

Why Delays Are a Common Tool in the Arsenal of Insurance Companies Fighting Claims



When a policyholder is forced to vacate their home because of damage caused by a fire, hurricane, flood, or other damage, the financial pressure can mount quickly while the insured is waiting for the insurance carrier to process the claim. Sometimes, it feels like the insurance company is using every excuse in the book to delay settling the claim. And those feelings might be accurate. While some policyholders presume that insurance companies are motivated to close claims rather than continue investigating and processing claims indefinitely, there is enormous profitability in delay. But why? Well, insurance companies profit by delaying



J.P. has built his entire career on protecting the rights of insurance policyholders, personal injury and wrongful death victims and fighting for the rights of Florida consumers and small businesses. Prior to attending law school, J.P. worked as a claims adjuster for a busy independent adjusting firm in Miami where he handled hundreds of claims. Before launching his own law practice in 1994, J.P. worked for a prominent insurance defense firm in Miami. He now uses the insight that he gained working for the insurance industry for the benefit of his clients. J.P. has recovered millions of dollars for victims of denied or underpaid insurance claims, victims of catastrophic personal injuries and wrongful death and on behalf of those that have been taken advantage of by Big Business and Big Insurance. In Miami-Dade County call J.P. at (305) 461-1095 or toll free at (866) 71-CLAIM or fill out the short online contact form at www.YourAttorneys.com.

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the settlement of claims.

Frustration of Legitimate Claims

Insurance companies recognize that eventually policyholders may get so frustrated that they simply give up. While an insured should never abandon a legitimate claim, a substantial portion of insurance industry profits are based on unrepresented policyholders waving the white flag, so valid claims are never paid.

Interest and Investment Income

If insurance companies can drag out the process of paying claims, the funds that are being held can continue to earn income from interest and investment returns. Because of the size of the sums, the returns are enormous from maintaining these investments for additional months or years.

Running Out the Clock

An insured, generally, only has five years from the date of loss or breach of the insurance policy to file a lawsuit against his or her insurance company. Many policyholders feel like their claim is being processed despite the delays. The insured may falsely believe that they will eventually receive the value of his or her loss. This belief can act as a disincentive to retaining an attorney and filing a lawsuit.

Financial Pressure on Policyholders

Whether a policy holder is dealing with living expenses, lost profits from a business or other expenses incidental to a property loss, the financial pressure on policyholders does not abate while the claim is being negotiated. If the policyholder is forced to tackle expenses without appropriate contributions from an insurance carrier, the insured will experience financial pressure to accept less than the full value of their claim.

When an insured is faced with unjustified delays by an insurance company in paying a claim, the policyholder does have a number of statutory tools that can be

employed to obtain satisfaction. Florida Statute §626.9541 specifies unfair trade practices that are prohibited by insurance companies. Some of these specifically address timeliness of adjusting or deciding on a claim. Further, policyholders damaged by a violation of this provision have a private right of action under Florida Statutes §626.155 for insurance bad faith. However, the insured must provide a Civil Remedy Notice of Insurer Violation to the insurance company and State of Florida. The insurer has 60 days to cure the inappropriate conduct, which usually involves paying the claim. If the insurance company fails to act, the insurance company can be exposed to extra-contractual damages.

Happy 4th of July!

Independence Day celebrates the signing of the Declaration of Independence on July 4, 1776. Independence Day is probably the most important non-religious holiday in the United States. Americans typically use this day to honor all that is American, reflecting on the historic sacrifices of our nation's founders as they battled for our independence from Great Britain. The holiday is also referred to as 4th of July and is usually commemorated with a show of fireworks.

Don't quit on your insurance claim just because your insurance company quit on you!

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