

## [Insurance Consumer Rights in Alaska \(2022\)](#)

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](http://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 places where your rights as an insurance consumer are spelled out\*:

- [Alaska Statutes](#)

Title 21 Insurance

Chapter 36 Trade Practices and Frauds

21.36.020 Unfair methods, deceptive acts prohibited

## 21.36.125 Unfair claim settlement practices

- [Alaska Administrative Code](#)

Title 3, Part 2, Division of Insurance

Chapter 26 Trade Practices

Article 1. Unfair Claims Settlement Acts or Practices

Article 4. Coverage for Attorney Fees

- Notices and bulletins issued by the [Alaska Division of Insurance](#).

\*Please note, the Alaska Administrative Code and Statutes require you to navigate through various fields. Use the index on the left to navigate the Administrative Code. Use the “ToC” link to access a table of contents to navigate the Statutes.

### **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.

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

**10 Working Days** - Your insurers must give written acknowledgment to all claimants within 10 working days after receipt of notification of a claim. The notification must identify the person handling the claim, including the person's name, address, telephone number, the firm name, and the file number. Payment of the claim within **10 working days** after notification is satisfactory acknowledgment. See [Alaska Admin. Code tit. 3, § 26.040\(a\)\(1\)](#).

**Promptly** - Furthermore, your insurer must also promptly provide promptly provide all claimants with necessary claims forms, instructions, and assistance so that they may comply with any policy or contract provisions. See [Alaska Admin. Code tit. 3, § 26.040\(a\)\(3\)](#).

### Communicating information to you

**15 Working Days** - Your insurer must appropriate reply within 15 working days after receipt to all other communications from any claimant, which reasonably indicates that a response is expected. See [Alaska Admin. Code tit. 3, § 26.040\(a\)\(2\)](#).

### Investigating your claim

**30 Working Days** - If there are no disputes your claim must be paid within 30 working days. See [Alaska Admin. Code tit. 3, § 26.070\(a\)\(2\)](#).

### Paying or denying your claim

**15 Working Days** - An insurer must let you know if your claim is being accepted or denied within 15 working days after receipt of a properly executed statement of claim, proof of loss, or other acceptable evidence of loss unless another time limit is specified in the insurance policy, insurance contract, or other coverage document; payment of the claim within this time limit constitutes written acceptance; a written denial of the claim must state the specific provisions, conditions, exclusions, and facts upon which the denial is based. See [Alaska Admin. Code tit. 3, § 26.070\(a\)\(1\)](#).

**More time** - If additional time is needed to determine whether the claim should be accepted or denied, written notification giving the reasons that more time is needed shall be given to the first-party claimant within the deadline. While the investigation remains incomplete, additional written notification shall be provided 45 working days from the initial notification, and no more than every 45 working days thereafter giving the reasons that additional time is necessary to complete the investigation; if there is a reasonable basis supported by specific information for suspecting that a first-party claimant has fraudulently caused or wrongfully contributed to the loss, and the basis is documented in the claim file, this reason need not be included in the written request for additional time to complete the investigation or the written denial; however, within a reasonable time for completion of the investigation and after receipt of a properly executed statement of claim, proof of loss, or other acceptable evidence of loss, the first-party claimant shall be advised in writing of the acceptance or denial of the claim. See [Alaska Admin. Code tit. 3, § 26.070\(a\)\(1\)](#).

#### 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 Alaska state attorney to avoid losing your legal rights and the leverage those rights give you to get a fair payout on a claim.

Alaska recognizes a cause of action for bad faith against a first-party insurer for breach of the covenant of good faith and fair dealing implied in every insurance contract. *State Farm Fire & Cas. Co. v. Nicholson*, 777 P.2d 1152, 1156 (Alaska 1989). In order to maintain a claim for bad faith failure to pay insurance benefits, the insured must establish that the insurer refused to honor a claim without a reasonable basis. *Hillman v. Nationwide Mut. Fire Ins. Co.*, 855 P.2d 1321, 1324 (Alaska 1993). It does not require the

insured to establish conduct that is fraudulent or deceptive. Id. Alaska's Unfair Claims Settlement Practices Act forbids certain actions by insurers but does not contain an express or implied private cause of action against an insurer. Alaska Stat. §21.36.125 (2011); O.K. Lumber Co. v. Providence Wash. Ins. Co. 759 P.2d 523 (Alaska 1998). To ensure and protect your right contact an Alaska Attorney.

