



A CONSUMER'S GUIDE TO

# **PUBLIC ADJUSTERS**

## WHAT IS A PUBLIC ADJUSTER?

When you file a property and casualty insurance claim (auto or homeowners, for example), the insurance company will probably assign an adjuster to review the claim and help determine the dollar amount of the loss. This adjuster works on behalf of the insurance company. However, there is another type of adjuster known as a public adjuster. A public adjuster is hired by and works for the person filing the claim to help with the filing, negotiation, and settlement of the claim. Public adjusters can be helpful with large, complicated claims in particular.

The public adjuster charges a fee for his or her services, often a percentage of the final settlement amount. If you enter into a contract with a public adjuster, he or she becomes your representative in dealing with the insurance company. Therefore, you should provide your insurance company with the public adjuster's name and contact information, and the public adjuster should notify the insurance company that he or she will be representing you. From that point forward, the insurance company should communicate directly with the public adjuster instead of with you. The insurance company has the right to request a copy of your contract with the public adjuster.

A public adjuster can manage your entire claim process. This includes inspection of the loss site, preparing a list of all lost property, calculating a dollar value for your losses, reviewing your policy provisions, hiring contractors to make repairs, inspecting the repairs as they are performed, and handling claim paperwork required by the insurance company.

## BEFORE HIRING A PUBLIC ADJUSTER

- Decide whether you can settle the claim on your own. You might want to consider hiring a public adjuster (or a private attorney versed in handling insurance claims) if the claim is large or complicated, or if you are unable to negotiate a settlement with the insurance company.
- Make sure the public adjuster is licensed in North Carolina! Public adjusters must be licensed in order to conduct business in North Carolina. Ask to see the public adjuster's license, and write down his/her full name and license number. You can check license status by calling the N.C. Department of Insurance at 855-408-1212.
- Find out the public adjuster's permanent address. Sometimes (especially after large-scale natural disasters), out-of-state public adjusters will travel to an affected area, where there may be many consumers needing prompt assistance with their insurance claims. If you choose to use an out-of-state public adjuster, confirm that he/she is licensed by the North Carolina Department of Insurance.
- Make sure you understand the public adjuster's fee. Public adjusters' fees are usually a percentage of the insurance settlement. For example, if you sign a contract that specifies a 10 percent fee, and if your final insurance settlement is \$50,000, then you would owe the public adjuster \$5,000. If the claim is due to a catastrophic incident, the maximum fee allowed under North Carolina General Statutes is 10 percent of the settlement amount.
- Ask the public adjuster for references in your local area. In addition to checking references, you can ask the North Carolina Department of Insurance about his/her complaint history, and also check with your local Better Business Bureau.
- Consider meeting with two or more public adjusters before you decide which one to hire. Do not allow a public adjuster to pressure you into signing a contract if you are not ready to do so.
- Do not pay any money up-front, because the amount you will pay him/her will be based on a percentage of your total insurance settlement.
- Request information on how checks are issued by the insurance company and make sure checks are payable to you and the public adjuster.
- Ask the public adjuster how long it will take to settle your claim. Obviously, larger and more complicated claims can take longer than smaller claims. If you decide to hire a public adjuster, ask the adjuster to keep you updated on the status of your claim.

- Carefully read any contract that you are given by the public adjuster and **DO NOT SIGN** until you understand and agree to the contract terms. Be sure you understand:
  - The total fee (or percentage) that you will owe.
  - When your payment(s) to the public adjuster will be due.
  - Whether you can cancel the contract, and if there would be a penalty for doing so.
- You have the right to rescind the contract after it has been signed. To do so, the rescission must be in writing and mailed or delivered to the public adjuster within three business days of signing of the contract, to the address in the contract.
- If your insurance company offers to pay the full amount of your policy limits within 72 hours after the date on which you reported your loss to the company, then the public adjuster cannot receive a commission based on a percentage of the total settlement amount. Instead, he/she may charge a reasonable fee based on his/her time and expenses. He/she must also notify you that the amount paid by your insurance company might not be increased.

### **CONSUMER ALERT!**

Be on the lookout for scams! Especially after a large-scale disaster, when public adjusters can be in great demand, some dishonest and unqualified individuals might pose as public adjusters, pressure you to sign an unfavorable contract, or try to take advantage of you in other ways.

**IF YOU HAVE QUESTIONS, THE CONSUMER SERVICES DIVISION OF THE DEPARTMENT OF INSURANCE IS HERE TO HELP.**

855-408-1212	Toll free
919-807-6750	Outside of North Carolina
919-715-0319	TDD (Telephone Device for Deaf Callers)
919-733-0085	Fax

North Carolina Department of Insurance  
 1201 Mail Service Center  
 Raleigh, NC 27699-1201

You can find additional information as well as a downloadable copy of our Request for Assistance form on the [NCDOI Web site](#).