

[Rutgers Law School Project Addresses ‘Use It And Lose It’ in Homeowners Insurance](#)

Insurance Journal

The Essential Protections for Policyholders Project is a two-year project that focuses much of its research on consumers that file ordinary claims, examining what they are surprised or disappointed by and how some of the best states are protecting insurance consumers, Feinman said in a previous interview with Insurance Journal regarding the project.

The project aims to identify and expand on essential protections in an effort to strengthen what can be a complicated and challenging process, as there is a significant knowledge gap in how homeowners’ coverage varies nationally, according to Feinman. It focuses primarily on state legislation and regulation concerning the relationship between homeowners and insurance companies.

Protections the project found as essential for homeowners were selected by importance based on United Policyholders’ and Feinman’s experience in the insurance industry.

The latest report focuses on addressing an issue in homeowners insurance known as ‘Use It and Lose It.’ This occurs when a homeowner suffers a loss and files a claim, and the insurance company responds by raising the homeowners’ premium or even refusing to renew the policy.

The report explains that this has become a problem for homeowners and can make it difficult to get claims properly handled or find comparable coverage at the right price if dropped by an insurance company. Ultimately, it could deter homeowners from filing claims even if the losses should be covered, the report adds.

Key findings show that 18 states have no explicit protection against this. The report also ranks each state by the level of protections it provides for policyholders on a scale of one star for little protection and up to five stars for strong protection, the release explains.

The report found that Rhode Island and Texas both received the highest five-star ranking for providing the best protection for consumers. Pennsylvania and Delaware each received four stars out of five, and New Jersey earned a three-star rating. New York received the lowest one-star rating for failing to prohibit the use of an inquiry or a single claim as a basis for premium increase or non-renewal by an insurance

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company, the release states.

In addition to the state rankings, the report also recommends best practices for states to protect consumers. It advocates for laws to be set in place that prohibit insurance companies from imposing a surcharge or a premium increase or refusing to renew a policy based on a single claim within three years, a claim that results in non-payment by the company, an inquiry by a policyholder that does not result in a claim or a single claim for loss caused by weather or a natural disaster.

“Consumer protection laws need to keep pace with changes in the marketplace,” Amy Bach, executive director at United Policyholders, stated in the press release. “Data mining and information sharing by insurance companies has put consumers at a costly disadvantage that needs to be remedied. State regulators and lawmakers don’t have to reinvent the wheel to fix this problem. A number of states have it right. Others can easily follow.”

The report has been distributed to insurance commissioners in every state.

Future reports in this project are set to address topics including buying insurance and remedies when insurance companies unreasonably deny claims, according to the project website.