



Testimony of Amy Bach, Executive Director, United Policyholders, NAIC Consumer Representative

Public Hearing on Catastrophe Claims, NAIC Fall National Meeting, Washington D.C.
Sunday December 2, 2012

- 1) UP recovery survey results document catastrophe claim handling deficiencies/problems. (See attachment)
- 2) States are implementing reforms via legislation, regulation, bulletins and negotiations with industry.
- 3) Some carriers are using best practices and flexibility during the claim process. (E.G. CEA, State Farm waiver of inventory itemization requirement)
- 4) "Normal" cat claim problems related to adjuster/training/deployment limitations, the availability of reputable contractors, price-gouging/demand surge increases are being aggravated by:
 - The trend away from all-risk to named peril policies with an ever-growing list of exclusions
 - Over-reliance and improper use of Xactimate repair cost estimating software
 - Improper use of the appraisal process
 - The (un)professional "circus" that comes to town after disasters
- 5) Reforms should include:
 - a) Requiring that policyholder gets a complete, current copy of their policy as soon as possible after a loss and before any claim settlement offer is tendered.
 - b) Giving policyholders the right to review all non-privileged copies of documents in their claims file
 - c) Requiring carriers that rotate more than 3 adjusters in 3 months on a claim to give the policyholder written status reports
 - d) Reforms that carriers have voluntarily agreed to, including:
 - Relaxing contents inventory itemization requirements
 - Advancing ALE, Dwelling and Contents payments to aid in recovery
 - e) Reforms already implemented in Maryland, California, and elsewhere that include:
 - Min. 24 months of ALE
 - Min. 24 months to replace to collect full replacement value
 - Make appraisal informal and offer mediation options
 - Limit depreciation holdbacks under replacement cost policies