

[Well Adjusted: Charles “Dick” Tutwiler](#)

In this issue of “[Well Adjusted](#)”, Executive Director Bach interviews seasoned Florida public adjuster Charles “Dick” Tutwiler on a variety of topics including the state of the profession and when it makes sense to hire a public adjuster.

UP: What got you into the profession of Public Adjusting?

CT: My experience started on the insurance company side. While working with property claims, I noticed that there was a huge communication gap because often consumers did not understand the policy language and the process. For example, they did not understand that although Coverage A was \$100,000, their fire loss was only \$60K, so they would only be offered the amount of their loss. They just wanted the policy limits. They did not understand the adjustment process.

I realized the consumer was at a disadvantage, and that I could help. I decided to become an advocate for policyholders, to communicate back to the company adjusters, so the whole process could be a lot smoother.

I have found that good adjusters working for the insurance companies will actually appreciate the policyholder having a professional representative.

UP: Has it gotten easier or harder to do your job as a PA in the state of Florida over the years?

CT: Hurricane Andrew changed everything. When Andrew hit in 1992, the whole world changed down here. In the late 80s, companies were selling insurance below cost to gain revenue from premiums. Later, in 2004 we had 4 hurricanes in 50 days that once again turned everything on its head. Insurance companies could not keep up.

After the 2004 storms, as a reaction to public pressure, the state legislature enacted a law that homeowners get full-replacement cost coverage for their building and personal property loss. People did not understand why they were not being paid for their stuff. Now if a homeowner has a loss, they get to

buy all new suits, even if theirs were 30 years old. Now there is talk about changing the statute again. When it comes to property insurance in Florida nothing is easy.

There has been another recent change here that affects homeowners insured through “surplus lines” (unlicensed, less regulated) companies. Surplus lines insurers convinced the Florida legislature to exempt them from certain laws. So now if you have a house that is insured with a surplus lines carrier, you will be treated differently.

UP: Are surplus lines companies exempt from fair claim handling rules in Florida?

CT: They are exempt from everything in this new law that passed. People do not know this, but surplus lines companies on homeowner losses are saying, “We are only going to pay actual cash value of your loss.” They are going back to old policy language, which is less favorable to insureds that were outlawed as to admitted carriers.

UP: Does Citizens still have the largest share in the homeowners market in Florida?

CT: As far as I know they do. They are trying to depopulate it by offering financial incentives to private insurers, but I worry that some of these insurers are not adequately capitalized.

UP: I know there was just a legal decision in Florida that immunized Citizens from being sued for bad faith. Will you take clients insured with Citizens?

CT: Generally speaking, we do not see any big problem with Citizens claims adjusting right now. They have been under the microscope. Their big problem was after 2004 when they took over the Florida Windstorm Underwriters Association. They were unprepared and understaffed, so their reputation went down the tubes. But their claim handling is not bad, in my opinion. To answer your question, we do take Citizens policyholders, and most claims get settled.

UP: Does Citizens use independent or company adjusters to adjust their claims?

CT: That is a very good question. They farm it out to different insurance adjusting firms. I think Citizens has taken a position like National Flood – at one point they had a pretty bad reputation – now they have gone in and cleaned that up. One of the things they have done, is if an adjuster has mishandled

something, they will never be licensed again. So people go out and try to do a good job.

UP: Would you say the quasi-public insurance companies like Citizens and NFIP are doing a better job adjusting claims than the private companies?

CT: That's another good question. I think the talent pool is one in the same. If you get a mega disaster there will not be adjusters sitting around in ready rooms somewhere. I am very concerned about adequate professional staffing should the big one hit Florida and at the same time—God forbid—the west coast of the U.S. has a mega earthquake event. Most of these companies now are using independents, and they do not have a lot of staff adjusters. When I started in the claim business, you had to have a college degree and they provided you a company car. I cannot think of any companies other than State Farm that still have in-house adjusting teams. Most companies farm it out to independents.

UP: So it's all in the training. . .

CT: In the culture.

UP: If a consumer asks you to recommend a good insurance company, what's your answer?

