

5141

## **Insurance Association of Connecticut**

Insurance and Real Estate Committee

Tuesday, February 16, 2010

### HB 5141, An Act Concerning The Handling Of Property Claims And Repair or Remediation Work

The Insurance Association of Connecticut (IAC) is opposed to HB 5141, An Act Concerning The Handling Of Property Claims and Repair Or Remediation Work. HB 5141, as drafted, will require that in every claim an insured must hire a public adjuster to settle the claim. An insured would no longer be able to freely choose who, if anyone, they want to negotiate a claim on their behalf, including themselves. An insured would no longer be able to decide if, and when, they might want to engage the services of a public adjuster.

A public adjuster is hired by an insured to assist them through the claims process and for that service the public adjuster takes up to 10% of the settlement value of the claim. Public adjusters are typically used in large complex structural losses. However, if HB 5141 were to become law as drafted, public adjusters would be required in even the simplest of losses, like a broken windshield. This is a costly proposition for Connecticut consumers. The insured will be required to pay a public adjuster a fee in every claim regardless if the adjuster's service is needed or not.

No other state has such a mandate as contained in HB 5141. Quite to the contrary, the vast majority of states have determined that it is necessary for the protection of the public to regulate public adjusters and have adopted very stringent laws governing the services provided by them to protect consumers. For example, Florida prohibits a public adjuster, or anyone on their behalf, from soliciting a claim at

least forty eight hours after the occurrence of an event that may be the subject of a claim. Some states are even seeking to strengthen their laws. Pennsylvania, for example, is considering giving an insured more time, 15 days, to rescind a contract entered into with a public adjuster. (In Connecticut, an insured only has two days to cancel a contract.) HB 5141 as drafted provides no benefit for the consumer contrary to the law in the vast majority of states.

Section 3 of the bill is unduly vague and unnecessary. A person performing remediation or repair work is already required to provide an estimate for the work to be performed. Section 3 would require the estimate to include a disclosure statement stating that the person represents their own interest and that such person has received work directly from the insurer. What does "represents their own interest" refer to? What does this mean? What value does this additional information provide an insured? If a restoration company is sent out by an insurer, the insured has already agreed to that arrangement and is fully aware the company was sent by the insurer. There is no added benefit to the claim process by the language contained in section 3 of HB 5141.

Connecticut law already prohibits anyone from acting as a public adjuster without a license (Sec. 38a-725). Anyone determined to be in violation of the law faces a stiff penalty of a \$10,000 fine, a penalty that was just increased significantly from \$500 to the \$10,000 level. Additionally, a person cannot provide the services of a public adjuster if they have any interest in a construction, salvage or appraisal firm (See 38a-788-3 and 38a-788-6). Furthermore, anyone providing the services of a public adjuster must disclose in writing if such person has any interest in the loss proceeds beyond those enumerated in the public adjuster employment contract (See 38a-788-4). If there is a problem of individuals providing the services of a public adjuster without a license

or having conflicting interests, complaints should be filed so that enforcement action may be taken.

For the above referenced reasons the IAC respectfully requests your rejection of HB 5141, An Act Concerning The Handling Of Property Claims and Repair or Remediation Work.