

Unsettling



It turns out the meaning of “settled” in the context of an insurance claim depends on who’s using it.

6 months after Superstorm Sandy, the Insurance Information Institute (I.I.I.), a national industry-funded group, claimed that [93 percent of the 1.5 million claims were “settled.”](#) UP and our long-term recovery partners in New Jersey scratched our heads. Two weeks earlier, UP had spoken at an educational workshop at a church in one of the hardest hit areas. We asked, “Have you reached a settlement with your insurer?” Not a single person raised their hand.

How could insurers be claiming such a high Sandy settlement rate when virtually every consumer we’re coming into contact with thinks they’re nowhere close to settling?

10 months after a wildfire tore through Colorado Springs and destroyed hundreds of homes, the Rocky Mountain Insurance Information Association (RMIIA), a state-based industry-funded group, claimed that 90% of the homeowners’ claims were settled. Yet that same month, UP held a seminar at a local firehouse to help survivors complete the inventories insurers require before they will issue a settlement check. We asked the capacity crowd, “How many of you would say that any part of your claim is settled?” Only one person raised her hand.

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Source: <https://uphelp.org/unsettling/> Date: February 29, 2024

Are insurers and consumers saying the same thing when they use the word “settled”? Clearly no. Are the I.I.I. and RMIIA’s statistics misleading to regulators and the public? It appears they are. When a UP volunteer challenged the RMIIA spokesperson on her 90% settled figure, the response was, “An adjuster will inspect the damage to your home and offer you a certain sum of money for repairs. The first check you get from your insurance company is often an advance against the total settlement amount. It is not the final payment.” In other words, “settled” to the RMIIA means some benefits were paid.

The I.I.I.’s website says, “If you’re offered an on-the-spot settlement, you can accept the check right away. Later on, if you find other damage, you can ‘reopen’ the claim and file for an additional amount.”

Bottom line: Your insurer has an ongoing duty to consider all information that supports your claim, even after it labels your claim “settled.” So [speak UP](#), don’t take no for an answer that really should be yes. Watch out for policy deadlines and suit limitations that cut off your rights. And don’t believe everything you hear. It’s a jungle out there...

A former auto claim adjuster describes the pitfalls of accepting an insurer’s first “settlement” offer [here](#).

[Pictured above: Colorado Springs wildfire survivors Kerri Olivier (center) and Karla Heard-Price (left) took issue with an insurance industry spokesperson who was quoted in their local paper saying that 90% of the fire claims were settled. In response to Kerri’s challenge, the spokesperson said, “It doesn’t necessarily mean that all ‘final’ settlement monies have been paid out...Claims can still be ‘reopened’ in some cases for up to two years.”]