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From: Tony Braga <surenet@sure-net.com>  
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To: governor@governor.state.ms.us  
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Adjusters Who Are Not Licensed

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<http://www.sure-net.com/board/messages/554.html>

Posted by Sure-Net.com on February 04, 2002 at 06:02:32:

Two major factors that affect insurance consumers and escape their awareness:

1. Insurance adjusters are usually state licensed to represent either the insurance company or the policyholder, not both.
2. Most insurance adjusters who represent insurance companies are not licensed at all. Staff insurance company adjusters usually operate under the license of the insurance company and are not required to study for or pass any state license exam. As a result of this loophole most insurance company adjusters are not individually licensed and the public comes to believe they represent policyholders' claims.

The following news story purports to address the problem: unlicensed, temporary adjusters. That is a long way from the real problem: unlicensed, permanent insurance company adjusters, and their rampant misrepresentation. Only by licensing ALL adjusters, and training that makes clear who they represent, is the public protected.

LICENSING TEMPORARY ADJUSTERS WOULD IMPEDE AID AFTER DISASTERS

JEFFERSON CITY, Mo. - Although well-intentioned, a proposal to require the licensing of temporary insurance adjusters following a catastrophe is not needed and would impede assistance to consumers during their time of need.

National Association of Independent Insurers (NAII) Counsel Ann Weber commended the state Insurance Department's desire to "prevent unscrupulous persons from taking advantage of the insurance-buying public with regard to natural disasters and/or catastrophic events. "It is the insurance industry's desire to provide immediate and accurate adjusting of claims following a catastrophic event," she said. "It is in the best interest of both the Missouri public and the insurance industry that unsavory individuals be thwarted immediately from taking advantage of a crisis situation. "NAII does not believe the emergency rule (being proposed) that entails licensing adjusters in a catastrophe will benefit

the public of Missouri. In fact, we believe the rule would diminish the industry's goal of responding quickly to the public's needs."

Although the major fraudulent activity occurs within the first few hours or days after a catastrophic event, she said, the proposed regulation would not require the licensing of adjusters until 15 days after the event. Requiring such adjusters to be licensed after 15 days, she said, will only impede insurers' efforts to speedily resolve claims and assist the public in resuming their daily activities. "Insurance company resources will be relegated to complying with the registration process instead of wrapping up as quickly as possible the needs of the public in a crisis situation," she said. Missouri's existing unfair claims settlement practices law includes "adjusters" and "public adjusters" within the definition of "insurer." Any adjuster who fails to act in good faith in accordance with that law can be fined \$25,000 per violation, up to \$250,000 total. Any independent adjuster or contractor who commits a criminal act is subject to criminal penalties, including incarceration. The optimal approach to protecting the public following a catastrophe would be to set up an immediate interchange between the insurance industry and the Insurance Department, Weber said. "The insurance industry can compile a listing of authorized personnel permitted at a disaster site," she said. "This database would maintain a very tight rein on the admitted personnel at a catastrophe site. A command post at or near the disaster site(s) manned by representatives of the Insurance Department, the insurance industry, consumers and law enforcement personnel would be beneficial in achieving the goal of maximum security through an immediate flow of information between all groups."