Insurance Consumer Rights in Alabama (2022)

Insurance policies are contracts and legal rules come into play when you file an insurance claim. You are "the insured" and your insurance company is "the insurer." Understanding how your insurer should handle your claim and what your rights are will help you navigate the process, be your own best advocate and collect all available policy benefits to cover your losses.

After disasters, it's common for an insurer to rotate adjusters, which means you will have to work with multiple adjusters before your claim is resolved. Knowing your legal rights will make it easier for you deal with rotating adjusters and keep your claim on track toward a fair and full claim settlement without unreasonable delays.

Your insurance company and its employees are required to be fair and reasonable and follow state laws and regulations. They must do a timely, thorough and unbiased investigation and assessment of your loss(es) and claim. They must work with you to adjust your claim and pay what they owe in a timely and fair manner and in full compliance with the policy contract and applicable laws.

Insurance company claim adjusters are supposed to be trained on your state's laws and claim handling regulations, but it's often up to you to make sure they're valuing your losses fairly, offering all benefits you're entitled to, and following the regulations and laws in your state.

Use the guidance and sample letters you'll find on United Policyholders' website (uphelp.org) to "speak UP" and collect all benefits you're entitled to under the policy you paid for.

The information included here will give you a basic understanding of how the claim process should go and the legal rights that give you leverage to get a fair outcome. Here are the five places where your rights as an Alabama insurance consumer are spelled out:

CODE OF ALABAMA 1975

– TITLE 27: Insurance

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Chapter 12: Trade Practices Law

27-12-1 to 27-12-24 Unfair Insurance Trade Practices
27-12-24 Unfair Claim Settlement Practices
27-23-1 to 27-23-2 Casualty Insurance Contracts

Alabama Administrative regulations-Department of Insurance

INSURANCE REGULATION

Chapter 482-1-125;

Standards for Property Casualty Insurance Claims

Chapter 482-1-074-.01 to .04

Unfair Discriminatory Acts or Practices

Notices and bulletins issued by the Alabama Department of Insurance.

Claim Communications

UP strongly recommends keeping a daily claim journal. As often as possible, jot down the date, time, and details of conversations, issues, problems and agreements with the adjuster assigned to your claim and other professionals such as contractors, government agencies, etc.

Also, we strongly recommend communicating in writing with insurance company representatives so there is a clear paper trail of how your claim is being handled. These days many communications will be via email, so make sure to save those emails where you can find them. After in-person or phone conversations with insurance company representative you should send short follow-up emails or letters summarizing what was said or agreed to. Document that you're cooperating fully with the insurer. This will prevent them from blaming you for delays and confirm that you're holding up your end of the bargain.

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Check out our “Speak UP” tips on being politely assertive, organized and avoiding delays and misunderstandings. (https://www.uphelp.org/pubs/speak-how-communicate-your-insurance-company).

Time Frames and Deadlines

Below are timeframes and deadlines to be aware of. After a disaster, deadlines can become unrealistic due to shortages of available inspection, clean up and construction professionals. Speak UP! Document the contractors or service providers you called, who you spoke with, and what they told you in your claim journal. Sometimes following a natural disaster more work exists than skilled labor can support and it is important to document that you kept trying to find someone to help protect your property following a loss.

Processing your claim

15 Days – Your insurer must acknowledge your claim within 15 after receipt unless payment is made within that period of time. If an acknowledgement is made by means other than writing, an appropriate notation of the acknowledgement shall be made in the claim file of the insurer and dated. Notification given to a producer of an insurer shall be notification to the insurer. Acknowledgement by a producer of an insurer as required above shall satisfy the requirements of this paragraph. *ALABAMA INSURANCE REGULATION Chapter 482-1-125-.06(1)*

