Post-Meeting Commentary: R 2025-05 – Clarifying and Updating the Minimum Standards of Claims Handling (Pre-Publication Draft) – **ADDITIONAL SPECIFIC COMMENTS INCLUDED IN THE ATTACHED DOCUMENT**

Submitted by: Melissa Murray, Public Adjuster, Consumer Advocate, I-CAR Platinum Appraiser

Date: July 31,2025

Thank you for the opportunity to participate in the draft review meeting.

This was my first time attending a regulatory meeting of any kind, and I found the open forum incredibly informative. While I wasn't as prepared as I would have liked (lesson learned: always read the draft ahead of time!), I now have a much clearer sense of how these forums operate—and I'll be fully ready next time.

At the end of the day, I believe this comes down to something very simple:
If you take issue with being required to do the right thing, you're going to object to anything that defines what "right" actually looks like.

On Accountability, "Gray Areas," and the Real Cost of Doing the Right Thing

One recurring theme during the meeting was the concern that these clarifications might cause insurers to exit the state or raise premiums. But let's be honest: these aren't only ethical handling procedures that should already be in practice—they're long-overdue clarifications to protect real people in a system that's evolved faster than its safeguards.

These clarifications simply reinforce basic integrity:

- Let consumers know their rights
- Base decisions on factual evidence
- No more steering or buried disclosures
- And please, no hiding behind "gray area" shortcuts

If doing the right thing consistently is a dealbreaker for certain insurers, then maybe the real problem isn't the clarification of moral actions—it's the business model they're protecting.

I personally applaud and feel one of the most impactful updates is removing the phrase about penalties for violations "with such frequency as to indicate a general business practice." One bad claim experience can financially devastate a person and cause extreme personal and financial distress. We shouldn't wait until a trend forms before we decide their unfair treatment matters enough to have consequences.

One commenter also raised concerns about "repeat complaint offenders." But here's the thing: why are they making the issue the chronic complainers? They're chronically failed customers. Maybe they should focus less on labelling the complainant and more on what keeps happening to them.

The basic complaint data is publicly available at local and federal levels. If an insurer isn't aware of their complaint reputation, it's because they simply haven't cared to look.

Premium Increase Warnings & The "Cost of Claims" Narrative

I'm not an underwriter, but I do know how to read a trend line—and the data I'm finding paints a very different picture than the financial narrative crutch insurers keep leaning on.

Despite repeated warnings of rapidly increasing claim costs and severity, most carriers have shown steep growth in profits and market recovery, while underwriting performance has remained relatively the same, and slightly improved in the past 2 years. Even after the profit dip in 2022 (attributed to market volatility, inflation, and CAT events-with underwriting performance oddly still stale), most bounced back almost immediately—many declaring record years soon after.

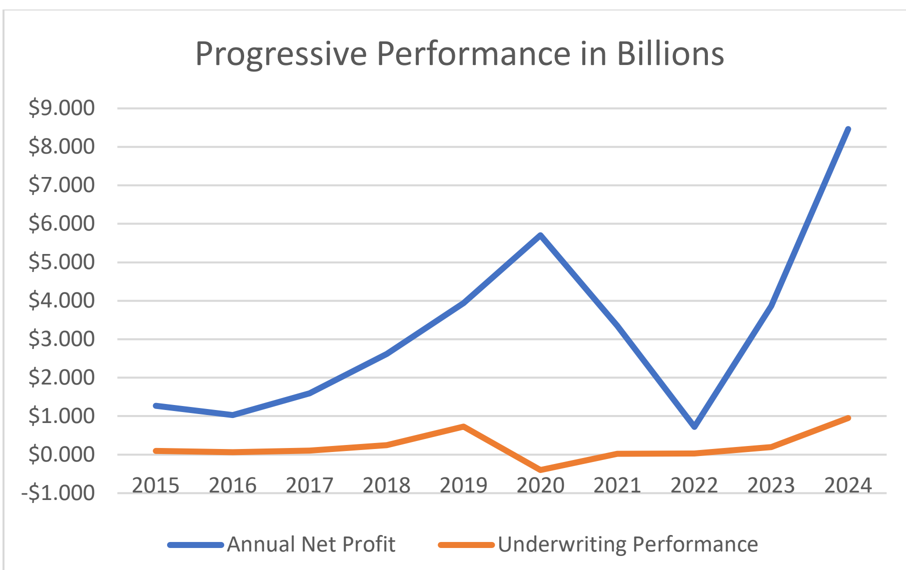
State Farm is a bit of a wild card here. Their financial trends are so far outside industry norms that I've left them out of this commentary since they're clearly doing something differently than the rest of the top 10. Their chart is still included as a reference point.

