

THE CLAIM ACT IS NEEDED

The Claims Licensing Advancement for Interstate Matters (CLAIM) Act

Independent claims adjusters currently face a patchwork of inconsistent state laws and regulations that frustrate prompt and efficient payments to disaster victims and other claimants. Approximately 34 states have different, and often duplicative, licensing requirements, which unnecessarily complicate the adjusting process, and needlessly delay adjusters' ability to address consumer claims. Most of these laws are not uniform or reciprocal to each other.

The CLAIM Act is designed to address that inefficiency, redundancy and lack of uniformity by calling on the states to adopt uniform and reciprocal licensure in those states that license adjusters. The Act preserves the States' oversight and regulation to ensure consumers have timely, efficient, and cost-effective claims service.

In December 2013, the Treasury Department noted that "to address the inefficiencies and lack of uniformity in the state regulatory system, federal involvement will be necessary. The status quo, or a state-only solution, will not resolve the problems of inefficiency, redundancy, or lack of uniformity, or adequately address issues of national interest." The CLAIM Act responds to Treasury's call, and advances uniformity, reciprocity, and consumer protections for claims adjusting across state lines. States that do not currently license adjusters will not need to do so. Fully recognizing and respecting state oversight of insurance matters, the CLAIM Act:

- (1) Enables independent claims adjusters to handle claims more efficiently and effectively across state lines in an increasingly nationwide marketplace by spurring state licensing reciprocity; and
- (2) Protects consumers by encouraging those states that license adjusters to adopt uniform licensing criteria.

HOW THE CLAIM ACT WORKS:

- The Congress urges the states to adopt uniform and reciprocal adjuster licensing requirements, using language already adopted by the Congress in the 1999 Gramm-Leach-Bliley law (referred to as NARAB I) when Congress addressed this issue for agents and brokers;
- States that license adjusters have four years within which to enact laws and regulations and become uniform and reciprocal to other states. States that do not license adjusters are not required to do so. Adjusters in a state without licensing can designate another state as their "home state" for licensing purposes. Special provisions are made for crop adjusting, to ensure that rural areas and farmers receive appropriate access to service.
- If a state that regulates adjusters does not self-certify within four years that the state meets the required laws and regulations independent adjusters can apply to the National Association of Registered Agents and Brokers (NARAB), established by Congress in 2015 as national clearinghouse for nonresident state licensing, for a license to adjust claims across state lines. Any such adjuster will need to be properly licensed in their home state.
- Active Duty Service members will have their license terms automatically extended through the length of their military service.

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[1] U.S. Department of the Treasury, *How to Modernize and Improve the System of Insurance Regulation in the United States* at 65 (Dec. 2013).