15 Days – Every insurer, upon receiving notification of a first party claim from a first party claimant, shall within fifteen (15) days mail or otherwise provide necessary claim forms, instructions or reasonable assistance so that first party claimants can comply with the policy conditions and the insurer’s reasonable requirements. *ALABAMA INSURANCE REGULATION Chapter 482-1-125-.06(4)*

Communicating information to you

15 Days – Your insurer must reply to all pertinent communications from you that requests a response. *ALABAMA INSURANCE REGULATION Chapter 482-1-125-.06(3)*

Investigating your claim

30 Days – The insurer shall tender payment within thirty (30) days or the time specified in the policy,

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after accepting liability, reaching an agreement on the amount of the claim and receipt of any documents necessary to consummate the settlement. *ALABAMA INSURANCE REGULATION Chapter 482-1-125-.07(6)*

Paying or denying your claim

30 Days – Within thirty (30) days, or the number of days specified in the policy, after receipt by your insurer of properly executed proofs of loss, you shall be advised of the status of acceptance or denial of the claim by your insurer. No insurer shall deny a you claim on the grounds of a specific policy provision, condition or exclusion unless reference to such provision, condition, or exclusion is included in the denial. The denial may be given to the first party claimant in writing, verbally or electronically (e-mail). If verbal, the file should clearly indicate the denial and reasons for the denial. If the denial is in writing or electronic (e-mail), the file should contain a copy of the denial letter or e-mail. If after the your claim is denied, the you request a written denial, a written denial shall be mailed within a reasonable time. Where there is a reasonable basis supported by specific information available for review by the insurance regulatory authority that the first party claimant has fraudulently caused or contributed to the loss, the insurer is relieved from the requirements of this paragraph; provided, however, that the first party claimant shall be advised of the acceptance or denial of the first party claim within a reasonable time or any time limit specified in the policy for full investigation after receipt by the insurer of a properly executed proof of loss. *ALABAMA INSURANCE REGULATION Chapter 482-1-125-.07(1)*

More time – If the insurer needs more time to determine whether a first party claim should be accepted or denied, it shall so notify the first party claimant within thirty (30) days or the time period specified in the policy after receipt of the proofs of loss, giving the reasons more time is needed. If the investigation remains incomplete, the insurer shall, forty-five (45) days from the initial notification and every forty-five (45) days thereafter, notify the first party claimant in writing, verbally or electronically (e-mail) of the reasons additional time is needed for investigation. Where there is a reasonable basis supported by specific information available for review by the insurance regulatory authority for suspecting that the first party claimant has fraudulently caused or contributed to the loss, the insurer is relieved from the requirements of this paragraph; provided, however, that the claimant shall be advised of the acceptance or denial of the claim by the insurer within a reasonable time for full investigation after receipt by the insurer of a properly executed proof of loss. If the claim is in litigation for any reason, the above notification guidelines will no longer apply to that particular claim. *ALABAMA INSURANCE REGULATION Chapter 482-1-125-.07(2)*

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Preserving your right to sue if necessary

There is typically a deadline in your insurance policy for filing a lawsuit related to a claim. Check your policy for a "suit against us" provision, or similarly worded provision, to find that deadline. It's typically 12 months from the date of loss or the date your insurer closes your claim. However, the laws in your state that apply to lawsuit deadlines may extend the period stated in your policy, so it's best to check with an experienced Alabama state attorney to avoid losing your legal rights and the leverage those rights give you to get a fair payout on a claim.

