



Bill Ritter, Jr.
Governor

September 24, 2010

FOR IMMEDIATE RELEASE

Barbara J. Kelley
Executive
Director

Contact: Cameron Lewis, Colorado Division of Insurance, 303.894.2261
Chris Lines, DORA Public Information Officer, 303.894.7873

**Public Adjusters – Tips for Locating, Evaluating and Contracting
with a Licensed Public Adjuster following a Significant Loss or Damage to Property**

Whether it's a wildfire, severe hailstorm or tornado, any time there is a loss or damage to homes and property, residents may find public adjusters in the neighborhood, introducing themselves and offering to help.

Homeowners -- who may be dealing with the aftermath of events and trying to put their lives back together following a loss -- often ask: What is a public adjuster, and do I need one?

In Colorado, public adjusters must be licensed by Division of Insurance. They help settle insurance claims and represent your losses to your insurance company. The fee is typically a percentage of the total loss claim.

There is no statute limiting the amount a public adjuster may charge, but 10% of the claim is a typical amount -- the industry standard. If it's less than that you may have a good deal (if it's a reputable and experienced adjuster), and if the fee is more than that, you may want to shop around and compare other rates and services.

"You will need to determine if you have the time, ability, and general knowledge to handle the claim yourself," said Bobbie Baca, supervisor of the Division of Insurance's Property and Casualty section. "If you choose to hire a licensed public adjuster, you should expect the public adjuster to manage your claim from contract to clean-up: visiting the site of the loss to analyze the damages, making sure every detail of the loss is identified, estimating damages, reviewing the policyholder's coverage, determining current replacement costs, hiring contractors to make repairs, inspecting the repairs, and handling necessary paperwork required by the insurance company."

Public adjusters are often contracted to assist with complex or high-value claims, but less often with minor losses. "If you don't have time to facilitate hiring a contractor, overseeing work that is done, and dealing with the insurance company, using a public adjuster can be a valuable service," said Baca. "On the other hand, if your damage is minor, or limited to one part of the house, it may be a repair job or clean-up that you can manage without a public adjuster."

The Division of Insurance reminds consumers they are never required to hire a public adjuster. However, if a public adjuster is being considered, follow these tips to protect your interests:

- 1) Check to be sure the person is licensed by the Colorado Division of Insurance. You can call the Division of Insurance at 303-894-7490 or 303-894-6531 to verify a license and whether he or she holds a resident or non-resident license.
- 2) Find out where the licensed public adjuster resides permanently. After disasters, sometimes out-of-state individuals will travel to another state to handle claims. If you

choose to use a non-resident licensed adjuster, be sure to ask if the adjuster has local references, and check them out before signing a contract.

- 3) Check with the Better Business Bureau to see if there are any complaints against this individual or business.
- 4) Find out how long the individual has been a public adjuster. This will give you an idea of his or her experience.
- 5) Ask for local recommendations for others they have assisted in Colorado, and contact the individuals for their opinion of the work.
- 6) Read any contract you are given carefully, and DO NOT SIGN unless you understand and agree to the terms. Be sure you understand:
 - is there an initial deposit required and how much is it?
 - what fee will be charged or what percentage of claim is promised to the adjuster? (For example, on a roofing claim, a policyholder who has agreed to pay a public adjuster 10% has agreed to give the adjuster \$500 if the claim adds up to \$5,000. The larger the claim, the greater the amount the adjuster will be owed.)
 - when will the public adjuster receive payment? Does the policyholder pay the adjuster over time, as work is completed, or is a lump sum due at one time? Be sure the contract is specific.
 - Is there any penalty if the contract is cancelled? How much is the penalty, if any?
- 7) Notify your insurance company when you have contracted with a public adjuster, and give them the name of the person who is authorized to work with the insurance company on your behalf.
- 8) If you meet with a public adjuster and are not sure this is the right person to assist you, be aware that you do not have to sign a contract on the spot. You should meet with more than one public adjuster and make a choice, as well as allow yourself time to check references and the adjuster's license.

For information, contact the Colorado Division of Insurance at 303-894-7490 (or 800-930-3745 toll-free outside Denver metro area) or visit our website at <http://www.dora.state.co.us/insurance>.

#

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.