

October 31, 2019

The Honorable Maxine Waters  
Chairwoman  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

The Honorable Patrick McHenry  
Ranking Member  
Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

Re: The Claims Licensing Advancement for Interstate Matters Act, H.R. 4037

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of the National Association of Insurance Commissioners (NAIC),<sup>1</sup> we write in opposition to the Claims Licensing Advancement for Interstate Matters (CLAIM) Act, H.R. 4037, and urge the committee to oppose the legislation, which would unnecessarily preempt state laws relating to independent insurance adjuster licensing. Insurance adjusters are often a primary point of contact for consumers in the aftermath of a loss and have extensive input into the compensation policyholders receive from their policies, directly influencing whether consumers can fully rebuild, restore, and return to a sense of normalcy after a loss. As with other aspects of the insurance claims process, oversight in this area should be left to the states.

First, it has not been demonstrated that there is a lack of market access for independent adjusters that would necessitate such federal legislation and state regulators' experiences with recent disasters indicates that the current regulatory regime is able to expeditiously act to fill the need when it arises. Most states license independent adjusters and, as with other skilled professions, states require individuals seeking to become adjusters to meet certain requirements including, but not limited to, the submission of a licensing application, a background check, and ongoing continuing education. Importantly, state insurance regulators can exercise emergency licensing authorities to waive the usual licensing requirements in the aftermath of a natural disaster to expedite the licensing of independent adjusters. After Superstorm Sandy, New York admitted over 20,000 claims adjusters while Rhode Island admitted more than 3,000 and Connecticut admitted nearly 6,000 through a quick and orderly process. States along the Gulf Coast had a similar experience after hurricanes Harvey and Irma—16,489 emergency adjusters were expeditiously licensed in Florida and 8,031 emergency adjusters were licensed in Texas.

Second, H.R. 4037 would impede regulators' ability to be responsive to the specific consumer protection needs of policyholders in individual states by forcing states to establish licensing requirements that they cannot exceed or deviate from. States establish consumer protection standards for adjusters based on the

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<sup>1</sup> As part of our state-based system of insurance regulation in the United States, the NAIC provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers. The U.S. standard-setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews, and coordinate regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. For more information, visit [www.naic.org](http://www.naic.org).

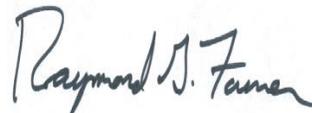
specific characteristics of their markets, which may differ based on the frequency of specific natural hazards in their state, whether it is flooding, earthquakes, tornadoes, or wildfires. This bill would preempt state authority and effectively hand this power over to a federally created entity with little expertise or incentive to effectively police adjusters.

In conclusion, Congress has deferred insurance regulation to the states, and any improvements should occur at the state level, not through federal preemption. To the extent any changes need to be made to the current adjuster licensing regime, our state-based system of insurance regulation which has operated effectively for nearly 150 years is equipped to identify and address them. Thank you for your consideration of the regulatory perspective on this legislation.

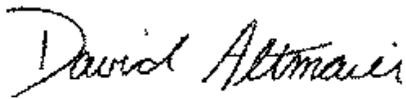
Sincerely,



Eric A. Cioppa  
NAIC President  
Superintendent  
Maine Bureau of Insurance



Raymond G. Farmer  
NAIC President-Elect  
Director  
South Carolina Department of Insurance



David Altmaier  
NAIC Vice President  
Commissioner  
Florida Office of Insurance Regulation



Dean L. Cameron  
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Director  
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Michael F. Considine  
Chief Executive Officer  
National Association of Insurance  
Commissioners