



## **PUBLIC ADJUSTERS – WHAT DO THEY DO, AND DO YOU NEED ONE?**

Homeowners who are dealing with the aftermath of wildfires, hail or tornado damage may be contacted by public adjusters offering to help settle insurance claims.

Consumers should review the following information before hiring a public adjuster, who **must be licensed by the Colorado Division of Insurance.**

### **What does a public adjuster do for the homeowner?**

A public adjuster should manage your claim from clean-up to rebuild. That includes visiting the site of the loss to analyze the damages, making sure every detail of the loss is identified, estimating damages, reviewing your homeowner policy coverage, determining current replacement costs, hiring contractors to make repairs, inspecting the repairs, and handling paperwork required by the insurance company.



Public adjusters typically contract to assist with complex or high-value claims, but less often with minor losses. If you don't have time to hire a contractor, oversee the work that is done, and deal with the insurance company, using a public adjuster can be a valuable service. 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.

### **How much should a public adjuster charge?**

State laws do not limit the amount a public adjuster may charge, but 10 percent of the claim is a typical amount and, generally, the industry standard. If it's less than 10 percent you may have a good deal. If the fee is more than 10 percent, you may want to shop around and compare other rates and services. Regardless of price, you want to hire a reputable and experienced adjuster.

### **Tips to remember before hiring 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:

- Make sure the person is licensed by the Colorado Division of Insurance. You can call the Division of Insurance at 303-894-7490 to verify a license and to find out if the adjuster holds a resident or non-resident license. You can also check the license by clicking [here](#).

- 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.
- Check with the Better Business Bureau to see if there are any complaints against this individual or business.
- Find out how long the individual has been a public adjuster. This will give you an idea of his or her experience.
- Ask for local recommendations for others they have assisted in Colorado, and contact the individuals for their opinion of the work.
- 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?
- 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.
- 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 more information, contact the Colorado Division of Insurance at 303-894-7490 (800-930-3745 toll-free outside Denver metro area) or visit our website at [askdora.colorado.gov](http://askdora.colorado.gov) and click on “Division of Insurance.”