



MIKE CAUSEY
INSURANCE COMMISSIONER

BULLETIN

24-B-07

To: All Licensed Property/Liability Insurance Companies
All Adjusting Firms

From: Consumer Services Division

Date: May 29, 2024

Subject: Claims Handling Practices

The North Carolina Department of Insurance issues this advisory bulletin to emphasize the importance of promptly handling and settling automobile insurance claims in accordance with state statutes and rules. The Department is seeing an increase in consumer complaints regarding delays in claims processing, including the review of supplemental damage estimates, response times for diminished value claims, and overall communication regarding the status of claims.

Delays in the handling of claims can lead to financial hardship, emotional distress, and prolonged inconvenience for consumers. Delays in claim resolution should be minimized to ensure that consumers receive the coverage and compensation they are entitled to under their insurance policies.

General Statute § 58-63-15 identifies claims practices that if committed with such frequency as to indicate a general business practice, are unfair methods of competition and unfair and deceptive acts or practices. These claims practices include:

- Failing to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies.
- Failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies.
- Refusing to pay claims without conducting a reasonable investigation based on all of the information available.
- Not attempting in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear.
- Attempting to settle a claim for less than the amount to which a reasonable person would have believed he or she was entitled.

Chapter 4 of Title 11 of the North Carolina Administrative Code sets out further practices related to motor vehicle damage claims that amount to prima facie violations of G.S. § 58-63-15(11). Practices that violate these requirements also erode consumer trust and confidence in the insurance industry.

Therefore, the Department urges all licensed insurers offering automobile insurance in North Carolina to prioritize reasonably prompt handling and settlement of auto insurance claims. Insurers are also encouraged to take necessary measures to address any systemic issues contributing to delays in resolving claims.

The Department closely monitors insurer practices and will take appropriate enforcement action against any insurer it finds to be in violation of our laws.

The Department appreciates insurers' immediate attention to this issue.

Please refer any questions regarding this bulletin to the Department's Consumer Services Division at CSD@ncdoi.gov or 855-408-1212.