



Nick Cavey -MDInsurance- <nick.cavey@maryland.gov>

Fwd: Comments regarding Regulations being considered for Public Adjusters.

Nancy Egan -MDInsurance- <nancy.egan@maryland.gov>

Wed, Aug 17, 2016 at 4:50 PM

To: nick.cavey@maryland.gov, Robert Baron <robert.baron@maryland.gov>, "Jr. AlRedmer -MDInsurance-" <al.redmer@maryland.gov>, Victoria August <victoria.august@maryland.gov>, Zachary Peters -MDInsurance- <zachary.peters@maryland.gov>

More

Nancy Egan

Begin forwarded message:

From: "Insurance Claims Specialist, LLC." <icsclaims@comcast.net>**Date:** August 17, 2016 at 3:07:59 PM EDT**To:** <nancy.egan@maryland.gov>**Subject:** Comments regarding Regulations being considered for Public Adjusters.

Good Morning Nancy,

I would like to take a moment to thank you and the MIA for allowing me to speak on several occasions at the meetings regarding possible regulatory changes affecting my (the Public Adjusting), industry in our State.

First, I would like to state that I am not now, nor have I ever been a member of NAPIA or AAPIA, by choice. Although I recognize that they put themselves out as "Industry Representatives", I personally have no idea what they actually do for PROMOTING the industry as a whole to the greater public about the valuable services a Public Adjuster can bring to the table. I've considered it many times, have several associated that are involved with or are members of NAPIA that I have much respect for personally. I just have seen NO actual benefit to being a member. They do however, inject themselves into regulatory talks and from what I've seen, their mind set is not governed around all Public Adjusters as a whole, only large firms. Typically, organizations that represent an industry fight against, not for, un-necessary regulation.

Now to my concerns...

Section 10-411, E (3) Disallowing a Public Adjuster or Public Adjuster firm from being able to impose collection costs, legal fees, or late fees in their contract.

As the MIA is well aware. I believe this is an absolute overreach should it be enacted. It serves no purpose other than to HARM small Public Adjusting Firms or individual Public Adjusters.

Large Public Adjusting Firms that have Attorneys on Staff or Retainer have no problem with this language as it helps to eliminate the smaller firms that cannot afford to litigate to recover legally and rightfully owed

Public Adjuster fees without the ability to recovery collection and / or legal fees associated with recovery. Even regarding late fees this should not be excluded. This is a mechanism as is the case on all contracts with such language to induce efficient and proper payment to the Public Adjuster for services rendered. I would be more than happy to discuss how my contract currently handles these recovery mechanisms. I believe without question it is fair and just.

NO Public Adjuster wants to have to rely on this as means for rightful payment, but a regulatory exclusion would be unfair to the very individual or firm that achieved the settlement for the insured, should the insured, and it happens, all of the sudden try to get out of paying their contractually obligated Public Adjuster Fee.

