



“Survivors helping Survivors”

CARE’s original consumer advisory titled, “A Public Adjuster may NOT be your best option”, has been adapted to include information relevant to the State of Florida. Insurance consultant Scott Johnson, AAI, CAE, assisted in this adaptation and can be reached via his website at: www.johnsonstrategiesllc.com

A Public Adjuster may NOT be your best option.

In Florida, as in many states, a public adjuster is licensed to act as the middleman between a homeowner with an insurance claim and the homeowners’ insurance company—representing the homeowner, not the insurer. In Florida, public adjusters typically charge policyholders a fee based on a percentage of their claim payment. That fee is capped at 20% for non-disaster related claims and 10% for claims arising as the result of a declared disaster such as a hurricane.

To sell their service, public adjusters might say that you’ll have to do less work and will probably get more money for your claim because of their experience and expertise. However, your claim payment is based on the terms of your policy (no more, no less) and the public adjuster legally can only assist you in obtaining that amount. Public adjusters cannot practice law and are prohibited from acting as a contractor and performing repairs on the same loss.

Unfortunately, they will still need you to at least assist in documenting your loss. It’s your home and you may have to provide assistance from either memory or any records you may have. You might find yourself doing much more paperwork than you bargained for.

From CARE’s experience, in most cases, the amount of work a public adjuster does is not nearly worth the money they charge. Since the public adjuster’s fee is subtracted from your claim payment and may not leave you with enough to repair the damage, it is a good idea to see how far you can get on your own before hiring a public adjuster.

For example, in Florida the written acknowledgement your insurance company sends after you file a claim must include an “approved” explanation of state sponsored mediation to resolve claim disputes--see [Fs-627.7015](#). The notice includes a toll-free number for assistance from the Florida Department of Financial Services (DFS). A representative will explain the process, which is quite simple, and which culminates in a conference where you can share and offer documentation on why the insurer needs to pay more. Not only is it straightforward and easy to negotiate, this process is completely “FREE” to the policyholder. Expenses must be paid by the insurer as stipulated by law and/or DFS rules. See “Note On Sources” below.

If a mediation conference occurs, it usually favors the policyholder. Often an in-person meeting isn’t even necessary as the insurer will up its’ offer to avoid the expense and hassle. CARE recommends that, in addition to calling your agent, you seriously consider “FREE” mediation before you sign any public adjuster contract.

The Florida DFS also recommends that immediately after any loss you call and report your claim to your insurance company or agent. Do this first. Never sign any contract regarding your loss until after you have properly reported your claim. See additional recommendations below.

Also, if you have a loss that exceeds your policy limit, it’s likely a public adjuster will not be able to get you more money. And, any total loss is subject to Florida’s valued policy statute which specifically provides how much and under what circumstances the face amount of your policy will be paid. An attorney may be helpful in these instances but no public adjuster should be needed.

Even with the public adjuster intervening between you and the insurance company you still must be involved in the process. Only you know the true extent of your loss. The public adjuster may offer to give you the “inside scoop” on the insurance claims settlement process, but most policyholders can handle the paperwork themselves. With the Internet at your fingertips and advocacy groups ready to help, all you will really need to settle your claim is available for free.

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If you still want to hire a public adjuster, please consider the following:

1. Disregard the sales pitch. A portion of your future financial security depends on the skill and knowledge of the public adjuster you may hire. Select the person as carefully as you would your doctor, lawyer, CPA or investment counselor. First, ask the public adjuster if, in addition to the state bonding requirements, he/she also has liability insurance, sometimes called Errors & Omissions coverage. And, check the public adjuster's license qualifications, certifications or complaints on your state's department of insurance website. In Florida you can find this information at www.myfloridacfo.com.

2. Once hired the public adjuster will be a payee on all your insurance settlement checks. In most cases you will be unable to allege that the public adjuster isn't deserving of payment without hiring an attorney. What's more, a public adjuster may even keep a lien on your settlement long after working on your claim and even after you terminate the contract or take legal action against your insurance company.

3. From CARE's experience, we have seen insurance company adjusters become more stringent with the policy requirements once a public adjuster is hired. This is consistent with government studies following Florida's '04/'05 hurricane seasons showing that claims handled by public adjusters take much longer to resolve. While not necessarily the fault of the public adjuster, the result can place an extra burden on the homeowner who must now be even more vigilant in proceeding with the settlement process.

