



Claim/Coverage Dispute Resolution Help from The California Department of Insurance

Q: What does the California Department of Insurance do for the public?

A: The California Insurance Commissioner and his/her staff at the Department of Insurance, (“CDI”) are in charge of regulating insurance companies, agents, brokers, and public adjusters doing business in this state.

There are laws and regulations in California that protect consumers against unfair insurance practices. You can learn what they are by reading United Policyholders’ free tips labeled; “A Guide to Your Insurance Legal Rights.” You will find this Guide in the CA. Roadmap to Recovery (Disaster Relief, State-Specific Help section) of <http://www.uphelp.org>.

The Insurance Commissioner’s job is to make sure insurance companies live up to their promises and have enough money to pay claims. The job of Commissioner is an elected office in the state of California with a four year term. The California Department is divided into “bureaus” – the Consumer Services Bureau handles consumer complaints.

Q: What does the CDI do to help disaster survivors?

A: Provides forums for homeowners to ask questions and get answers.

The CDI hosts public meetings in disaster areas. Homeowners and businesses can come and ask and get answers to questions. They are an important opportunity for the community to educate the CDI on how insurance companies are behaving. Insurance companies often send high level personnel to these public meetings. Homeowners can talk one-on-one with those personnel after the meetings.

Receives and processes consumer complaints.

The CDI has attorneys and complaint-handling staff whose job it is to help resolve insurance claim problems. Filing a complaint is the first step you’ll need to take to let them know you’re having a problem. For your complaint to be

recorded and “official”, you or someone acting on your behalf must complete a Request for Assistance (“RFA”) form. A copy of the RFA form is attached.

The CDI toll-free hotline number is: 1-800-927-HELP (4357). Be aware that when you file a formal complaint the CDI contacts your insurance company, tells them about your complaint, and gets their side of the story. The CDI will not “adjudicate” (act as a judge and issue a decision re: factual or legal disputes. You may be disappointed in the results of their complaint-handling, or they may help you. The Department looks for patterns of similar problems. When they find them, they take action. If they don’t get complaints that document problems, they can’t take action.

Important Reminder: If you attend a public meeting hosted by the CDI or if you file a formal complaint via an RFA, use the opportunity to get answers and let the CDI know about insurance problems you are having. **Keep your comments general.** Avoid sharing specifics about your dealings with your agent, broker or insurer – **particularly if you are underinsured.** The CDI needs to know if you are underinsured so they can include that fact in their statistics, but if you are underinsured, you can hurt your chances of recovering in a lawsuit if you go into too much detail in a CDI complaint form. This is because the CDI cannot adjudicate factual or legal disputes.

United Policyholders strongly recommends that underinsurance complaints be filed and marked **“For Reporting Purposes Only”** State the name of your insurance company and the fact that you are underinsured, but keep it simple to protect your continued ability to work toward a fair settlement.

Website resources and publications

The Department created a special section of its website for the 2007 fires: <http://www.insurance.ca.gov/consumer-alerts/index.cfm>. Here’s a link to a list of new laws that took effect after the 2003 wildfires: <http://www.insurance.ca.gov/consumeralerts/2007newlawsnoticecawildfires.cfm>. Two of the most important ones have to do with ALE (Additional Living Expense) payments. Your insurer must give you at least 24 months worth of benefits, and a list of ALE items that you can claim.

The CDI puts out publications that balance the perspectives of insurance companies and consumers. United Policyholders website and publications are aimed only at helping consumers. It is not our job to offer the perspective of insurance companies.

Market Conduct Examinations and Data Calls

The CDI can audit insurance company claim files to see if they’re complying with the law. These audits are called “Market Conduct Exams”. After the Northridge

Earthquake in 1994 CDI staff identified thousands of claim handling violations that led to large fines, legislative hearings, lots of bad publicity for insurance companies and better settlements for many homeowners. The CDI can issue “data calls” requiring insurers to provide them with specific information about their policies, rates and/or claims.

Q: What does the CDI not do?

A: The Department *does not* typically resolve disputes between individuals and insurers that involve large dollar disputes or coverage disputes. The CDI *can* help you get a copy of your policy, resolve small to medium sized problems, and they can identify and punish patterns of bad behavior. If you are very underinsured or your insurer is treating you badly, you’re more likely to get the situation resolved through a private attorney with expertise in representing policyholders and handling “bad faith” lawsuits. Visit the “Find Help” section of <http://www.uphelp.org> for more information.

United Policyholders has had a good working relationship with most of the elected Commissioners in California since 1991. Together with communities, the CDI and private attorneys, we have solved many insurance problems after natural disasters. But just as we challenge insurance companies when they fail to do their job, we challenge the Department and the Commissioner when they fail to do theirs.

United Policyholders is a national 501(c) (3) non-profit organization serving insurance consumers since 1991. UP helps solve insurance problems and advocates for fairness in insurance transactions. The organization is funded by foundation grants and donations. Our work is divided into 3 program areas: Roadmap to Recovery™, Roadmap to Preparedness, and Advocacy and Action. We offer free tips, information and resources in print and online at <http://www.uphelp.org>.

The information presented in this publication is for general informational purposes, and should not be taken as legal advice. If you have a specific legal issue or problem, United Policyholders recommends that you consult with an attorney. Guidance on hiring professional help can be found in the “Find Help” section of <http://www.uphelp.org>. United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors or professionals identified at our website. United Policyholders respects and protects the privacy of all individuals who communicate with us. We do not sell or share our membership or mailing lists.