



DATE: Jan. 30, 2014
TO: House Commerce Committee
FROM: Professional Insurance Agents of New Hampshire Inc.
Scott Johnston, President

STATEMENT RE: H.B.1111
An act relative to clarifying the term "valid claim" for property insurance

**PROFESSIONAL
INSURANCE
AGENTS**

Professional Insurance Agents of New Hampshire Inc., an association of professional, independent insurance agents throughout the state and their employees, support Raised Bill H.B.1111 with amendments.

25 CHAMBERLAIN ST.
P. O. BOX 997
GLENMONT, NY 12077-0997
(800) 424-4244
FAX: (888) 225-6935
WEB: www.pia.org
E-MAIL: pia@pia.org

Under current New Hampshire law, it is illegal for a homeowners insurance policy to be nonrenewed based solely on the insured having filed a single valid claim within any one previous or current policy term. H.B.1111 would amend this law to state that inquiries about coverage on a policy would not constitute a valid claim. H.B.1111 was originally proposed by the New Hampshire Insurance Department. At the time it was proposed, the department argued that nothing other than a valid claim should be considered and they did not consider a request for information or a question about coverage to be a valid claim. PIANH agrees wholehearted with this view.

PIANH sees on a daily basis the chilling effect that the potential of policy nonrenewal has on insureds. Insureds are often hesitant or flat out refuse to approach their insurer or insurance agent with questions concerning their coverage out of fear that it will, ultimately, lead to a nonrenewal of their policy. It is imperative that insureds feel comfortable having open and honest conversations with their insurers and agents about the coverages they have and how their policies will respond in the event of a loss. Without the ability to discuss these important issues, insureds run the risk of misunderstanding the coverages found in their policies and not having the proper protections in place if, and when, a loss occurs.

In keeping with H.B.1111's admirable intentions, PIANH would like to propose an amendment to H.B.1111 that furthers the goal of protecting the insured. PIANH suggests that an amendment be added that states that the term 'inquiry' include any claim that is closed without payment to the insured by the insurer. The purpose of this amendment is to incorporate into H.B.1111 situations where an insured makes a claim that is rejected by an insurer due to the loss not being covered by the subject policy. This amendment would also extend to situations where a claim is made but the covered loss does not exceed the amount of the deductible on the policy. This small addition would further open the channels of communication between insureds, insurance agents and insurers while also fostering a greater understanding among insureds of their insurance coverage.

PIANH commends the Legislature for addressing this important issue for both insureds and agents alike. With the addition of the suggested amendments, PIANH supports H.B.1111 and welcomes the opportunity to work with the committee going forward.