



**Testimony Submitted by Susan Murdock, Executive Director**  
**Association of Claims Professionals**  
**Joint Legislative Budget Hearing: Economic Development**

**February 23, 2021**

My name is Susan Murdock, Executive Director of the Association of Claims Professionals (ACP). I would like to thank Chairs Weinstein and Krueger and all the members of the Legislature for allowing me to provide this testimony, specifically as it relates to a new proposal to reduce administrative burdens within the Department of Financial Services, which I believe would be appropriate for inclusion in the FY2022 Budget.

ACP is the voice of its member companies, who are leaders in the independent claims management industry, responding to individuals and businesses who suffer losses such as workplace injury, property or casualty damage, or third-party liability. Insurance carriers and self-insured companies retain our member companies for expert advice, experience and knowledge, and trust ACP's members with management of their most sensitive and important claims. ACP's goal is to promote the industry for what it is – a trusted advisor and business partner and as a helpful and caring frontline responder in emergencies and other times of need.

**BONDING REQUIREMENT FOR INDEPENDENT ADJUSTERS: UNNECESSARY ADMINISTRATIVE BURDEN**

Currently, New York is one of only four states (along with California, New Mexico, and Kentucky) that require independent claims adjusters to hold a surety bond in order to practice. Specifically, New York requires both prospective and renewing independent adjuster licensees (among other licensees) to obtain a one-thousand dollar bond with the DFS, in an effort to assure the “faithful performance” of these licensees<sup>1</sup>. While ACP certainly understands the original intent of this requirement, the law is outdated, as it hasn't been updated since its enactment in 1984.

The bond statute requires adjuster license applicants and those seeking renewal to post a bond with the DFS as beneficiary in the amount of \$ 1,000.00. To our knowledge, the superintendent of financial services (and prior superintendents of insurance, the predecessor to the DFS) has never had opportunity to call this kind of bond.

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<sup>1</sup> Insurance Law §2108(1)(1).



The adjuster bond requirement has created a significant and disproportionate filing burden on both licensees, the DFS and the Attorney General's office, with both agencies playing a role in the review and acceptance of the bond. Adjusters have experienced significant delays in obtaining licenses and renewals in instances where the license and bond are not provided to and approved by the Department at the same time - simply because several people within two agencies are involved in the process. Further, since most independent adjusters work for or on behalf of insurance companies that are licensed by the DFS, those companies are already potentially liable for adjusting errors of malfeasance made by the adjuster.

There is proposed legislation this year that would fix this problem. A.3994 (Cusick), which ACP fully supports, is pending in the Assembly Insurance Committee. However, we believe that due to the administrative burdens and costs that would be relieved by this proposal, it is appropriate for inclusion in this year's Budget. The removal of this requirement would streamline the filing process, without sacrificing any enforcement tool available to the DFS, while also mitigating burdens on independent adjusters - a true win for all involved.

I would like to sincerely thank you all for the opportunity to present this testimony, and for your consideration in this proposal. ACP is excited for the opportunity to provide any additional information that would be helpful in the evaluation of this proposal for inclusion in the FY 2022 Budget - or to be a resource to the Legislature in any way as you consider any other policy initiatives governing the claims management industry.

Respectfully submitted,

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