



New Law in Oklahoma Sets Requirements for Public Adjusters

On May 13th, 2015, Oklahoma's governor signed legislation proposed by Oklahoma Insurance Department that specifies certain required and prohibited actions of public adjusters.

According to Insurance Commissioner John D. Doak, Senate Bill 439, signed by Governor Mary Fallin, aimed to protect Oklahoma storm victims and ensure transparency and accountability in the insurance adjusting process. The key impact of this new law in Oklahoma was to establish "Transparency" for all citizens of Oklahoma when severe storms affected the state. What began as a Licensure Bill to monitor activities of public adjusters - both in state and out of state professionals - after a severe tornado occurs, turned into a key piece of legislation that would help policyholders in Oklahoma.

I am honored to participate in the National Tornado Summit this year. This is an excellent venue that offers policyholders and industry leaders an opportunity to share current information related to new laws, regulations and industry safeguards for all citizens of Oklahoma and nationally.

My name is Gene Veno, President/Secretary of The American Association of Public Insurance Adjusters with offices located in Washington, DC. I have personally experienced firsthand the devastation that policyholders experience when an occurrence upsets their day-to-day lives. The experience is traumatic! Just having an Insurance Commissioner and Department along with Governor and Legislature overseeing laws to protect property owners is one of the first steps in the process to ensure that all citizens of Oklahoma and other states are well served.



The mission of AAPIA is to provide a forum for the dissemination of timely market and industry related information, provide education and social functions, and to serve as a representative voice for consumers and licensed public adjusters in all aspects of the Public Insurance Adjusting Profession! Our goal is to be an advocate for policyholders and to assist governmental agencies when legislation and regulations are being adopted in a respective state. The recent legislative process in Oklahoma allowed us to have an opportunity to address what we have seen in other states.

Public adjusters are licensed insurance claims adjusters who advise and assist a policy holder to negotiate a first party insurance claim on behalf of the policyholder. Unlike an insurance company adjuster, public adjusters advocate for the claimant and only the claimant. They are the homeowner's advocate when settling a claim; they can never represent an insurance company, only the policyholder. In addition to advising policy holders to help them obtain a fair insurance settlement, public adjusters often go above and beyond their contractual obligations to provide assistance to families that have suffered a devastating loss by helping the family to finding temporary housing, clothing, food and a timeline on how to rebuild not only their homes but also their family's lives.

SB 439 began as an effort by the Oklahoma Insurance Department to enact strict language to ensure that public adjusters perform their services with set rules and regulations that would not compromise the claim process, yet allow a public adjuster to perform their duties and responsibilities with a fair and reasonable fee. This balance was struck, and the legislation accomplishes that goal: Oklahoma residents are not saddled with exorbitant fees at the end of the claims process, as we have seen in other states when disasters hit, and they are able to obtain the help they need to navigate through the complex claims process. The new contract and emergency licensing provisions and the fee cap on public adjusters during catastrophic disasters, such as tornadoes, accomplishes that goal, and we at AAPIA were proud to offer our help in any way that we could to help SB 439 become one of the best laws in the nation.



Both Sen. Marty Quinn, R-Claremore, and Rep. Randy Grau, R-Oklahoma City were receptive to our suggestions regarding strengthening requirements used by public adjusters, to help protect consumers. This alone was a major change to the previous law and it would set the tone that the Oklahoma Department of Insurance, Commissioner Doak, and Legislature wanted even more in the public adjuster law. The American Association of Public Insurance Adjusters traveled to Oklahoma City to begin the process of working hand in hand with department officials and legislative staff to offer new amendatory language that would begin to see SB 439 take on new rules and regulations that were not previously included in current law.

Our interest in this new Bill was to ensure that policyholders of all categories, homeowners, business owners, renters, banking institutions would be well served by the new public adjuster law that was modeled after the National Association of Insurance Commissioners Model Act but went even further in tightening some rules.

Today the Oklahoma Public Adjuster Law has many excellent guidelines that now protect the policyholder:

Some highlights of the new rules:

(A) If the insurer pays the policy limit in full within 72 hours the public adjuster cannot take a commission or fee

(B) Required written disclosure concerning any direct or indirect financial interest that the public adjuster has with any other party who is involved in any aspect of the claim

(C) A public adjuster contract may not contain any contract term that:



(1) Allows the public adjuster's percentage fee to be collected when money is due from an insurance company, but not paid, or that allows a public adjuster to collect the entire fee from the first check issued by an insurance company, rather than as percentage of each check issued by an insurance company;

(2) Requires the insured to authorize an insurance company to issue a check only in the name of the public adjuster;

(3) Imposes collection costs or late fees

(E) Public adjuster shall provide the insured with a separate disclosure document regarding the claim process

(F) Adds a requirement that proceeds funds be held in an escrow account until distribution

As mentioned before, a public adjuster cannot charge more than 10 percent of the total claim on a non-commercial claim after a disaster. The new law also states that unauthorized adjusting practices in the state of Oklahoma will be considered a misdemeanor.

The legislation was supported by Commissioner Doak as well as “two national public adjusting organizations, local public adjusters and consumers,” Rep. Grau said.

We are so pleased to have played a very small part in seeing this new law take effect in Oklahoma on November 1, 2015. I was honored to meet with legislators mentioned and Commissioner Doak and his Department Deputies, Mr. Buddy Combs & Mr. Tyler McLaughlin who were instrumental in addressing all pertinent amendments. Their competence and professional manner made the process one of the most enjoyable my team and I have ever experienced.



We made great friends in Oklahoma last year and hope our work and the work of the Oklahoma Insurance Department can now become a model for other states contemplating catastrophic legislation in their state.

Best Regards,

Gene G. Veno,
President/Secretary
American Association of Public
Insurance Adjusters

Buddy Combs
Director of Public Policy
Assistant General Counsel
Oklahoma Insurance Department