

Representative Douglas R. Welton
357 E 1250 S,
Payson, UT
84651
Sent Via Email dwelton@le.utah.gov

Regarding: Strong Support for H.B. 179 (Insurance Damages Amendments)

Dear Representative Douglas R. Welton,

United Policyholders, a national not-for-profit that educates and advocates for people and businesses on insurance matters, strongly supports H.B. 179. We believe that passage of this measure will incentivize prompt and fair claim payouts by insurers, deter unfair practices and be beneficial for Utah residents and commerce in the Beehive State.

It is in the best interest of the state's economy for individuals and businesses to continue protecting their assets by buying insurance, *even when a lender is not requiring them to do so*. We need citizens to be financially resilient to adversity and not solely reliant on government and charitable aid in the event of a disaster. But with destructive weather events and claim costs on the rise, insurers are seeking ways to remain profitable. Avoiding paying covered claims is a strategy that some insurers are pursuing.

Consumer complaints about insurers' delaying, denying and underpaying covered claims are increasing across the country, and consumer confidence in insurer integrity is at an all-time low.¹ It is important that consumers have the ability to hold insurers accountable and there need to be effective **deterrents** in place to prevent insurers from maintaining profitability at the expense of their customers rights.

The Utah Insurance Department is an important resource for consumers, and an aggrieved consumer can file a complaint with them. But the Department cannot provide an individual consumer with a free attorney to resolve a dispute, nor can

¹ <https://www.prnewswire.com/news-releases/forrester-over-half-of-us-customers-have-minimal-trust-in-their-financial-services-providers-301673505.html>

they ensure that every consumer is fully compensated for benefits wrongfully withheld. Private enforcement of the state's unfair claim settlement laws should supplement the Department's efforts.

By updating Utah law to provide a remedy and an additional deterrent against unfair insurance practices, residents can regain confidence that insurance companies will deliver on their promises by investigating and paying claims promptly and fairly.

As things stand now, property insurance policies in Utah are worth less than in other states because insurers doing business in the state are largely immune from being held accountable for underpaying, denying, or delaying the payment of benefits due to their customers. The vast majority of insurance claims in Utah currently fall well below the threshold in which it makes economic sense to challenge denials, even when such denials are patently unfair. Insurers know this and it gives them confidence to deny, lowball, and slow-roll claims without fearing retribution.

This law will bring Utah in line with the majority of other states by allowing policyholders to recover attorney's fees and be compensated when they have no choice but to sue their insurer for denied benefits.

Without being able to recover attorney's fees and, only affluent policyholders or policyholders with extremely high value claims can secure legal assistance. The vast majority of insurance claims in Utah currently fall well-below the threshold in which it makes economic sense to challenge denials, even when such denials are patently unfair. Insurers know this. This bill provides important economic incentives for fair insurance claim handling and helps level the playing field.

Insurers and their trade associations will no doubt claim that this bill will raise insurance rates. But there is no solid evidence to support this contention. See Heaton, P. (2017). How Does Tort Law Affect Consumer Auto Insurance Costs? *The Journal of Risk and Insurance*, 84(2), 691–715.
<http://www.jstor.org/stable/26482928>.

United Policyholders is a 501(c)(3) organization founded in 1991 that is a voice and information source for insurance consumers in Utah and throughout the U.S. United Policyholders' work is divided into three program areas: Roadmap to Recovery™ (disaster recovery and claim help), Roadmap to Preparedness



Roadmap to Recovery®
Advocacy and Action
Roadmap to Preparedness

(insurance and financial literacy and disaster preparedness), and Advocacy and Action (advancing pro-consumer laws and public policy through *amicus curiae* briefs and legislation). www.uphelp.org.

Warm regards,

A handwritten signature in black ink that reads "Amy Bach".

Amy Bach
Executive Director