

insurance

Do you need your own claims adjuster?

By **Dana Dratch** • Bankrate.com

Angry that your insurance company isn't moving as fast with that claim check as you'd like?

Or maybe the adjuster's offer is less than you need to cover your losses?

Perhaps you need your own adjuster.

Public adjusters assume all of the duties necessary to get your claim processed, including making an inventory of the loss and presenting your case to the insurance company. A good public adjuster has experience in the industry and will understand your contract and the company's responsibilities right down to the fine print. In exchange, a public adjuster receives a percentage of your claim.

"For the most part, people like using (a public) adjuster because they like the idea that someone is working on their behalf versus someone working on behalf of the company," says P.J. Crowley, vice president of the Insurance Information Institute.

But the decision to hire your own adjuster is far from a slam-dunk. Finding a competent public claims adjuster is a lot like finding a medical specialist during a health crisis: It takes some research at a time when, chances are, you need to move fast.

Since you will be paying the adjuster yourself, you don't want to hire one unless it's really necessary.

"If they're good, it really makes a lot of sense," says Chris Farrell, host of the nationally syndicated television show "Right on the Money!" and author of "Right on the Money: Taking Control of Your Personal Finances." "And if they're bad at it, you've really created a nightmare for yourself."

There are some horror stories. "Some public adjusters, to justify their fee, will exaggerate their claim," says James Markham, senior vice president and general counsel for the American Institute for Chartered Property Casualty Underwriters and the Insurance Institute of America.

And some insurance company adjusters may bristle if you bring in your own expert, he says.

"Some company adjusters are instantly suspicious or even antagonistic whenever they have to deal with a public adjuster," Markham says.

Most often, public claims adjusters are called in for large property claims, says Rick Lambert, chair of the agent and broker

section committee for the Chartered Property Casualty Underwriter Society.

For smaller claims (less than \$25,000) or auto claims, which are typically based on a fairly standard formula, it's probably a waste of money to hire a public adjuster, he says.

If you have a large property claim and are considering a public adjuster, ask yourself two questions: First, is your company acting quickly to replace your losses? Second, have those efforts been effective and fair?

"Is the company out there within 12 hours, or has it been a week since the fire and no one's come?" says Lambert, also vice president of Early, Cassidy & Schilling Inc., an independent insurance agency in Rockville, Md. "Most good companies are going to come out there pretty quick."

Most well-known companies also are going to play fair when it comes to claims, he says. But, Lambert admits, in today's economy when companies are hurting, "Some are going to play hardball."

There are also a few other instances when it could be practical to hire a public adjuster:

- You've sustained a partial loss. Half the house burned down. Now you've got to document which of your possessions survived the fire, which burned and which are damaged beyond repair.
- You don't have the time to follow up on your claim. Whether you're a two-income couple with kids or a busy professional who travels frequently, filing a claim and following it through will take time, especially if you don't have a record of your possessions and their value.
- You had loved ones injured or killed in the incident. If you're spending

your days at the hospital or mourning a family member, you may not even want to think about the claims process.

- The loss is business-related. Rather than assign an employee to handle the claim, some companies will outsource the job.

Even though you'll want to move fast, you still have to do your homework before you hire a public adjuster.

"It's delegating," says Farrell. "You're hiring their knowledge and expertise. It looks good on paper, but it's easy to get ripped off."

And while it should go without saying that you don't hire the public adjuster who knocks on what's left of your door after a fire or tornado, plenty of desperate folks have done just that and really regretted it.

Here's how to find a reputable public claims adjuster:

1. Poll the people you trust. Call your accountant, your lawyer and your neighbor. Ask if they've ever used a public claims adjuster or know anyone who has.
2. Contact the National Association of Public Insurance Adjusters. This trade organization, which represents 110 of the industry's largest firms, maintains a searchable database of members who have at least two years of experience and uphold a professional code of conduct, according to David W. Barrack, the group's executive director. In addition, the organization also offers a certification program. A Certified Professional Public Adjuster must have five years of experience and pass an exam, while a Senior Professional Public Adjuster must have at least 10 years of experience and pass a more rigorous test.

3. Once you get a few names that look promising, interview them. Ask about rates, references and credentials. Contact their references and quiz former clients on the adjuster's performance. Was the person effective? Available? Fast? Accurate? Did he or she deliver what was promised? If the adjuster claims any kind of certification, get the name of the accrediting body and call it.

4. Call your state insurance office. Many states license or regulate public claims adjusters. If yours does, make sure your prospect is in good standing, with no unresolved complaints. It won't hurt to call the Better Business Bureau while you're at it.

5. Ask your insurance agent. Sound like a conflict of interest? Not really. You're hiring an adjuster to represent you to the insurance company. So what is this person's reputation within the industry?

Money, money

Generally speaking, the fee is around 10 percent, and the percentage may vary with the size of the claim, says Barrack. But beware, some public claims adjusters are

charging up to 50 percent, according to Farrell.

Even though shopping for price is important, "emphasize competence and integrity above fees," says Markham. "The ugly truth is that exaggerated claims can cross the line to fraud. And the fact that you have a public adjuster doing it doesn't absolve you."

Don't let the adjuster steer you toward particular contractors, says **William W. Baldwin, president of The Baldwin Company Inc.**, a Charlotte-based public insurance adjusting firm.

"There should be no ties to a construction business," he says. "To me, there's a conflict of interest."

Wonder if your hired gun might damage your relationship with your insurance company, especially at renewal time? A more important question might be, "Why was it necessary to hire a public adjuster in the first place?"

"There has to be an element of trust and confidence here," Crowley says. "If you don't trust your insurance company, chances are at renewal time you should be shopping for someone you do trust."

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