

Don't fix unbroken system for claims adjusters

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Over the past year, Californians have faced calamities at an unprecedented scale. Most recently, wildfires killed 44 people, left hundreds of families homeless, and forced more than 200,000 to flee for their lives. With damages topping more than \$9 billion, 2017 marks the costliest year in state history for natural disasters, tripling the previous record.

As California recovers, independent claims adjusters are diligently working to help residents recover and resolve their claims as quickly as possible so they can rebuild and go on with their lives. So why, then, is the California Department of Insurance advocating for a bill that would create a shortage of claims professionals precisely when they are needed most?

However, if the department's bill, SB 1291 is enacted, it would totally upend a perfectly functional system for licensing independent insurance adjusters.

The current system allows claims adjusting companies that employ professional adjusters to secure a license covering its employees, which is practical and efficient and meets the needs of California's consumers. Far from unique, this system has been proven to work in states like Montana and Utah.

However, if the department's bill, SB 1291 is enacted, it would totally upend a perfectly functional system for licensing independent insurance adjusters by disallowing state licensing for companies to cover its professionals, leaving individual employees to seek state licensing independently, which is expensive, cumbersome and oftentimes redundant.

Because claims specialists are the front-line responders for helping people recover when catastrophe strikes, any legislation that causes a shortage of professionals would add insult to injury for those who have been most affected by disaster. With fewer professionals to process claims, victims would face long delays in the recovery process, preventing them from rebuilding and regaining a sense of normalcy.

Fortunately, Gov. Brown has previously agreed. The last time the Department tried to tinker with the licensing system, the Governor vetoed the bill, recognizing that an overhaul was "unwarranted." By trying to repackage the same failed proposal, the

Department of Insurance continues to employ the same flawed arguments, despite evidence that the current system works.

For example, the Department argues that, because a small handful of insurance brokers or insurers legally using out of state adjusters may have conveyed incorrect information to consumers when helping respond to the wildfires last year, this somehow justifies an entire overhaul of the insurance adjusting licensure system.

In fact, Commissioner Dave Jones recently testified before the State Senate that “some consumers initially were provided incorrect information by their agents or their insurers” which prompted CDI to issue a notice clarifying the correct legal standards and requiring the agents and insurers to “correct that problem and they did, and we stopped getting those complaints.”

While we agree that all insurance professionals—whether they are independent or affiliated with a company—should meet California’s already stringent standards, it is not clear what benefits would be created by trying to fix a system that isn’t broken. Instead, if the Department’s legislation were enacted, it is very likely that many independent adjusters which Californians rely on to faithfully and lawfully process claims would exit the market due to the extensive bureaucracy that the legislation would create.

With resources already stretched thin, this would exacerbate the consumer access crisis that the state already faces. This would be bad for business and bad for consumers.

When disaster strikes, we must do everything possible to support and strengthen our most vulnerable neighbors, not hold them back. It’s time for lawmakers to understand the facts so that independent claims professionals can do what they do best: help Californians get back on their feet.

<http://capitolweekly.net/claims-adjusters-fix-unbroken-system/>