

STATE OF NEBRASKA

DEPARTMENT OF INSURANCE

Anthony J. Hall
Director

October 15, 1998
CB-94



E. Benjamin Nelson
Governor

BULLETIN

SUBJECT: INTERPRETATION OF CHAPTER 60, UNFAIR PROPERTY AND CASUALTY SETTLEMENT RULE

The Unfair Property and Casualty Settlement Practices Rule, Chapter 60, discusses when insurers are to disclose to claimants the address and phone number of the Nebraska Department of Insurance. By disclosing such information, claimants have improved access to the Department to assist them in a determination as to whether insurers have complied with the laws and regulations governing claims settlement practices. The specific language requiring disclosure is located in Chapter 60, section 008.08, which states:

“ If the insurer denies a claim or *portion thereof*, and the claimant objects to such denial, the insurer shall notify the claimant in writing that he or she may have the matter reviewed by the Nebraska Department of Insurance, and the insurer shall provide the claimant the Department’s current address and phone number.”

Typically, an insurer will include this disclosure language in written form if and when the insurer denies liability for a claim. However, when to provide this information is not as clear in situations when a *portion of a claim* has been denied. The statutes and regulations neither define the term “portion” nor address the meaning of what constitutes a denial. This matter has recently been under study by the Department of Insurance in an effort to promote a more uniform understanding and application of when such disclosure is required. We believe it is in the public interest for a claimant to receive this disclosure any time a claim remains in dispute based upon the claimant’s oral or written objection. Disclosure would apply when a dispute as to amount of loss is unresolved and if liability for elements of coverage remain an issue between the parties.

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CB-94

October 15, 1998

Page Two

For example, assume an insurer accepts liability for a damaged fence and offers a claimant \$500 for a fence repair. The claimant then rejects the offer and requests \$700 based upon an estimate. If the insurer is unwilling to pay the amount that is requested by the claimant, the insurer must at that time, notify the claimant that the matter may be reviewed by the Department of Insurance and must provide the Department's address and phone number.

Disclosure must also be provided to claimants when liability on a claim is rejected in part. For instance, an insurer might agree to pay for hail damage to a roof but deny liability for siding. Alternatively an insurer might provide medical payment benefits for physical therapy related to a motor vehicle accident but decline to accept liability for medical services which it believes are unrelated to the accident. In such instances, the insurer should provide the address and phone number of the Department of Insurance to the claimant in writing. Some insurers provide this disclosure of information at the time they deny liability for a part of a claim so as to avoid having to anticipate the claimant's objection which would require a separate disclosure mailing. In any event, disclosure of the Department's telephone number and address should occur when the claimant states an objection to a partial denial of coverage or to a specified amount.


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