

Fighting to get a fair settlement of an insurance claim? A public adjuster can help

Insider

Insurance policies protect your personal and business properties from financial loss. They help shield you from the economic risks associated with everything from floods, earthquakes, and wildfires to arson, theft, and vandalism. Insurance policies are legal agreements describing what losses are covered and at what amounts.

Insurers rely on staff or independently-contracted adjusters to evaluate each claim. But as a policyholder, you have the right to use a public adjuster, someone who is unaffiliated with the insurance company and therefore free to fully work on your behalf.

What is a public adjuster?

A public adjuster is an insurance professional hired directly by a policyholder. They have the same skills and training as other claims adjusters but are free from any loyalty to insurance companies. If insurance companies don't use an adjuster from their staff, they'll likely use an independent adjuster. But don't be misled by that title. Independent adjusters are simply contractors hired by and working for the insurance company.

Public adjusters work for individual policyholders. They are state-credentialed professionals trained to interpret policies, document and evaluate losses, and in many states can help negotiate a settlement. They can take over for you when you're overwhelmed or simply don't have the time or energy to deal with filing a claim. They work exclusively for you to get the money you are rightfully owed.

What does a public adjuster do?

Public adjusters can assist you with any of the three main phases of an insurance claim: itemizing the loss, figuring out how much money it will take to do repairs or rebuild, and negotiating a settlement.

The technical terminology of policies and the math involved in the claims process can befuddle already distraught and drained policyholders. Public adjusters can help read your policy for you, explain it in layman's terms, organize the process, and document your losses and needs.

"Many people describe the claim process after a serious loss, a wildfire or a hurricane, as a second disaster," says Amy Bach, co-founder and executive director of United Policyholders, a California-based nonprofit organization.

"A good public adjuster takes the burden off of the loss victim to value their loss, and to obtain every dollar that they are entitled to from their insurance company," Bach says.

Public adjusters can be especially useful when a claim is very large or very complex, as is common with natural disasters like wildfires, earthquakes or floods. While they generally cannot negotiate a settlement greater than your policy limits, there are exceptions.

"Often times there are additional coverages hidden in the language of the policy that you have to understand the policy and understand what's necessary in order to collect the amount over and above the policy limits," says Anita Taff, owner of Georgia-based Taff Claims Services and president of the National Association of Public Insurance Adjusters.

Insurance claims adjusters vs. public adjusters

Insurance claims adjusters are paid and trained by the insurance company. Their loyalty is to the insurer, not the policyholder. Because public adjusters work for the policyholder, they don't have the same conflicts of interest. Instead of trying to keep a payout low, they work to achieve the best settlement possible.

"We have a fiduciary responsibility to protect the interest of the policyholder. The other two adjusters protect the interests of the insurance company," Taff says.

How much does a public adjuster cost?

Insurance claims adjusters come at no extra cost to the policyholder. They are paid by the insurance company. Public adjusters, on the other hand, are paid on a contingency basis, earning a pre-agreed upon percentage of the policyholder's settlement.

Public adjusters may charge between 5% to 20% of your final settlement, depending on the amount of work involved and the complexity of the claim. Some states limit how much a public adjuster may charge.

What are the benefits of working with a public adjuster?

Public adjusters “speak the language and they can take a burden off of you because the process is time consuming and there’s a lot of technical terminology that can be tricky to navigate,” says Bach, an attorney who co-founded United Policyholders in 1991 after an urban wildfire in Northern California.

More recently, United Policyholders has been helping people through the aftermath of the Marshall wildfire in Boulder, Colorado. The organization seeks to level the playing field between insurers and the insured.

In addition to streamlining the process for policyholders, public adjusters can help net larger settlements.

“We are always getting a higher settlement than what individuals or business owners typically get when they negotiate their own insurance claims,” says Taff, who works to ensure policyholders understand their rights and obligations and the nuances of each section of their policy.

For example, they may not know that their policy has additional limits available for getting rid of damaged material, say, after a fire. “If you need all the money to rebuild your structure and you don’t have enough money in your policy limits for the debris removal, there is an additional amount of money available for that,” Taff says.

According to a January 2010 report from Florida’s Office of Program Policy Analysis and Government Accountability, policyholders who hired public adjusters to settle claims after hurricanes in 2005 received payments that were 747% higher than those who didn’t. Those who used public adjusters for non-catastrophic claims received settlements that were 584% higher, according to the report. The amount ultimately received by a policyholder would be less, as the data doesn’t adjust reflect the public adjusters’ fees.

How do I hire a public adjuster?

To hire a public adjuster, you can start by doing a directory search for your state through the National

Association of Public Insurance Adjusters.

Once you have a name, do your due diligence. Verify that the public adjuster is a member of their state's trade association, which will have ethics codes. Check your state's division of insurance for any disciplinary actions or reports. Ask for references, and ask friends and colleagues for recommendations.

Also ask the adjuster how many clients they have. If they are too busy, they won't invest as much time on your behalf. Also, research your state's regulations to find out if there are limits to how much a public adjuster can charge.

Finally, be wary of an adjuster who shows up uninvited, or who uses high pressure tactics.

The bottom line

If you have the time, energy, and ability to evaluate and catalog your losses, evaluate the cost of returning your property to the condition it was in before the loss, and can closely read your policy to understand your rights and obligations, you may not need a public adjuster. But if you are worn out, overwhelmed or unsure of what you're owed, a public adjuster can do the work for you and may be able to negotiate a higher settlement.