

Dear Rep. Grad,

Thank you for the opportunity to submit written comments on S.18 currently before the House Judiciary Committee. These are submitted on behalf of the American Property and Casualty Insurance Association (APCIA), and in particular, in support of the limitation on applicability contained in the bill for a contract to which a party is regulated by the Vermont Department of Financial Regulation (DFR).

In a general sense and while rare, property and casualty insurers have incorporated arbitration provisions in insurance policies to provide their policyholders with fast, fair and cost-effective methods to resolve disputes over claim value. When used, they typically require one or both parties to agree to submit the dispute for resolution and are limited to the amount of the loss. Issues of coverage or of bad faith are reserved for the courts and policyholders can still pursue those remedies in addition to any arbitration process.

Perhaps most significantly and in sharp contrast to most other kinds of consumer contracts, insurer policy language is subject to regulatory oversight. Specifically, all forms are required to be submitted to DFR for approval before they can be used in Vermont and in the market. (8 VSA s. 3541) Regulators have the authority and power to reject policy language that would, for example, prescribe unfair arbitration terms and procedures. (8 VSA s. 3542)

In addition, the Insurance Trade Practices Act, which defines acts or practices that are unfair or deceptive, is applicable and provides additional regulatory and consumer tools. These include misrepresentations and false advertising of insurance policies, unfair claims settlement practices, failure to maintain complaint handling procedures, and unsuitable policies. (8 VSA Chapter 129)

House Judiciary and the Legislature last year agreed that DFR-regulated entities are heavily regulated, may not be the intended focus of this issue, and adopted the exemption in last year's bill, S.105. APCIA supports the continued exemption in this year's S.18 and asks the Committee for its continued support as well.

Please let me know if there is anything further I can provide. Thanks again.

Jamie Feehan
Government Relations Director
Primmer Piper Eggleston & Cramer PC