turning. The Claims Licensing Advancement for Interstate Matters (CLAIM) Act — recently introduced in Congress — would advance uniformity, reciprocity and consumer protections for claims adjusting.

Specifically, the bill would grant each state four years to adopt uniform and reciprocal licensing laws for independent claims adjusters. This would enable properly licensed adjusters to assess and settle claims across state lines without discrimination.

Under the bill, Congress does not dictate to the states what they should do or how they should do it. States maintain the right to set the limits and terms of the licensing laws. Any state that does not want to participate has the right to decline. However, if that state does not want to adopt uniformity and reciprocity, then the CLAIM Act authorizes independent claims adjusters to apply to the National Association of Registered Agents and Brokers for a license under which to operate in that state.

The CLAIM Act preserves state oversight, but it also sets a concrete timeline for reform. It is designed to ensure all consumers will soon have timely, efficient and cost-effective claims services as opposed to claims processes bogged down by regulation and inefficiencies.

This is practical action. It's good for consumers, good for business and good for claims resolution. It's time for Congress to empower claims adjusters and support the work they do by passing the CLAIM Act. In doing so, the claims filing process is made simpler, more seamless and more efficient for the American consumer.

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