4. The public adjuster – NOT YOU – controls your claim. Do not allow your public adjuster to inappropriately grow your claim beyond what is provided in your policy by inflating estimates, for example, or by adding in damage from previous losses. At best this will delay your payment. And, going along with deceptions of this type can be considered insurance fraud, which is a felony. See "Note on Sources" below. To report suspected insurance fraud by a public adjuster, call: 1-800-378-0445.

5. The public adjuster often selects the "experts" who determine the value of your claim, but...never use a water dry-out firm that is not recommended or approved by your insurance carrier. Check with your agent to find out if specific water removal firms are recommended, or required, by your insurer.

6. The public adjuster may sell your claim short because of a heavy workload or another disaster.

7. A public adjuster CANNOT handle legal issues regarding your claim.
8. The public adjuster you initially meet with may be more of a “salesperson” and your claim may be handled by a different, less experienced public adjuster.
9. Insurance companies will NOT pay the fees and costs of your public adjuster—that comes out of your claim payment.

Use the following strategies and information to protect your rights:

1. Do not sign any contract before you report damage to your agent or insurance company. If you cannot contact your agent or insurance company, call the Department of Financial Services (DFS) for assistance at 1-800-22-STORM or (850) 413-3089.
2. Do as much as you can on your own. Pursue all other avenues before signing a public adjuster contract. Pay particular attention to the terms of the contract and how long it stays in effect. In Florida, public adjusters cannot charge fees for claim payments paid to you before the date they enter into a contract with you or for services not performed. See number 9 below on when you can cancel a public adjusters contract.
3. Likely you will not be able to cash your claim check without the public adjuster’s signature. Usually, a public adjuster contract obligates the insurance company to add the public adjuster as an additional payee on your claim check.
4. Be certain which public adjuster will actually work your claim. Some may assign your claim to a less qualified person.
5. According to the Florida DFS, soliciting by public adjusters is limited to Mon. - Sat., 8 a.m. to 8 p.m. For initial claims caused by a disaster that results in a state of emergency being declared by the Governor, the fees public adjusters can charge are limited to 10 percent of the claim payment for one year after the declaration of an emergency. Otherwise the fee limit is 20 percent. For reopened or supplemental claims, the fee limit is 20 percent.
6. Make sure you get copies of ALL communications between your insurance company and public adjusters. CARE has received complaints that Proofs of Loss

and other important documents were processed and signed by the public adjuster but never seen by the homeowner.

7. Avoid single practitioner or small public adjuster firms unless they can demonstrate they have the personnel and track record to handle your claim to its satisfactory completion.

8. Negotiate. In Florida fees are capped as described above but, the 20% non-catastrophe limit is among the highest in the country leaving plenty of room to negotiate. Public adjusters will often compete for business and many believe that charging anything more than 10% is unfair to the consumer, whether or not your loss is the result of a disaster.

9. You can cancel a contract with a public adjuster within three business days after it is executed or within three business days after the date on which the insured or claimant has notified the insurer of the claim, by phone or in writing, whichever is later, without any penalty. Any contract entered into with a public adjuster within a year after a state of emergency is declared can be cancelled within five business days without penalty. In both cases, the cancellation notice must be sent to the public adjuster by certified mail, return receipt requested or other form of mailing, which provides proof.

10. Verify that the public adjuster removes any lien once the contract is terminated.

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NOTE ON SOURCES: more information can be found in Chapter 2 of CARE's book "A Survivor's Guide to Insurance" available for free download at www.carehelp.org.

Along with other helpful information, assistance on hiring any Florida contractor or public adjuster after a loss can be found at www.myfloridacfo.com.

Florida statutes pertaining to public adjusters including licensing, advertising, fees, contracts and market conduct can be accessed by entering "public adjusters" in the search bar at [OnlineSunshine](#).

For information and penalties for Insurance Fraud see [Fs-626.989](#) and [Fs-817.234](#). To report suspected insurance fraud, call 1-800-378-0445

See also statutes pertaining to mediation: [Fs-27.7015—Alternative procedure for resolution of disputed property insurance claims](#).

In the event of a total loss—See Florida's Valued Policy law: [Fs. 627.702](#).

##end##

Information provided by CARE, Community Assisting Recovery, Inc.,
a nationally recognized, volunteer-based, non-profit 501c3 tax-exempt organization dedicated to
helping communities return to normal following a disaster.
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