

Hiring a Public Adjuster: What is involved?

by [Yvonne R. Hunter](#) | May 25, 2017



This is the second of a two-part blog dealing with public adjusters and insurance claims. The first blog addressed the question of who is a public adjuster. The following identifies questions and issues to raise when deciding to use a public adjuster. Readers are encouraged to present

any questions about their own situation to their state department of insurance or insurance commissioner or seek advice from an attorney.

Part 2

The public adjuster represents the person seeking a claim for an insurance loss. The public adjuster is not employed by a governmental entity, nor is the public adjuster allowed to be employed by an insurance company to assist in processing claims. Please note that insurance companies will have employees or contractors that work specifically for that company to help process claims. These individuals are not public adjusters.

The [Code of Conduct](#) for public adjusters states that public adjusters shall refrain from improper solicitation. This is not defined and each state may have its own definition of improper solicitation. From a general consumer perspective, you may want to consider the following as part of your decision to hire a public adjuster:

- Avoid the public adjuster who contacts you first, (think ambulance chaser);
- Avoid the public adjuster reluctant to leave a copy of his/her contract for you to review or have reviewed by the representative of your choice;
- Avoid the public adjuster who is not licensed in your state (NOTE: Every state does not require a public adjuster to be licensed. Arizona does require licensing);
- Avoid the public adjuster who offers to “know someone who can do the repair work at a lower price than the market requires” or who offers to do some of the repair work;
- Avoid the public adjuster who asks that insurance proceeds be paid directly to him/her;
- Avoid the public adjuster that does not clarify to your satisfaction, how he/she is paid or if the payment terms are not clear;
- Avoid the public adjuster who gives you legal advice when the public adjuster is not a lawyer or representing you as a lawyer, for example, suggesting that you sue a neighbor or the insurance company.

The public adjuster contract should clearly identify the work or service that the public adjuster will perform. Like all contracts, do not sign it if you do not understand it. You can take the contract to a lawyer or other representative to review with you before signing. If you have questions, the public adjuster should be able to clearly explain what he or she will do or not do if you agree to the contract. The industry has some [important questions](#) you may want to ask the public adjuster to help you understand the work involved and how the public adjuster will be paid.

In addition to the basic questions of whether the public adjuster is licensed to do business, additional questions may include confirming whether the public adjuster has a conflict of interest. This is especially important if the insurance claim comes from a situation that affects several property owners in your area. The public adjuster may be representing a neighbor that did or did not do something that contributed to your property loss. For example, the neighbor may have improperly stored chemicals that added to the spread of fire or changed landscaping that contributed to flood conditions. It would be difficult for a public adjuster representing both property owners to act in both parties’ best interest.

Finally, there are some little-known realities associated with hiring a public adjuster. In addition to any deductibles described in your insurance policy that may reduce the amount of payment from a claim, the public adjuster's payment will usually be a percentage of the insurance proceeds paid by your insurance company. Insurance policies rarely if ever, allow for the insurance company to pay for the services of a public adjuster. Another point of clarification pertains to your ability to discuss your insurance claim directly with the insurance company's own adjuster. Once the insurance company is notified that public adjuster represents your interests, all communications with the insurance company on processing the claim have to be between the public adjuster and the insurance company.

If you choose to terminate the relationship with the public adjuster before the claim process is completed, your contract should clearly state how this may occur. This may be a good time to consult with an attorney to better understand your rights. You may also seek the assistance of the Arizona Department of Insurance if you believe that the public adjuster is not fulfilling the terms of the contract.