CT: I don't have a problem with State Farm. They have some professional, well trained, career service people. Chubb and Fireman's Fund have better policies, but they have threshold limits. They will not insure a house worth less than \$1 million. Amica is another good carrier. The problem is that they will not insure in certain high windstorm areas near the water. Citizens is the only option for many coastal homeowners right now.

UP: If I suffer a property loss, how do I figure out whether I should hire a public adjuster, or try to handle it on my own?

CT: There are two things you have to ask yourself. First, can a public adjuster fairly and honestly get me more money than I can get on my own? Secondly, do I have the time to do this on my own? Public adjusters provide a service. If you were busy before the loss, you may not want to spend the time to handle your own claim. Often people do not realize that until 3 months passes, and they are overwhelmed.

UP: What common mistakes do property owners make handling their own claims?

CT: One of the biggest mistakes a policyholder can make is signing a contract to hire a restoration company without understanding what they are signing. Once you sign, the contractor has lien rights. You might not know that lien has been filed—it may be after the insurance company has settled with you.

The restoration people may also clean items that can't or don't need to be cleaned. We've seen cases where the restoration bill is higher than the policy limits. The company submits it, the insurance company will not pay it – and then the property owner gets caught in the middle. This has become a big issue in Florida with the 48-hour ban on solicitation by public adjusters. The public does not have a resource to turn to in this critical time period.

UP: Does it make financial sense to hire a public adjuster for a loss that's less than \$10K?

CT: With a smaller claim, the challenge is to find someone competent and professional who is willing to handle it.

UP: Are there some claims a public adjuster can't help with, regardless of the amount of the loss?

CT: One area that we get calls about all the time where it's very difficult to help is condo water losses. Water loss typically happen from the unit above, and it spreads into property that belongs to both the unit owner and the Master Association. Then you get mold, which is excluded or limited. The homeowner calls us, and needs help replacing drywall, insulation, etc. We cannot represent them, because the damage is partly on the Master Association's property. They find out the Master Association refuses to pay or turn the claim into its insurance company. It's a big problem down here and it's getting worse.

UP: Are you worried about the future of the public adjusting profession in Florida?

CT: Yes, there are too many public adjusters in Florida that don't know what they are doing and some are abusing the appraisal process as a vehicle to get more money.

However, there was a recent OPPAGA study that showed dramatically higher claim payouts to Citizens policyholders who hire public adjusters. I was very surprised to see that published. I think it backfired on

the people that commissioned it. I think the insurance industry lobbyists thought they were going to get different results.

We started an umpire certification program a few years ago through the Windstorm Insurance Network and have now created an umpire oversight committee which I will chair this year. We will hear complaints into umpire conduct. It is an eclectic group—plaintiff lawyer, defense, independent adjuster and a public adjuster. All these appraisal awards are coming in and insurance companies have to pay more money. The OPPAGA study confirms that, but insurers haven't been making a lot of noise about extra monies awarded because they're passing them on to the CAT fund for payment.

UP: The appraisal award amounts are getting passed to CAT fund?

CT: Yes, insurance companies are passing it along to the CAT fund. Those of us who have been around long enough see things come back around. When the policyholder side did not understand or trust the appraisal process and resisted it, the industry liked it, because they would win, and gut bad faith cases. If the industry wins appraisal, then they show they were right all along and didn't do anything wrong in terms of what they were offering. Now the policyholder side understands how the process can work, but in some cases it's being abused, so there is a lot of concern in Florida now on the appraisal process.

UP: So you think licensing appraisers would be the first step?

CT: Yeah, I do, I think it would be a good step, because there are some people out here doing appraisal work that I don't think could get an adjuster's license.

UP: There are some people who say that the gentlemen's agreement aspect of the insurance business is gone now, and that insurance companies are being run by bean counters and banking guys that don't understand the underwritten trust obligation. It seems harder than ever for a policyholder to get a fair settlement. Do you think that is true?

CT: Yeah, I think there is a bit of truth in that. I think some of it you can see in Florida. There are no companies down here, or very few, that actually have full claims department people that are dedicated (life service) to a company. They farm it out to independent adjusters. I think insurance is more of a cash flow situation—it's a business. Warren Buffett said GEICO is a good business to be in.