

# HB 3242-A Proposed Amendment

Senate Judiciary Committee

4/18/2023

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Mr. Chair and Members of the Committee:

It's my understanding that the words "**or other person**" in the first section of HB 3242-A are intended to address independent claims adjusters who may contract to represent insurance companies in the claims settlement process. Unfortunately, even though insurance agents generally have no authority to settle claims on behalf of the insurance companies, the Division of Financial Regulation has advised that "or other person" could be interpreted to include insurance agents who receive claim reports and communicate them to insurance companies, and who routinely advise and advocate for their clients throughout the claims settlement process. Such activity by agents is already subject to oversight and regulation by DFR, but fear of being subjected to additional lawsuits by trial attorneys may very well discourage them from getting involved in the claims process at all, leaving insurance policyholders with no one to turn to except lawyers and insurance company representatives.

This bill as it currently reads will have a negative effect on the consumer who currently relies on their insurance agent for assistance and advocacy in their claims. However, if agents are automatically included in lawsuits when claims fail to meet policyholder expectations, then agents' cost in time and legal representation will surely discourage us from providing any help whatsoever to our customers in the claims process.

I suggest amending the "or other person" language with something similar to the following: "or other person granted authority by an insurance company as part of the claims settlement process."

**I encourage you to vote for an amendment that does not expose insurance agents to lawsuits because of the "or other person" language in HB 3242-A.**

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