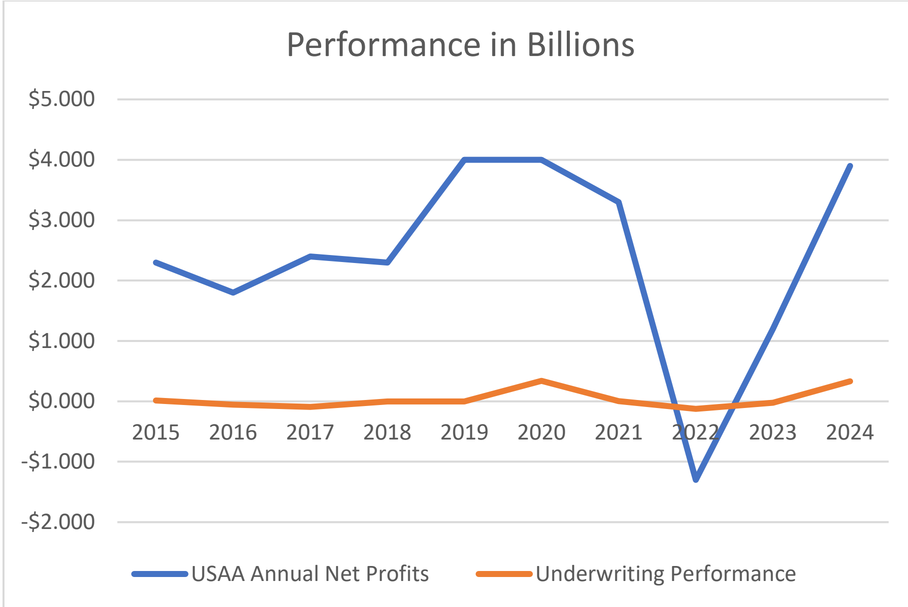
What the data shows clearly is this:

- Underwriting performance has remained relatively flat over the past 10 years
- Profits are what's actually spiked
- And claim adjusting costs don't seem to be the real issue

If repair costs and accident severity were truly such a burden on the system, would we be seeing this type of profitability across the board? Wouldn't there be some sort of change in underwriting performance? Especially between pre/post COVID results? The disconnect raises suspicion for me.

Each has incorporated AI and 3rd party assistance into its claim handling and settlement processes with the exception of Progressive who still appears to personally handle a lot of their claim settlement aspects, but did incorporate AI into its policy rating and new business strategy - which appears to have really paid off. A little concerned about an insured performing agency services – but that's a whole other meeting!

