



## THE RED GUIDE TO RECOVERY TOOLBOX



### **PUBLIC INSURANCE ADJUSTER QUESTIONNAIRE & TIP SHEET**

If you are considering hiring a public adjuster, there are a few things you may want to consider before you sign a contract.

#### **Here is one example of how hiring a public adjuster prematurely may NOT be beneficial:**

Mr. Jones just had a fire and feels like he needs someone who knows insurance to represent him and decides to hire a public adjuster for a fee of 10 percent. Later, he finds out that he has a \$250,000 policy limit on his dwelling and a \$100,000 policy limit on his personal property. His insurance company adjuster visits the home and looks at the structural damages and decides that the damages have exceeded the policy limits, and writes a check for the limits. Later, upon completing the inventory of his personal property, it is revealed that the replacement costs for the personal property exceeded the \$100,000 policy limit here as well. The total combined amount available in the policy was \$350,000. Since Mr. Jones decided to hire the public adjuster and later realized that he was under insured, he still has to come up with \$35,000 to pay for the public adjuster's services, which at this point may not have amounted to much. That means Mr. Jones may have to find a contractor willing to rebuild the home for a lot less than the repairs are worth, omit items from the scope of work, or do some of the work himself. He may even have to secure a loan to finance the balance of the repairs. This also means that Mr. Jones won't have enough money to replace all of his personal property that was lost. **In this example, if Mr. Jones had waited until he knew what he had to work with before he signed a contract with the public adjuster, he would have saved himself \$35,000 in fees.**

#### **TAKE YOUR TIME, GET REFERENCES, AND ASK QUESTIONS!**

Ask the public adjuster for a list of local references for the past 5 years, that includes the name of each reference, their phone number, and the dates the public adjuster's services were performed. These references should be claims that the public adjuster personally settled.

#### **CONTACT EACH REFERENCE AND ASK:**

1. If you had another disaster, would you hire this public adjuster again?
2. Do you feel the fee you paid for representation was worth the service you received?
3. After you signed a contract, did he or she stay involved in the claim, or was someone else assigned after the 3 day cancellation period expired?
4. How long did it take to settle the claim?
5. Was your settlement enough to restore the property to its prior condition?

6. Were you able to get enough money to replace all of your personal property?
7. Did the public adjuster spend the time needed to negotiate even small dollar amounts?

### QUESTIONS TO ASK THE PUBLIC ADJUSTER:

1. Ask the public adjuster if they will be the person working to adjust the claim or if they are a sales representative who will assign someone else to handle the actual adjusting.
2. Ask how long the public adjuster has been licensed and adjusting claims.
3. Ask if the public adjuster lives locally and ask to see a driver's license. The quality of the service may depend on their knowledge of local laws and their availability.
4. Ask if the public adjuster is a member of the National Association of Public Insurance Adjusters (NAPIA).
5. Ask what percentage the public adjuster will charge as a fee. **The fee is negotiable!** Negotiating the fee may be especially critical in cases where you may not have enough insurance coverage to repair or replace damaged property and pay for the public adjuster's services.
6. Ask if you will be able to speak with your insurance company directly if you sign a contract with the public adjuster. In many cases insurance companies will not be able to speak with you directly once you hire one.

### 10 IMPORTANT TIPS

1. Interview more than one public adjuster in your area. This will give you a chance to see who may offer you the best service at the best price.
2. Be sure any public adjuster you consider hiring is licensed to operate in your area.
3. Public adjusters will typically charge a percentage of the amount they recover from the insurance claim settlement as their fee, which can range from 2% to 50%. Consider carefully how much of your insurance claim proceeds you are willing to part with.
4. In many cases, the public adjuster may require that his or her company be named on any checks that come from your insurance company. If you are not comfortable with this arrangement, you may want to require the payee on the checks to be made out only to yourself or the named insured. This allows you to keep control of your money.
5. After signing a contract with a public adjuster, you typically have 3 business days to cancel, for any reason. After three days, the contract is binding unless you can prove misrepresentation, fraud, or some other offense which could void the contract. **You may want to negotiate with the public adjuster to extend the cancellation period beyond 3 days.** This can be a wise move if you want more time to see if your insurance company performs, or to see if the public adjuster is really making a difference.

6. Discuss with the public adjuster how many claims they are currently working on. If their case load is too heavy, you may not get the attention you need to have the claim settled in a timely fashion, which could affect your additional living expenses and the amount of time you are out of your home.
7. If you decide to hire a public adjuster, determine a reasonable amount of time that will be needed to settle the claim. You may want to limit the contract term to this time frame.
8. Another option available to you is hiring a public adjuster on what is called an **“overage basis”**. This option limits the fee you pay the public adjuster to only the amount they are able to increase the settlement over what the insurance company may already offer without the public adjuster’s involvement.
9. If you are satisfied with your settlement on a portion of the claim, for instance the structural repairs, but not on the personal property portion, you may consider hiring a public adjuster to represent you on the disputed portion only. This means that the public adjuster will earn a fee only on the portion of the claim you want help with and not on the portion you are satisfied with the settlement on. This arrangement will need to be specified in writing on the contract with the public adjuster.
10. Before you sign a contract, have your attorney review it. Get legal advice from an attorney who understands insurance issues.

**NOTE: If disputes arise that cannot be resolved by a public adjuster or exceeds their legal authority, you may have to retain legal counsel. This can further reduce the amount of your net claim recovery. Before you sign a contract with a public adjuster, determine who will pay for legal fees, appraisal costs, experts, or any other expenses that relate to claim adjustment and/or settlement.**

**For more information on public insurance adjusters and the laws that govern them in your area, check with your State’s Department of Insurance or the governing authority responsible for licensing and regulating insurance adjusters.**



**SCAM WARNING: The following was provided by the Coalition Against Insurance Fraud:**

Most public adjusters are honest and competent, but some are crooked. They may come from out of town, and go door to door, trying to bilk disaster victims with insurance schemes. They might:

- Charge you a large fee, and then disappear without handling your claim.
- Refer your repair to a dishonest contractor for a kickback, and you may receive shoddy repairs in return.

- File false and inflated claims against your policy. Sometimes they'll also try to convince you to join the scheme.
- Use their position of trust to access your Social Security number and other personal data for scams involving identity theft.

### Reporting Scams

If you believe you have been approached by a scam artist, or have been encouraged to fabricate an insurance claim, here are some agencies you can call to report it:

- The National Insurance Crime Bureau Hotline at 1-800-TEL-NICB (1-800-835-6422). You may also text your information to TIP411, keyword "FRAUD" and remain anonymous if you so desire. To learn more, visit [www.nicb.org](http://www.nicb.org).
- The FEMA Fraud Hotline at 1-800-323-8603. You may also send an email to [DHSOIGHotline@dhs.gov](mailto:DHSOIGHotline@dhs.gov). Complaints may also be made via the FEMA Helpline at 1-800-621-3362 (TTY 1-800-462-7585).
- The National Disaster Fraud Hotline, toll free, at (866) 720-5721 or the Disaster Fraud e-mail at [disaster@leo.gov](mailto:disaster@leo.gov). The telephone line is staffed by a live operator 24 hours a day, seven days a week.
- Your state or local law enforcement officials or consumer agencies.

For more information on disaster scams, visit Federal Trade Commission's website at [www.ftc.gov](http://www.ftc.gov).



## NEED MORE TOOLS?

Visit *The Red Guide To Recovery* website today to find more disaster preparedness and recovery tools.

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