



MAKING THE BEST CHOICE WHEN HIRING A PUBLIC ADJUSTER

(Questions to ask and things you should know)

Background and Perspective

If your home or business property is damaged or destroyed and you file an insurance claim, be prepared to spend time and energy on the claim process. Listing and describing everything you lost and how much it will cost to repair/replace each item takes more effort than most people realize. That's called "documenting a claim." But it must be done or you won't get paid the insurance dollars you're entitled to. And, once that's done, you must negotiate with your insurance company or you are likely to get paid less than you are owed.

There are professionals you can hire to represent you in documenting and negotiating your insurance claim. They are known in most states as "public adjusters". Public adjusters work only for policyholders, not insurers. There are two other types of adjusters: Company, or "staff" adjusters who are employed by your insurance company, and so-called "independent" adjusters who work only for insurance companies on a contract hiring basis. Company/staff and independent adjusters are hired and paid by and report only to insurance companies, **not** policyholders. They will be assigned by your insurance company to work on your claim, but they are there as the insurance company's representative... not yours.

Your insurance company may assign one or many different adjusters to your claim over the course of time. Each one may have a different approach and level of experience. One may have very little experience and be difficult to communicate with, another may be very friendly and have a lot of experience. Many people report to United Policyholders that their first adjuster offered them a settlement sum, then left the company or was re-assigned and when a new adjuster came on, that new adjuster rescinded the offer or made them start from scratch on the claim. We refer to that problem as "rotating adjusters." United Policyholders helped pass a law in California to protect consumers from being victimized by rotating adjusters. (California Insurance Code section 2071)

When you file a claim, you may be fine on your own, or you may do better by hiring help – it's an individual decision you should make based on your own circumstances. A licensed Public Adjuster can be your representative and advocate in the process of getting your claim "adjusted" (processed) and "settled", (paid). As with any professional, some Public Adjusters are better than others. The last thing you need when you've suffered a major loss is extra problems, so screen carefully before you hire. Resist high-pressure sales pitches and don't hire prematurely. The claim process involves leg work, paper work, basic math, insurance lingo, and negotiation.



If you're undecided on whether or not you need a public adjuster, visit the "Claim Tips" section of our website at www.unitedpolicyholders.org. Click on "Hiring Professional Help". Start by reading the article titled; "Hiring a Public Adjuster – The Inside Scoop". If you're leaning toward hiring professional help, this tip sheet will help you hire **the right help**.

Claim adjusting is art, not science

Most people who file a claim rely completely on their insurance company to calculate the amount of damage and what they're owed. That's not the way to go if you want to be paid all you're owed. The way to get paid all you're owed is to do your own calculations and research, provide complete documentation to your insurer, make a written demand for payment and keep following up until you get paid. Particularly when it comes to a large loss – you may need help from professionals to do the research and calculations

The insurance company sends out their own staff adjuster or "independent" adjuster, and their handpicked contractor, whose job it is to identify the scope of work and to estimate the costs to repair or rebuild your home. They measure the loss for the insurance company, not for you. This matters because big dollars are at stake and your financial goals and the insurers' financial goals are not the same.

It is hard for you, the insured, to know whether you are getting all that is owed under your insurance policy. Your policy may actually give you extended coverage beyond the stated dollar limits on the policy. A qualified advocate on your side can be your voice in the process and give you more input and negotiating leverage as to what you recover. Documenting a catastrophic property loss is time-consuming and burdensome to even the most sophisticated insured. Instead of relying on the insurance company to decide how much you get to rebuild your home, hiring a good Public Adjuster can help you receive the best possible settlement. Read United Policyholders' Basic Tips, check your coverage limitations and policy endorsements, (extras), and make sure to bring a copy of your policy and review it with the Public Adjuster you are considering hiring before you actually hire them.

Questions to Ask and Things You Should Know Before Hiring a Public Adjuster

1. Be sure you are hiring a **licensed** Public Adjuster. Ask to see their individual Public Adjusters license for your state.(Some Public Adjusters work under the license of another individual or firm, rather than becoming qualified and credentialed individually.)
2. Are you interviewing the individual(s) who will actually be adjusting the loss? Or is the person simply a sales rep, who will hand off your claim?



3. Is the company signing up too large a volume of business to give you the best level of care and attention? Your claim **will** be delayed if your public adjuster is handling too many claims.
4. What skills, credentials and experience do they bring to the table? How many years have they been licensed as a Public Adjuster, and how long have they been practicing in your state?
5. Ask the Public Adjuster you are interviewing to give you a list of references for claims he or she has personally handled in the past 3 years. (Some adjusters move around among companies and have short-lived associations with the firm they currently represent.)
6. If the firm is located out of the area, how do they plan to service your claim? Make sure you are clear on what you can expect from them over the long haul.
7. Is the adjuster handling the claim the right personality fit for you? You must be confident and comfortable with their communications skills and level of personal commitment.
8. Before hiring a Public Adjuster, **call and check** at least three of their references. Ask if the person you're interviewing actually worked on their claim. Did the client feel confident their Public Adjuster got the best possible result? Did their representative answer all their questions throughout the adjustment and rebuilding process? Was the Public Adjuster able to identify how much added value they brought to the final settlement figures? Did the Public Adjuster assist with the additional living expense and fair rental value portion of their claim? (Some Public Adjusters will waive their fee on this portion of the claim.)
9. Don't be rushed into making a decision before you are ready to. You have time to make the right decision for you! Ask all the questions you need to ask so that you feel confident in your selection of Public Adjusters. They will be part of your insurance recovery process for as long as it takes to settle the claim and recover all the financial benefits you are entitled to under the terms and conditions of your policy and the laws in your state.
10. Most Public Adjusters work on contingency fees that range from 5% to 15% of the monies the insurer pays on your claim.¹ These fees are capped in some states and negotiable in all states. The fee you agree to pay a Public Adjuster should take into account the size and type of your loss and the status of your claim. Make sure you

¹ In some states Public Adjusters cannot charge contingent fees unless they are associated with an attorney because it is considered the unauthorized practice of law. Many of the Gulf Coast states changed their laws after the 2005 hurricane seasons to allow public adjusters to do business in their states.



agree up front on whether or not the Public Adjuster will get a percentage of monies the insurer has already agreed in writing to pay but has not actually paid yet.

11. If you get into a dispute with your public adjuster, do your best to resolve it informally with them and with help from their trade association in your state. If there is no Public Adjuster trade association in your state, contact the National Association of Public Insurance Adjusters, (NAPIA) and seek their help resolving the dispute. If that doesn't help, file a complaint with your state regulator. Public adjusters are regulated by state insurance regulators.

Resources:

National Association of Public Insurance Adjusters (NAPIA): www.napia.com, 1(703) 433-9217. National trade association of public insurance adjusters. Membership is voluntary and does not affect license status. 21165 Whitfield Place, #105 – Potomac Falls, VA. 20165. Tel (703) 433-9217 Fax (703) 433-0369.

National Association of Insurance Commissioners (NAIC): www.naic.org All state insurance regulators belong to this association. You can get contact and website information for every state insurance department through the NAIC.

The above tip sheet was prepared by Amy Bach, co-founder of United Policyholders and Robert Crown. Robert is a UP volunteer and a licensed public adjuster based in the San Francisco Bay Area with Consolidated Adjusting, Inc. These tips are intended for educational purposes only. No legal advice should be inferred from these materials.

Visit www.unitedpolicyholders.org to get more information, tips and link to resources.