Regarding the language governing acting as a Public Adjuster: I don't cite the particular verbiage as this is involved with several sections of the proposed language. We must have the ability to market our services without our marketing people potentially being prosecuted for the Unlawful act of Public Adjusting. The services of Public Adjusters are not known to be available by an overwhelming majority of the Public. Nearly every claim that I have handled, the insured has stated that they had never even heard of a Public Adjuster or what services a Public Adjuster provides. The PUBLIC needs our very beneficial services in more ways than they can imagine. In a perfect world, the need for Public Adjusters would not exist. However, it's not a perfect world. Barring litigation, which can cost an insured upwards of 40% of the recovery of achieved, we are the insureds best hope and advocates. We MUST be able to put our message out to the Public by various means without the threat of violating the law. I personally have never been to a loss site while the loss was going on with the exception of one time. It was a house fire that was within a stone throw of a client's house that I had an appointment with. The fire was out, so I guess the loss was not actually in progress. I handed the Tenants my card and gave them some advice about contacting their church, local churches and the Red Cross for emergency assistance, I then left. But I ask, what defines when a loss is in progress? Why would this limitation be put on a State licensed professional that could be of immense help the insured? Policy language has specific obligation / requirements that an insured must do, yet most are not aware of what they need to do to comply with their policy. A chaser, as some call them in the industry, could be nothing more than someone sent out by a Public Adjuster or Public Adjusting Firm that merely asks an insured if they would like to speak with or set an appointment with a State Licensed Insurance Professional, a public adjuster, to be educated about their loss / claim and the possible benefits of using a Public Adjuster for THEIR Representation. Or merely knocks on a door, introduces themselves, and explains, generically, what a Public Adjuster is, does and the potential benefits to using such. This by no logical measure could be construed as negotiating or acting on behalf of an insured as there is no signed Public Adjuster Representation Contract in force at this time. It appears that the Law Makers, Regulators and Insurance Industry want to make it so that if nearly anyone says anything about Public Adjusting, they must be a licensed Public adjuster. This does the Public Adjuster industry a disservice, the insureds a disservice and is illogical at best.

A Public Adjuster should be regulated to degree that they are acting on behalf of an insured, nothing more. Up and until the point that a Public Adjuster contract is ratified by an Insured for representation, limiting marketing and access to educational and professional service available to any insured that may be in need, in my opinion IS NOT "Acting" as a Public Adjuster. To pass out fliers, door hangers, to explain what a Public Adjuster does and the possible benefits to using one takes no special, super-secret, inside insurance knowledge. Many industries use canvassers, appointment setter, and marketer in various form to promote and obtain business.

I have NO problem, as I have openly stated at the meetings, with insurance Regulations and Laws that solve actual, abusive, problems. I have a huge problem with un-necessary and unwarranted regulation to resolve minor or non-existent problems.

Regarding the 3 day Right of Rescission (Right to Cancel) The Maryland Door to Door Salesman act governs this. As I stated at the meeting, there are Federal Regulations that could apply to this also. This was implemented as a cooling off period so anyone that felt they were "pressured" into signing a contract would have the ability to cancel it without harm. I believe this also addresses the unwarranted concerns about Public Adjuster marketing, solicitation and advertng for their services.

Regarding Public Adjuster Contracts – Are all these items actually necessary. I mean, does the Insurance Company have to inform their insured that Public Adjusters exist and what they do? NO....

Disclosure's – I have no problem with a Public Adjuster stating that they MAY receive some type of compensation from another company that is involved in the claim. However, I do have a problem with the actual amount having to be stated because quite frankly, that may not be known. Just as the discussion at the meeting regarding having to state Other Expenses an insured may have to pay in our contract or a disclosure. At the inception of the claim these things typically are not known and the Insured has to hire the other companies, not the Public Adjuster. A Public Adjuster cannot execute a contract FOR the insured. Merely, stating that the Public Adjuster MAY receive some type of compensation from someone that they MAY recommend should suffice. Do the insurance companies State to the insured(s) that outside contractors that they bring on site are paid for and are acting on behalf of the insurance company solely and that these contractors derive whatever percentage of their work from Insurance Companies and are what are considered Preferred Service Providers or Preferred Vendors? NO.....

I believe that 10-415.1 A (1) – Who would make this determination? How would a Public Adjuster know if a Claim is one that they should undertake or not until they have the opportunity to do a proper review and investigation. What if they believe that they are competent enough to undertake such only to find out months later, into the claim, that a situation has arisen that may be outside their current knowledge? Any Public Adjuster that I know would at such point bring someone into the fold that does have, or that they believe does have sufficient knowledge regarding such. This seems to be a move by representatives in NAPIA that are involved with large Public Adjusting firms to try and intimidate small firms or Public Adjuster from doing LARGER claims or even possibly as a reference to be cited when trying to beat out a smaller competitor for a particular claim.