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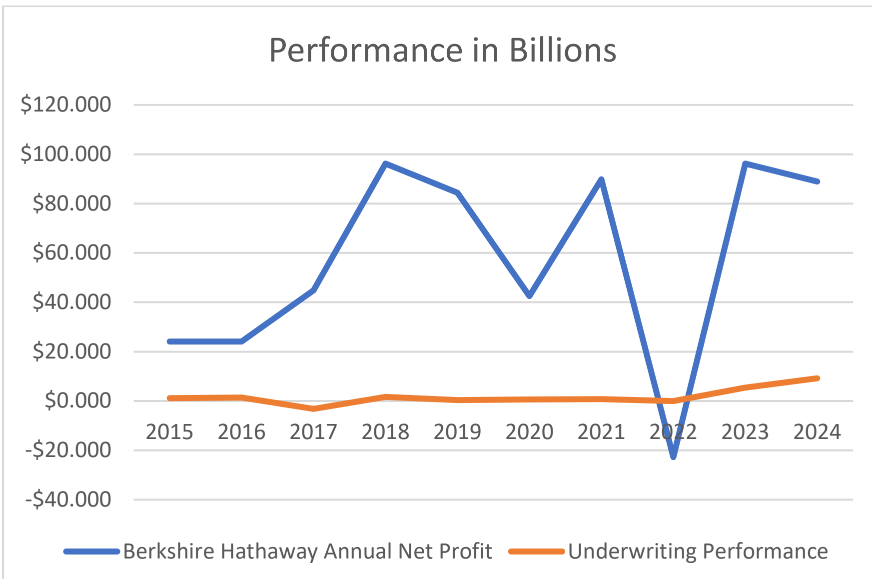
USAA Annual Net Profits
Underwriting Performance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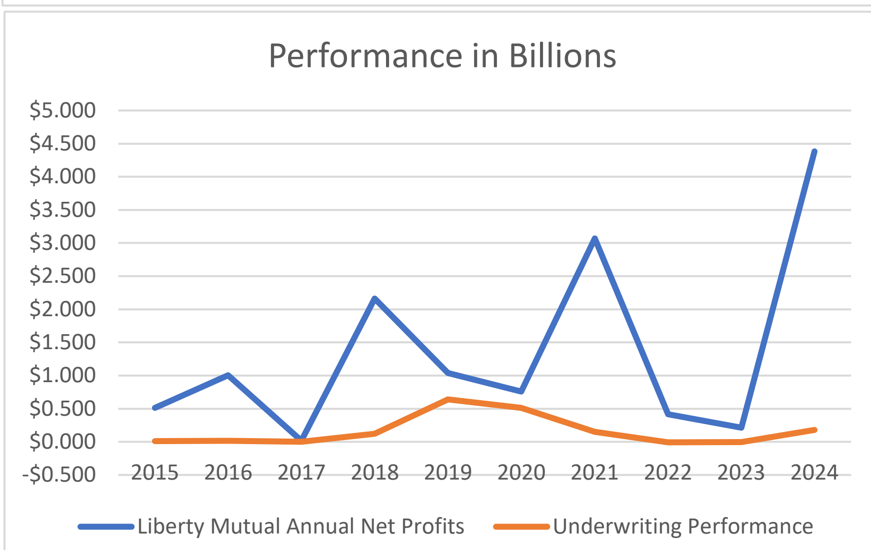
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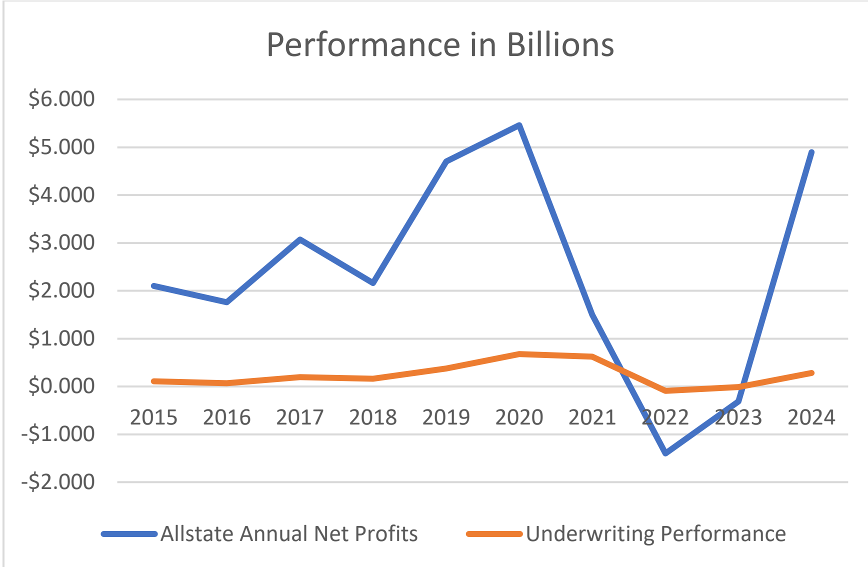

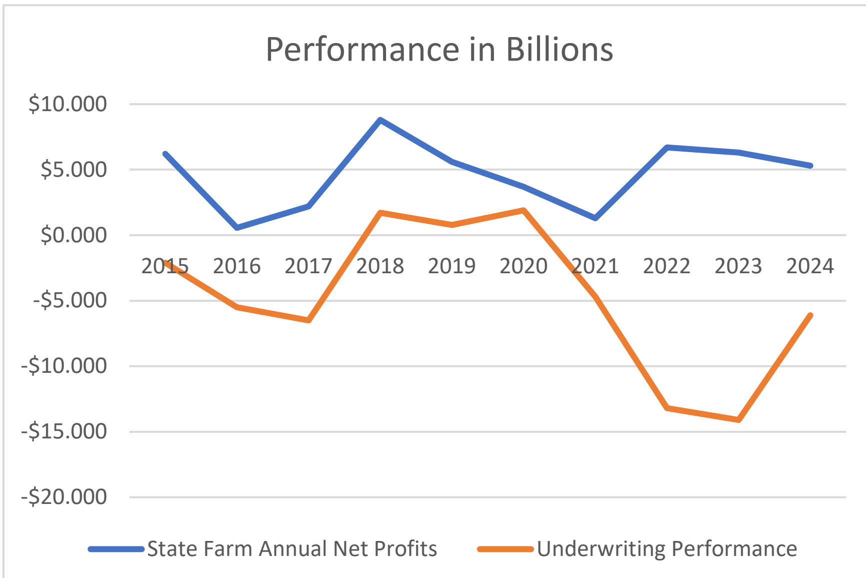

Thank you again for opening the door to public voices in this process. I've commented on the PDF draft attached with some minor feedback. I'm grateful for the opportunity to contribute and hopeful that the final result will reflect the best interest of the people these policies are meant to protect.

Warm regards,

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