## **Unfair Claim Practices**

Your insurer is prohibited from using unfair claim practices and/or treating you badly during the claim process. These practices are set out in the Alaska and in the Alaska Administrative Code. Alaska has adopted the [Unfair Claim Settlement Acts or Practices Act](#). The following are a few examples listed in [Alaska Statute 21.36.125](#). Specific, **Unfair claim settlement practices defined:**

a) A person may not commit any of the following acts or practices:

1. misrepresent facts or policy provisions relating to coverage of an insurance policy;
2. fail to acknowledge and act promptly upon communications regarding a claim arising under an insurance policy;
3. fail to adopt and implement reasonable standards for prompt investigation of claims;
4. refuse to pay a claim without a reasonable investigation of all of the available information and an explanation of the basis for denial of the claim or for an offer of compromise settlement;
5. fail to affirm or deny coverage of claims within a reasonable time of the completion of proof-of-loss statements;
6. fail to attempt in good faith to make prompt and equitable settlement of claims in which liability is reasonably clear;
7. engage in a pattern or practice of compelling insureds to litigate for recovery of amounts due under insurance policies by offering substantially less than the amounts ultimately recovered in actions brought by those insureds;
8. compel an insured or third-party claimant in a case in which liability is clear to litigate for recovery of an amount due under an insurance policy by offering an amount that does not have an objectively reasonable basis in law and fact and that has not been documented in the insurer's file;
9. attempt to make an unreasonably low settlement by reference to printed advertising matter accompanying or included in an application;

10. attempt to settle a claim on the basis of an application that has been altered without the consent of the insured;
11. make a claims payment without including a statement of the coverage under which the payment is made;
12. make known to an insured or third-party claimant a policy of appealing from an arbitration award in favor of an insured or third-party claimant for the purpose of compelling the insured or third-party claimant to accept a settlement or compromise less than the amount awarded in arbitration;
13. delay investigation or payment of claims by requiring submission of unnecessary or substantially repetitive claims reports and proof-of-loss forms;
14. fail to promptly settle claims under one portion of a policy for the purpose of influencing settlements under other portions of the policy;
15. fail to promptly provide a reasonable explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement

### **Remedies: Filing an official complaint with your State Insurance Agency**

The Alaska Division 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](https://uphelp.org) and Insurance Resources for Alaska

<https://uphelp.org/recovery/state-by-state-help/alaska/> for resources and tips on the process and strategy of filing a formal complaint.

You can call the Alaska Insurance Division consumer hotline with any questions or complaints at 907-269-7900 or 1-800-INSURAK, email insurance questions to [insurance@alaska.gov](mailto:insurance@alaska.gov), file a complaint online, by going to

<https://sbs.naic.org/solar-web/pages/public/onlineComplaintForm/onlineComplaintForm.jsf?state=ak&dswid=-5890> select “File a Complaint” for an online form.

Their mailing address is:

Alaska Division of Insurance

550 W 7<sup>th</sup> Avenue, STE 1560

Anchorage, AK 99501-3567

### **Special rules that may be in place after a disaster**

Check the Alaska Division of Insurance website regularly to find all rules, regulations or other updates they may have put out that are specific to the disaster. <https://www.commerce.alaska.gov/web/ins/>

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 Alaska Bar. Visit our Alaska Professional Help Directory at: <https://uphelp.org/sponsor-location/alaska/>. 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 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. Alaska public adjusters can also be found by visiting: <https://uphelp.org/sponsor-location/alaska/>. 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.



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.

**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.