

Federal Insurance Adjuster Licensing Legislation

- *The NAIC opposes the “Claims Licensing Advancement for Interstate Matters (CLAIM) Act (H.R. 4037),” which would unnecessarily preempt state laws relating to independent adjuster licensing.*
- *Claims adjusters do not have problems accessing insurance markets that would necessitate preemptive federal legislation. Insurance regulators can exercise emergency powers to quickly expedite the licensing of independent insurance adjusters in the aftermath of a natural disaster.*
- *State insurance regulators periodically review adjuster licensing guidelines and the NAIC is evaluating whether any improvements need to be made, but as Congress has deferred insurance regulation to the states, any improvements should occur at the state level – not through federal preemption.*

Background

Independent adjusters are third parties hired by insurance companies to determine the value of an insurance claim. Most states license independent adjusters and the NAIC updated its guidelines for the issuance of such licenses in 2012. While there are some differences in requirements from state to state, generally an adjuster must simply designate a home state and then receive reciprocity from the other states. In those states that license independent adjusters, emergency licensing powers exist that can expedite the process when there is a significant need for independent adjuster help, typically following a natural catastrophe. 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.

The CLAIM Act would preempt state authority and effectively hand this power over to a federally created entity with little expertise or incentive to effectively police adjusters from Washington. Independent claims adjusters do not have a market access problem that would require federal preemption and state regulators’ experiences with recent disasters demonstrate that the current regulatory regime is able to expeditiously act to fill the need when it arises.

Key Points

- ✓ There has not been a showing of a lack of market access that would necessitate federal legislation.
- ✓ States already have authority to quickly license independent adjusters in response to a natural disaster.
- ✓ Should the need arise, the state-based system which has operated effectively for nearly 150 years is ready and willing to provide remedies for potential claims adjuster concerns.