



From fire to floods, recent natural disasters highlight the need for uniform claims adjustor licensing

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As the nation continues to recover from the damage caused by hurricanes, floods and fires from coast to coast, we are reminded yet again that unforeseen, life-changing disasters can strike at any time. After the initial chaos subsides, it's only natural that those affected would want to move quickly to start rebuilding their lives.

For many, the first step is a call to the insurance company, who *should* be able to resolve claims promptly, offering timely financial assistance when it's needed most. But unfortunately, a complicated patchwork of state laws governing claims adjusters provides exactly the opposite: an inefficient, time-consuming, and expensive process that fails to serve the needs of consumers in the wake of a disaster.

As co-chairs of the Association of Claims Professionals, a coalition of leaders in the claims management industry that includes independent claims-adjusting companies and third-party administrators, who operate in some of the areas hardest hit by recent storms, we can attest how excruciating it is to try and explain the reasons behind claims delays to those who need relief – especially after so many have lost so much due to the disaster. But the reality is this: Although today's American economy is national, the insurance claims process still operates very much on a local, state-by-state basis. Today's insurance claims adjusters are struggling with an outdated set of licensing laws and regulations that is long past due for reform.

How bad is the problem? Consider the fact that there are currently 34 different state licensing regimes for insurance claims adjusters, only a few of which are partially reciprocal. Several states require a physical business location for adjusters operating

within the state – despite the fact that office space isn't needed to adjust a claim. Nine other states refuse to grant reciprocity for out-of-state adjusters even though they have previously passed the licensing exam in their designated home states, and at least two jurisdictions refuse to license an adjuster who is not a resident of that jurisdiction. As a result, the typical claims adjuster need to hold an average of nine-10 state licenses just to do his or her job.

When large-scale disasters occur, like what we're seeing in the aftermath of Harvey and Irma, the problems become even more troublesome. For a week after Harvey, for example, there were hundreds of qualified, experienced adjusters from out-of-state trying to get in to process claims but couldn't because Texas, which requires its own state-specific license, was unable to timely process applications.

After a week, Texas changed the registration process to allow entry with application no later than the fifth day after the date on which the person begins work as an emergency adjuster. This process may allow the opportunity for more unethical and fraudulent activity to consumers. If the states were uniform and reciprocal and allowed a centralized online registration process through the National Insurance Producer Registry (NIPR) or another venue, credentials could be quickly and properly vetted and the need for these types of sporadic process changes during a time of crisis would not be required.

Something has to change. It's time for policymakers to offer solutions that modernize laws governing insurance claims adjusters – before the next disaster strikes and more Americans are inconvenienced by our current, outdated process. Therefore, Congress should act quickly to pass the bipartisan Claims Licensing Advancement for Interstate Matters (CLAIM) Act (H.R. 3363), sponsored by Reps. Bill Foster (D-Ill.) and David Kustoff (R-Tenn.), which would advance uniform, reciprocal consumer protections into the claims adjusting industry.

Specifically, the CLAIM Act would grant each state four years to adopt uniform and reciprocal licensing laws for independent claims adjusters, enabling properly licensed adjusters to assess and settle claims across state lines without discrimination. After that time, if such uniformity and reciprocity has not been achieved by a certain state, the CLAIM Act authorizes independent claims adjusters to apply to the National Association of Registered Agents and Brokers (NARAB) for a license under which to operate. Indeed, the legislation is modeled on the prior NARAB legislation that did exactly the same thing for agents and brokers. It worked then, and will work now as well.

An important aspect of the CLAIM Act is the preservation of state oversight. But it does so in a manner that protects *all* Americans – by letting the states choose what should be required for licensure, by allowing those states that do not want to license the option to continue to do so, by preserving state enforcement authority and by establishing a concrete timeline for reform. This will allow consumers to have timely, efficient and cost-effective claims services, as opposed to claims processes bogged down by regulation and inefficiencies.

The good news is that momentum for reform is growing. At a recent meeting of the Western Governor's Association, Secretary of Labor Alexa Acosta specifically identified excessive licensing laws as a burden to the U.S. economy that harms consumers. We couldn't agree more. A serious accident, injury, or loss of one's home or property is among life's most stressful events and shouldn't be complicated by cumbersome, outdated policy. Congress should act now to help facilitate the important work of claims processors – before the next disaster strikes.

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