



Questions to Ask Before Hiring a Public Adjuster

Many people describe their insurance claim experience as a full time job. The claim process involves legwork, paper work, basic math, insurance lingo, and negotiation. Listing, describing and valuing everything that was damaged or destroyed, meeting with adjusters, inspectors and contractors and reviewing reports and estimates is time consuming and labor-intensive. On top of that, negotiating a fair claim settlement can be very challenging - especially after an emotionally devastating catastrophe. UP offers tips and tools to help you handle your claim on your own. After all, the insurance protection you paid for includes good claim service.

But insurance is big business, and you are not on a level playing field with a big insurance company. You may find that learning the lingo, doing the math and making sure your claim is being fully investigated and fairly paid is too much for you to handle on your own. Depending on your situation; work commitments, health, car pool duty, an uncooperative insurer, etc., it may just not be practical to try. Each person's experience and situation is a little different, so when it comes to making the decision whether or not to hire a professional to take the insurance claim challenges off your plate, the only "right" choice is the one that works for your personal situation.

If you are having problems with your insurer, or if your personal situation is making it hard for you to deal with all the details, you can hire a claim help professional. In most parts of the U.S. today, you can hire a licensed public adjuster on a "contingent" (percentage) fee basis who will take over handling your claim and negotiate a settlement on your behalf. A public adjuster is a claim help professional you can hire to represent you in documenting and negotiating your insurance claim. A public adjuster works 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.

Once you decide you want to hire claim help, the key is to find an experienced public adjuster with good references who will take you on as a client for a fair price. The larger your claim, the easier it will be to find someone who fits that bill. Many of the most experienced public adjusters prefer to handle large dollar and commercial claims, so be extra careful when hiring a public adjuster for a smaller dollar loss. As with all professionals, it's important to check references carefully and hire someone you trust and feel comfortable working with. You can use United Policyholders' "Find Help" directory, www.uphelp.org/findhelp to locate professionals in your area.

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 reassigned 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 has helped pass laws that require insurers to provide claim status reports to protect consumers from frustration, delays and confusion due to rotating adjusters.

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.

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- 1. Are you licensed to practice public adjusting in my state?** Be sure you are hiring a *licensed* Public Adjuster. Ask to see their individual Public Adjuster’s license. Some Public Adjusters work under the license of another individual or firm, rather than becoming qualified and credentialed individually. Ideally the public adjuster you hire should be experienced, local or affiliated with a reputable local company, and have a clean record with the authorities.
- 2. Will you be handling my claim personally?** 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 to someone else?
- 3. How many other claims have you signed up in this area?** (post disaster) If a public adjuster takes on more claims than he/she can handle, you won’t get the attention and care you need.
- 4. Tell me about your claim adjusting and construction estimating skills, credentials and experience?** How many years have they been licensed as a Public Adjuster, and how long have they been practicing in your state?
- 5. Please give me at least three references of local clients who were satisfied with your work.** 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. Let’s talk about the fee contract.** Most Public Adjusters work on contingency fees that range from 5% to 15% of the monies the insurer pays on your claim. 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 agree up front on whether or not the Public Adjuster will get a percentage of monies the insurer already agreed in writing to pay but has not actually paid yet. If you only want the public adjuster to handle portions – not all – of your claim, you need to negotiate that up front.
- 7. If I hire you, can I still communicate with the insurer/company adjuster?** If you want to stay involved in your claim, discuss that fact with the public adjuster before hiring him/her.
- 8. Will your/your company’s name be on every check the insurance company issues after I hire you?** Some public adjusters will not take a fee on Additional Living Expense and/or other categories of insurance benefits. Make sure you reach an understanding on this before you enter into a contract.
- 9. If for some reason I want to terminate the contract before a settlement has been finalized, can I, and how much will I owe you?**

10. Will you be working with a specific attorney/law firm on my claim?

Note: 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.

Things to consider before entering into the contract:

1. Is the adjuster a good fit? You may be working closely with this person for many months, and they will be representing you with your insurer, so you should be comfortable with their communication style and personality.

2. Do they have good references and are they genuine? Before hiring a public adjuster, call and speak directly with at least two of their references. Here are a few of the questions you should ask the references:

- Did _____ adjuster personally work on your claim?
- Did you feel reasonably good about the result?
- Did _____ stay in touch with you, answer your questions and keep you informed?
- Did he/she take the load off you and add value/get you a fair settlement?
- Did he/she charge a fee on all categories of coverage or just dwelling and contents?
- How was the fee calculated?

3. Don't be rushed into hiring someone before you are ready to. Especially after disasters, you may be hit with aggressive sales pitches from contractors, adjusters and others. Resist the pressure and make an informed decision. Many states now restrict post-catastrophe solicitations. Ask all the questions you need to ask until you feel confident in your decision and selection of a public adjuster. 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.

4. Contractors and social service agency Case Managers are not authorized to represent you in insurance claim negotiations, nor are they professionally licensed or regulated by your state insurance department/agency to do so. A lawyer can represent you in claim negotiations, but generally speaking, it doesn't make economic sense to hire one to adjust your loss.

5. 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.

If you're still undecided on whether or not you need a public adjuster, visit www.uphelp.org/hiringhelp and read; "Hiring a Public Adjuster – The Inside Scoop".

6. Claim adjusting is art, not science. If you rely completely on your insurance company to calculate the amount of damage and what you're owed, you're unlikely to recover a full or fair settlement. The insurance company sends out their own staff adjuster or "independent" adjuster, and their handpicked contractor, whose job it is to define a scope of the damage and 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. You want your loss to be accurately measured, you want to maximize your insurance coverage and recover every dime you're owed. Many people hire their own experts/contractors to measure and value damage independently from the insurance company.

Recap:

Documenting and navigating a catastrophic property loss is time-consuming and burdensome to even the most sophisticated insured. 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 coverages beyond the stated dollar limits on the policy and way more than the insurer offers you. An experienced claim advocate on your side can be a strong voice for you in the process and give you much more input and negotiating leverage on your final insurance settlement than you'd have on your own. 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.

It's essential to check references and agree on fees and terms before entering into a contract with a public adjuster. Once the contract is executed, you are obligated to pay for services rendered during the contract term.

Visit the United Policyholders Claim Help Library at www.uphelp.org, read your policy and endorsements, (extras), and make sure to review the policy with any public adjuster you are considering hiring before you actually hire them.

More resources:

NAPIA: A respected trade association, the National Association of Public Insurance Adjusters: www.napia.com. Offers a search feature for finding a member near you. 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.

Your state's insurance regulator and/or the National Association of Insurance Commissioners (NAIC); www.naic.org All state insurance regulators belong to this association. Use UP's State by State Assistance tool to find yours and learn about rules and consumer protections related to public adjusters.

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 Crown Adjusting, LLC

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