Regarding MIA Added language for E. of 10-415 regarding Salvage. If disclosed should be able to happen during claims handling. Often materials are removed and or salvaged / disposed of during the process. Not always after the claim is settled and seems to conflict with language in 10-411 as cited by the MIA.

Regarding 10-413 Record Retention I think goes overboard. Much of this information would be in any standard file but why would it be necessary to keep records of an attorney hired by an insured? 10-413 A. 4 – Why would we have to keep expiration dates o insurance company policies, apparently form numbers, I'm assuming the Amount of Coverage etc...

Regarding 10-413 B. – Three years is the State Statute of Limitations for lawsuits in Maryland. 5 years I believe is un-necessary and quite frankly burdensome, especially on small firms or individuals. 3 years should be sufficient. In the Mortgage world, which is heavily regulated, the retention time was 29 months.

Regarding Bond or Letter of Credit Requirements – Although I appreciate the current proposition by the MIA to only require this of Public Adjusting Firms I have been operating as a licensed public adjuster and firm for several years without any allegation of improper handling of claims or the associated funds. That I am aware of based on the statement by an MIA representative, at the first meeting when this was discussed, the only time that he could say this would have come into effect was against a Producer that was taking premiums and not sending them to the insurance company. I heard not 1 instance where this would have been used to compensate and insured form something as the result of a Public Adjuster. It's nothing more than another un-necessary expense that a business operating in this state would have to pay for. Works out splendidly for the Insurance companies that issue the Bonds doesn't it. These bonds can cost several thousand dollars and could have a serious negative effect on small firms, if they can even obtain one. It seems to me that the MIA wants to place a band-aid where there is clearly no wound.

I ask this, would a 20,000 dollar bond be of any real consequence if someone was really "harmed" to the tune of hundreds of thousands or even millions of dollars. I dare say NO.

These are some points I take issue with.

THINGS I would like to see the MIA pursue the requirement, by law, of Insurance Company and Independent Adjusters to be licensed and undergo the same Continuing Education requirements that Public Adjuster currently must do in our State.

In that legislation it should also be made clear that the Insurance Company, the Insurance Company Adjuster or Independent Adjuster retained by an Insurance company, can be held accountable for their actions, deception, false statements regarding coverage, among other things.

I would also like to see the MIA put out a strongly worded Bulletin or get legislation enacted that strongly prohibits insurance companies or their employees or representatives from pushing or trying to coerce insureds into using their Preferred Vendor / Contractors. I am constantly seeing instances where insurance company adjusters are trying to interfere with NON-Favored Contractor contracts. Its, wrong, its un-ethical, its illegal – but they don't care and it is done to beat down a licensed contractor that isn't in the insurance company's pocket.

I believe that there should be a mechanism for Public Adjusters themselves to file complaints regarding insurance company's action or inactions. We are involved with this nearly every day and see what is actually going on out in the field. It would seem if consumer protection were paramount that we (Public Adjusters) would be able to bring to the attention, with documentation, these things without having to have an insured file a formal complaint with the MIA. I mean, we are their legally hired representatives. Just because something is worth litigating, doesn't mean it isn't wrong and should be addressed by the proper authorities. I could provide you with one such case this very moment. The insurance company absolutely violated their own policies provisions. Sadly, they will keep doing so because nothing will be done about it and it is not a large enough amount of money to get a litigant involved with. I'll gladly speak with anyone that wants to talk to me about this.

Ok, that's good for now. I shall step down off of my soap box...lol

Please feel free to contact me with any follow up questions.

Thank you for taking the time to read and consider this.

Respectfully,

Insurance Claims Specialist, LLC.

Matthew (Wayne) Frazier

"Insurance Claims Advocate"

Public Adjusting Firm Lic. # 2151116

Certified Public Adjuster Lic. # 2084210

Md. Licensed Restoration Contractor MHIC # 127673

IICRC AMRT,WRT, FSRT, OCT Certified

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