



April 22, 2021

Hon. Tom Daly  
Chair, Assembly Committee on Insurance  
State Capitol, Room 3  
Sacramento, CA 95814

Re: AB 1511 (Committee on Insurance) – SUPPORT

Dear Chairman Daly:

On behalf of the Association of Claims Professionals (ACP), I write in support of Assembly Bill 1511, as amended April 20, 2021. ACP has worked diligently with the Department of Insurance on the bond language contained in AB 1511.

About ACP: ACP was formed in 2002 as the only national association representing the interests of independent claims professionals. ACP members employ thousands of claims specialists and other professionals across the country and in California and handle millions of property and casualty, workers' compensation, disability, and other liability claims annually. Membership is comprised of independent claims adjusters and third-party administrator organizations, many of whom handle claims administration responsibilities for California insureds, their carriers, and municipalities across the state. ACP member companies employ thousands of adjusters in the state and work hard to assist residents affected by disaster resolve their insurance claims and rebuild what they have so tragically lost.

The Need for Your Legislation: California is one of only four states that still requires independent insurance claims adjusters to hold a surety bond (in California, \$2,000) before they can do their job. Enacted into California's Insurance Code more than 25 years ago, the bond requirement has not been updated since its original implementation. This is troubling, especially because the scope of challenges the state faces has changed dramatically over the same period. It also ignores the fact that the vast majority of independent adjusters work for companies that themselves are licensed through the Department of Insurance. These companies, not the individual adjuster, would be liable for any adjusting errors or malfeasance — and if a liability were to occur, it would almost certainly amount to more than the \$2,000 the bond would cover. In other words, there is practically no reason, economic or otherwise, for individual adjusters to hold such a small bond.

Instead of streamlining the adjuster licensing process, this bond requirement only adds bureaucracy and inefficiency, harming both the state and adjusters. Adjusters and their employers must expend time and resources procuring this tiny bond each year – costs that are ultimately passed along to consumers. Public officials, including in the Department of Insurance and the Department of Justice, must also waste time and tax dollars monitoring compliance and creating superfluous documents, efforts that yield absolutely no benefits to anyone other than perhaps the companies issuing the bonds.



We appreciate the work with your committee staff and the Department of Insurance on language to modify the surety bond requirement for adjusters who transact on behalf of larger insurance organizations — acknowledging that doing so would reduce administrative waste, lower costs for consumers, and most importantly, streamline the claims adjustment process for Californians affected by devastating natural disasters.

Thank you for your consideration. Again, I urge your support of AB 1511 and we support the legislation.

Sincerely,

Susan R. Murdock Executive Director  
Association of Claims Professionals  
1700 Pennsylvania Avenue, Suite 200  
Washington, DC 20006  
Phone: 202.626.2941  
[www.claimsprofession.org](http://www.claimsprofession.org)

cc: Chris Micheli