Unfair Claim Practices

Alabama has adopted the Insurance Trade Practices Act. The following are a few examples listed in Ala. Admin. Code r. 482-1-125-.07 (2003). Specific regulations that establish standards for effectuating the prompt, fair and equitable settlement of property and casualty claim

The regulations establish the following standards for effectuating the prompt, fair and equitable settlement of property and casualty claims:

1. Within thirty (30) days, or the number of days specified in the policy, after receipt by the insurer of properly executed proofs of loss, the first party claimant shall be advised of the status of acceptance or denial of the claim by the insurer.
2. If the insurer needs more time to determine whether a first party claims should be accepted or denied, it shall so notify the first party claimant within thirty (30) days or the time period specified in the policy after receipt of the proofs of loss, giving the reasons more time is needed.
3. Insurers shall not refuse to adjust first party claims on the basis that responsibility for payment should be assumed by others except as may otherwise be provided by policy provisions, statute or case law.
4. No insurer shall knowingly cease or prolong negotiations for settlement of a claim with the intention of allowing the statute of limitations to run.
5. No insurer shall knowingly make false statements indicating that the rights of a third party claimant may be impaired if a form or release is not completed within a given period of time.
6. The insurer shall tender payment within thirty (30) days or the time specified in the policy, after accepting liability, reaching an agreement on the amount of the claim and receipt of any

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documents necessary to consummate the settlement.

7. No insurer shall request or require any insured to submit to a polygraph examination unless authorized under the applicable insurance contracts and state law.
8. No insurer shall deny or fail to adjust an otherwise valid third-party claim because of the failure of the insured to cooperate unless the insurer proves the lack of cooperation is material, substantial, and to the prejudice of the insurer. Ala. Admin. Code r. 482-1-125-.07 (2003).

Remedies: Filing an official complaint with your State Insurance Agency

The Alabama Department of Insurance oversees how insurance companies operate in the state. They can impose penalties on your insurance company if they it did not comply with the laws in your state that require insurers to handle claims fairly and in good faith.

Visit uphelp.org and Insurance Resources for Alabama https://uphelp.org/recovery/state-by-state-help/alabama/ for resources and tips on the process and strategy of filing a formal complaint.

You can call the Office of the Insurance Commissioner consumer hotline with any questions or complaints toll-free at 334-241-4141 or 1-800-433-3966, email insurance questions to

ConsumerServices@insurance.alabama.gov

File a complaint online, by going to

https://www.aldoi.gov/Consumers/FileComplaint.aspx

select “File a Complaint” for an online form.

Their mailing address is:

Office of the Insurance Commissioner
Consumer Complaints
P O Box 303351
Montgomery, AL 36130-3351

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Special rules that may be in place after a disaster

Check the Alabama Department of Insurance's website regularly to find all rules, regulations or other updates they may have put out that are specific to the disaster.
https://www.aldoi.gov/consumers/DisasterInfo.aspx

After past disasters, special rules have been put into place such as:

- Requirements that insurers advance funds for temporary expenses instead of requiring you to incur and submit receipts.
- Requirements that insurers extend deadlines for submitting proofs of loss and other documents.
- Agreements with insurers that they will accept less detailed contents inventories.

Hiring Professional Help

When you paid your premium, you paid for coverage *and* good claim service. In theory, you should not have to hire outside help to get what you already paid for. However, in reality, you may need to. You have the right to hire an attorney or public adjuster to help navigate your claim. However, we urge caution before agreeing to pay a portion of your insurance benefits to any professional, and before hiring anyone to speak for you or negotiate on your behalf with your insurance company. Only hire someone who has strong references and who is likely to add value to your claim and recover more funds more quickly than you'd be able to recover on your own.

Attorneys – If you hire an attorney to resolve an insurance claim dispute, try to hire them on a contingency (not hourly) fee basis and agree to advance litigation costs. Claim disputes are time-consuming, so it gets expensive fast when you pay by the hour. Ideally, arrange for one or two qualified attorneys to do an initial evaluation of your situation free of charge. Only hire one that has represented insurance consumers in claim disputes and is a member in good standing of the Alabama Bar. Visit our Alabama Professional Help Directory at: https://uphelp.org/sponsor-location/alabama/ We strongly recommend reading our publication titled "Questions and Answers for Hiring an Attorney for an Insurance Claim" https://www.uphelp.org/pubs/hiring-attorney-insurance-claim before making this important

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decision.

