

## Unfair Claims Practice – Part 2

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In part one of this article, we explained that policyholders have the right to expect their insurers to handle valid claims in a fair manner. We also mentioned that most states have rules that prohibit unfair claim practices. Here are some examples of such practices:

- Attempting to settle a claim based on an application which the company has changed without the insured's knowledge or permission
- Delaying a claim investigation by requiring unnecessary reports or documents
- Failing to act promptly after receiving information concerning an insurance claim
- Failing to comply with prompt claims investigation standards
- When applicable, failing to pay a claim quickly, fairly and equitably
- Failing to promptly settle claims where liability is reasonably clear under one portion of the policy to influence settlement under any other portion of the insurance policy coverage
- Make it a standard practice to file judicial appeals on trial judgments
- Failing to promptly and clearly explain the basis in the policy or the law for either denying a claim or offering a compromise settlement
- Require policyholders to travel unreasonable distances to use specific repair shops (for estimates and/or repairs)
- Discouraging a policyholder from using arbitration
- Misrepresenting significant facts or insurance policy provisions
- Refusing to keep an insured informed of claim developments within a reasonable time after receiving a completed proof of loss statement
- Denying claims without a reasonable loss investigation
- Offering very low settlements to encourage policyholder to sue
- Settling claims for amounts that are lower than a reasonable person would expect

The best way to avoid problems is to deal with reputable agents and companies who are committed to properly serving their customers. Your insurance agent would be happy to discuss your concerns and/or expectations about making an insurance claim. Take advantage of his or her expertise.

For more information on claims practices, please see part one of this article.

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