Standing Up for Consumers: A Discussion of Recent Legislative Changes for Public Adjusters

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Senator Bill 439 Background

• Prior requirements
• May 2013 tornadoes
• First draft
  – Cap on all public adjuster fees
  – Fees limited to difference between settlement offer and final recovery

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Contracts

• Must be in writing
• Specific compensation provisions
  – Exact percentage
  – Estimation of initial expenses to be reimbursed to the PA
• Required initials of both the insured and the PA next to the compensation provisions

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Contracts

• If, within 72 hours after the loss is reported, the insurer pays or commits to pay a policy coverage limit:
  – PA cannot receive % fee commission
  – PA must inform insured that the recovery might not be increased
  – PA only entitled to reasonable compensation based on services provided

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Catastrophic losses

• In the event of an emergency declaration by the Commissioner, a PA may not charge more than 10%

• Not applicable to claims by a for-profit commercial entity
Disclosures

- PA must provide a signed authorization letter to the insurer from the insured
- A PA shall provide the insured with a separate disclosure document that states:
  - The different types of adjusters and the role of each in a claim
  - The insured is not required to hire a PA
  - The PA is not a representative of the insurer
  - The fee for the PA is the responsibility of the insured

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Prohibitions

• A PA cannot split any fee with any person unless that person is a licensed PA
• A PA shall not solicit an insured during a loss-producing occurrence
• A PA shall not refer the insured to obtain repairs or services from any person or entity with whom the PA has a financial interest or from whom the PA may receive compensation for the referral

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The Unauthorized Practice of Public Adjusting

• Acting as an adjuster without a license now a misdemeanor in Oklahoma

• Role of the roofer/contractor

• NAIC activity: Public Adjuster Working Group

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Questions

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