Public Adjusters – A qualified public adjuster can value your losses, handle the day-to-day aspects of your claim and negotiate a settlement on your behalf. Generally speaking, if you hire a public adjuster, you agree to pay them a percentage of the insurance benefits they recover on your behalf – not an hourly fee. Alabama public adjusters can also be found by visiting:https://uphelp.org/sponsor-location/alabama/ We strongly recommend reading our publication titled "Questions to Ask Before Hiring a Public Adjuster" before making this important decision. https://www.uphelp.org/pubs/questions-ask-hiring-public-adjuster

Using the Legal System to get a Fair Settlement

If you haven't been able to get a fair insurance claim settlement on your own or with help from a professional and/or your state's insurance oversight agency, filing a lawsuit is your next option. If your lawsuit is successful, you can recover what the insurer owed and (ideally) also get compensation for the expenses you incurred chasing the policy benefits you were entitled to in the first place. Your success in using the legal system to get a fair settlement will depend on the quality of the lawyer(s) you hire, the laws in your state and the facts in your case.

It's common to worry that a lawsuit will be too time consuming or expensive (or both), but if you get the right lawyer and your case is strong, suing an insurer is often the best and only way to recover what you're owed. Finding a qualified lawyer is essential. Insurance matters require specialized expertise and you need a strong advocate who speaks the language and has previous experience litigating against an insurance company.

Start in our "Find Help" section and click on your state to find professionals who specialize in representing policyholders and support United Policyholders. You'll find many lawyers on the Internet that advertise as insurance specialists, and many of their websites have a chat window that pops up as soon as you visit their site. Speak directly to the lawyer who'd be handling your case and interview them about their insurance and litigation experience. Get and check client references. A lawsuit is a major undertaking but is often the best way to get full compensation, so be an astute consumer and choose your attorney carefully.

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The cost of hiring an attorney varies from firm to firm. The two main options are attorneys who charge by the hour and those who work on contingency. For most policyholders, hiring an attorney on a "contingency" fee basis is the only feasible way of doing battle with a well-funded insurance company. Hourly fees for lawyers vary according to firm size, experience of the attorney, and geographic location. While attorneys who work on contingency usually set their fee at 33% of the amount they recover on your behalf, that may increase to 40% if your case goes to trial. Most cases settle before trial. In some states you may not have the option of hiring an attorney on a contingency fee basis.

Using the legal system gives you leverage to get a better settlement and a lawsuit is a valuable tool. For more guidance on what to consider before suing your insurance company, read Hiring an Attorney for an Insurance Claim on uphelp.org

Best Practices

Visit and use UP's Disaster Recovery Help Library to get information, about the recovery process, after a disaster occurs. Additionally, for best practices, follow these steps:

Inventory and document your losses. Take pictures of identifiable items before they're removed for disposal or repairs before your lot gets cleared. Create detailed lists of damaged property. If your home was seriously damaged or completely destroyed, get at least one, ideally two, independent repair/replacement cost estimates.

Cooperate with your insurer as best you can and keep a good paper trail. If you are not able to stay in your home, make sure the company has an address and phone number where it can reach you.

Be present for inspections. It's a good idea to be home when the adjuster and or others inspect your property. Feel free to ask your contractor to be there with you to explain his/her opinions and estimates to the insurance company's representatives.

Make only urgent/temporary repairs before filing a claim. Your insurance company may deny your claim if you make permanent repairs before it inspects. If you're not sure if your company considers a repair to be permanent, ask your company (in writing) before starting any repair work. The cost of these repairs and for storing personal belongings is likely covered by your policy.

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Keep receipts. Your insurer will usually require you to provide receipts before they'll reimburse you for expenses due to losing the use of all or part of your property. This is also true for collecting full replacement costs above depreciated/actual cash values. On our website you'll find a free expense spreadsheet to help you keep track.

Speak UP. Be politely assertive, communicate clearly, and set realistic goals during the claim process.

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