



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

Re: Proposed Public Adjuster Regulations

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

Tue, Aug 16, 2016 at 8:29 AM

On Fri, Aug 12, 2016 at 12:32 PM, Dottrio LLC <admin@dottrio.com> wrote:

Nancy,

I greatly appreciate the opportunity to give you feedback on the second set of proposed Maryland Public Adjuster regulations in the past two years. First let me start by stating that I am puzzled as to the need to place burdensome regulations on an industry when that industry is clearly not problematic. The repeated statements at the last two meetings that these regulations are proposed by "the industry" are completely false. NAPIA and AAPIA have very little membership among Maryland Public Adjuster firms. While NAPIA claims to represent and speak for the industry and support "smart regulation" they only have two firms in Maryland that are members. Of these two firms one is a founding member of NAPIA and the other was created by individual(s) leaving the first firm. This is clear indication that this organization doesn't represent the Maryland Public Adjuster industry as a whole. AAPIA on the other hand is almost completely a non factor in Maryland when it comes to member public adjuster firms and individuals.

What these regulations represent is the self interest of these firms (NAPIA members in particular) under the guise of "smart regulation". These regulations make it more difficult and burdensome for smaller firms to compete and enter the industry. Some of these regulations appear to be clearly designed to create financial hardship for smaller firms and individual Public Adjusters. Why on earth would an industry willingly regulate itself out of being able to recover collections costs when someone doesn't pay for work that has been performed? In my opinion this one proposed regulation alone could put numerous small firms out of business. This regulation appears to be designed to shut out the smaller firms and individuals while the larger firms that have lawyers on staff won't face a significant challenge from this regulation. Allowing NAPIA members to propose industry regulation is akin to allowing Walmart to propose regulations for small retailers. Clearly this wouldn't make sense.

The questionable language in the proposed regulations regarding the licensing requirement is vague and is clearly being construed by members of the insurance administration to include all forms of in-person solicitation. This is troublesome because a contractor, realtor, home inspector, or other individual who regularly refers work to a public adjuster so that their clients obtain the fairest possible settlement could possibly need to obtain a public adjuster license without ever actually practicing public adjusting. This type of ambiguous regulatory language is ripe for abuse from overzealous individuals within government now and in future administrations. Activities requiring a license should be clearly defined and should be limited to those that actually involve the representation, negotiation, and settling of claims. There should be no regulation that prevents a public adjuster firm from hiring a canvassing firm to pass out flyers in-person or hire a telemarketing firm to make calls on behalf of a public adjuster firm. This can be dealt with by simply making it clear that these individuals are not to discuss coverage, policy language, etc. It makes no sense that an industry would want to limit the ways in which it can obtain business unless members of "the industry" want to keep competitors out.

I believe that the Maryland government and the insurance administration in particular are missing the opportunity to impact the insurance industry in a positive manner by having a misplaced focus on public adjusting. Our industry is not the source of countless complaints. The insurance administration and the Maryland government would send a powerful message by proposing licensing, education, and training requirements on staff and independent insurance adjusters. These individuals are in fact the source of countless complaints and often egregious behavior toward consumers. There are currently no training, education, bonding or other requirements for these individuals. I invite you or any other member of the insurance administration to spend a week with me learning how insurers and their Adjusters truly behave. While there are some good Adjusters most have zero construction experience, almost no knowledge of their own policy language, and a strong desire to hide this lack of knowledge to the detriment of the policyholder. This is an area of the insurance industry that desperately needs additional regulation in Maryland. I hope that you will conduct a review of the numerous other states that have successfully regulated staff and/or independent adjusters. I realize this is an exceptional hurdle to clear

given the tremendous power of the insurer lobby and the impact of their campaign contributions in Annapolis.

This new trend in Maryland toward heavy regulation of the relatively problem free public adjuster industry raises significant concern as it occurs when the trend in state government for most other professions is to loosen regulations and lower fees. As a business owner in Maryland this trend will have a dramatic impact on whether my future growth plans will focus on Maryland or on the surrounding jurisdictions of VA, PA, & DC where I also currently operate. I would respectfully ask that the insurance administration consider the long term impact this could have on jobs and the economy should it result in businesses relocating or expanding out of state rather than within the state.

Lastly, I respectfully request that you consider who benefits from this new trend of burdensome regulations on Public Adjusters. Insurers and the previously mentioned NAPIA members clearly benefit from a smaller number of Public Adjusters and firms. Consumers on the other hand are the clear losers as they end up with less choice for public adjuster representation overall in particular on smaller claims. Compliance with these burdensome proposed regulatory requirements could result in public adjuster fee increases to the detriment of policyholders. Small public adjuster firms lose with increased costs of doing business and more burdensome and time consuming regulatory compliance. These unintended consequences must be considered.

I can be reached by cell phone to discuss further if necessary at [240-389-3923](tel:240-389-3923).

Regards,
Mike Durlwanger, CPIU, RGA
[301-971-4040](tel:301-971-4040) phone
[301-560-8202](tel:301-560-8202) fax
email: admin@dottrio.com
<http://www.dottrio.com>

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Nick Cavey
Assistant Director of Government and External Relations
Office of the Commissioner
Maryland Insurance Administration
200 St. Paul Place
Baltimore Md 21202
nick.cavey@maryland.gov
Desk: 410-468-2173
Cell: 410-979-9139
www.insurance.maryland.gov