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Should I Hire a Public Adjuster to Help Me Settle My Claim?

Dealing with the loss to your home, contents or other property after a major storm, hurricane, fire, or theft can be overwhelming. While many consumers are able to resolve their property claims by dealing with their insurance company and the insurance company's adjuster on their own, sometimes consumers or businesses will decide they would prefer that someone else handle the insurance claim on their behalf. These people who represent the policyholder with regard to the claim against an insurance company are known as "Public Adjusters". You can hire a Public Adjuster to act on your behalf to process and negotiate your claim with the insurance company.

A Public Adjuster is an insurance claim adjuster who, for compensation, acts as an advocate for the policyholder in appraising and negotiating a first party property insurance claim under a property and casualty policy that insures the policyholder's real or personal property, other than a motor vehicle insurance policy.

The Public Adjuster's main responsibilities may include:

- evaluating an insurance policy in order to determine what coverage(s) may be applicable;
- researching, detailing, and substantiating damage to buildings and contents and any additional expenses incurred by the policyholder;
- evaluating business interruption losses and extra expense claims for businesses;
- determining values for settling covered damage claims;
- preparing, documenting and supporting the claim(s) on behalf of the policyholder; or
- negotiating a settlement with the insurance company on behalf of the policyholder.

Before hiring a Public Adjuster, you should be aware that under Maryland law, a Public Adjuster must:

- be licensed by the Maryland Insurance Administration;

- prior to entering a contract with the policyholder, provide the policyholder with an explanation of the types of adjusters involved in the claims process and the insured's rights to communicate directly with the insurer or its agents about settlement of the claims process and obtain the policyholder's signature on the form;
- provide the policyholder with a written contract disclosing:
 - a. the terms of the contract;
 - b. the right to rescind or cancel the contract within 3 business days of signing;
 - c. that out-of-pocket expenses incurred by the Public Adjuster and approved by the insured will be reimbursed out of the insurance proceeds;
 - d. any compensation the Public Adjuster is to receive for services; and
 - e. the disclosure of any direct or indirect financial interest that the Public Adjuster or any immediate family member has with any other party who is involved in any aspect of the claim, including but not limited to the ownership of, or any compensation expected to be received from, any construction firm, salvage firm, building appraisal firm, motor vehicle repair shop, or any other firm that provides estimates for work or performs any work in conjunction with damages caused by the insured loss on which the public adjuster is engaged; and
 - f. the insured's rights under the Maryland Consumer Protection Act.
- keep financial and business records and establish a separate escrow account for the policyholder's proceeds.

The primary difference between a Public Adjuster and a claims adjuster that works for the insurance company is that the Public Adjuster works for the policyholder and is paid by the policyholder, and not the insurance company. The Public Adjuster acts as the policyholder's representative in dealings with the insurance company and the policyholder agrees to allow the Public Adjuster to make decisions regarding the claim on his or her behalf.

Most Public Adjusters charge a fee based upon a percentage of the settlement. This fee is paid by the policyholder, not the insurance company, and the amount is deducted from the settlement payments made by your insurance company. The amount of the Public Adjuster's fee is negotiable and the amount or percentage is not set by law. Remember that the Public Adjuster's fee reduces the amount of monies you will receive to pay for the damages you sustained as a result of the loss. Also, you should be aware that under Maryland law, while a Public Adjuster may be named as a co-payee on a settlement check, a Public Adjuster contract may not require the insurance company claim check to be made out only in the name of the Public Adjuster, or allow a Public Adjuster to collect the entire fee from the first check issued by an insurance company if multiple checks are to be issued. You should also remember that you have the right to cancel a contract with a Public Adjuster within three (3) business days after it has been executed without penalty to you.

If you hire a Public Adjuster, you should understand that your insurance company may or may not agree with that person's estimate of your damage. Your insurance company is not obligated to accept the damages that are claimed by a Public Adjuster. The insurance company is obligated to settle your claim in accordance with the terms and conditions of the policy it issued to you.

Before retaining the services of a Public Adjuster, you should make certain the person is licensed and in good standing. You can do this by contacting the Maryland Insurance Administration at 800-492-6116.

For more information on the claims process, please read the MIA's Consumer Publications:

- *Maryland – What to Do After a Loss*, available at www.insurance.maryland.gov/Consumer/Documents/publications/afteraloss.pdf;
- *Weather Related Damage – Frequently Asked Questions About Insurance Coverage*, available at www.insurance.maryland.gov/Consumer/Documents/publications/weatherloss.pdf;
- and
- *An Insurance Preparedness Guide for Natural Disasters*, available at www.insurance.maryland.gov/Consumer/Documents/publications/naturaldisasters.pdf;

or by contacting us at 800-492-6116. We are also available to help answer your questions.