



Thursday, February 13, 2014

Mr. Scott Johnson  
Johnson Strategies, LLC  
Via Email: [scott@johnsonstrategiesllc.com](mailto:scott@johnsonstrategiesllc.com)

Dear Mr. Johnson:

We have received your request for the inquiry, "I would like to know FAPIA's official position on the provision in the above bill which reduces PA contingency fees from 20% to 15% on non-catastrophic claims. p.35, line 889."

FAPIA's position, as it relates to the public adjusters provision, is that this portion of HB-743 is an attempt by some within Florida's insurance industry to increase insurance company profits by reducing public adjusters' fees, thereby reducing the amount of public adjusters and the cases that they can work on.

The percentage of public adjusters' fees does not affect the total amount of payouts by insurance companies and has no effect whatsoever on insurance rates. Why then is this even an issue to insurers?

Insurance companies know that when insurance policyholders use public adjusters, policyholders' average recovery is higher than when they attempt to resolve their claims by themselves. Insurance companies don't like paying out more money, so they continuously attempt to limit participation by public adjusters. Limiting fees further can prevent public adjusters from handling smaller cases. There is no evidence that public adjusters' fees are too high. There is evidence that public adjusters compete with each other over fees, and that the free market, as opposed to government rate regulation, should set public adjuster fees. The insurance industry is exempt from certain anti-trust regulations, but public adjusters are not.

Insurance companies can reduce the amount of public adjusters and public adjuster involvement by treating their policyholders better and more fairly, thus reducing the need for policyholders to hire public adjusters in order to obtain fair results. Of course, some insureds will continue to opt to use public adjusters because the insureds want skilled professionals to do all the work of handling the claims, freeing the insureds to do other things. In line with this, we believe that a better public adjuster fee statute would be one that would award public adjuster fees if litigation is necessary and successful, similar to the current law providing for attorneys' fees. This would incentivize insurers to treat their policyholders fairly to begin with.

Thank you for reaching out to us.

Warm Regards,

A handwritten signature in black ink, appearing to read "Paul Handerman".

PAUL HANDERHAN, President

*~Promoting, Preserving and Protecting Public Adjusting Since 1993~*

9100 South Dadeland Blvd, Suite 1500, Miami, Florida 33156  
Phone: 866-235-6489 - Email: [Administrator@fapia.net](mailto:Administrator@fapia.net)