

Consumer Counselor

Insurance Information for Michigan Consumers

What You Need to Know About Adjusters

An adjuster investigates insurance claims to determine the amount owed to the policyholder. Adjusters investigate the circumstances of the loss and the events that led up to the loss, evaluate the amount of damage, verify that coverage exists under the terms of an insurance policy, and negotiate a settlement.

In Michigan, there are three kinds of adjusters:

- **Company Adjuster** – a salaried employee of an insurance company who is sent by the insurer to evaluate and adjust claims.
- **Independent Adjuster** - an individual licensed by the State of Michigan to contract with and represent *insurance companies* to evaluate and adjust crop, fire and other hazards, and/or workers' compensation losses. Many times insurance companies hire independent adjusters after a disaster due to the high volume of claims being submitted to the insurer.
- **Public Adjuster (Adjuster for the Insured)** – an individual licensed by the State of Michigan who offers services for a fee to policyholders who want help getting their claims paid.

A Company Adjuster does not require a license from the State of Michigan. Independent Adjusters and Public Adjusters must be licensed. To verify if an adjuster is properly licensed, visit DIFS' website at www.michigan.gov/difs, and go to the "Insurance Licensee Locator." Michigan licensed attorneys may adjust claims in Michigan without obtaining an Adjuster's license, but cannot represent themselves to be "licensed adjusters" without the proper license.

As a policyholder, review the terms of your insurance policy to ensure you receive full payment for your loss and to comply with policy requirements. Also, review the DIFS Consumer Counselor: "Insurance Policies and How to Claim What is Yours" which provides helpful information about what to do when filing a claim.

If you hire a Public Adjuster to assist you with your claim, you should review and understand fully the terms of your contract with that adjuster. A Public Adjuster cannot provide services without a written contract, and must use the written contract form approved by the DIFS Director. The contract form lists different items for which an insurance company might pay reimbursement and on which the adjuster's fee may be based. It is up to the insured to indicate what part of the loss should be included in the adjuster contract (i.e. building, contents, etc.). A Public Adjuster works for you, the policyholder, and is allowed to charge a fee for his or her services which cannot exceed 10% of the amount paid by the insurer in the settlement of the loss.

Typically, a policyholder hires a Public Adjuster to assist in filing a claim and to ensure a satisfactory settlement. Depending on the size of the claim and the amount of damages, you should determine if hiring a public adjuster and paying this fee is appropriate for your situation.

If you hire a public adjuster, you should be aware of your rights to cancel the contract. A Public Adjuster contract can be canceled at any time; however, the Adjuster is entitled to be paid for any work performed up to that point. There are two exceptions: the Home Solicitation Sales Act allows a homeowner to cancel a residential contract within 3 days of the contract being signed without having to pay the Adjuster when the contract was solicited at the homeowner's



residence. Also, the Michigan Insurance Code allows a commercial or residential contract to be canceled within 10 days of the contract being signed, without having to pay the Adjuster, if it was signed within 48 hours after conclusion of the loss-producing occurrence.

You should also be aware of the requirements of a Public Adjuster and certain things they are prohibited from doing pursuant to the Michigan Insurance Code and Regulations. A Public Adjuster cannot do any of the following:

- Employ anyone to help in adjusting the loss unless that person is licensed as an Adjuster or employed as a Solicitor.
- Represent himself to be a representative of an insurance company, a fire investigator or a person connected with the fire department. A Public Adjuster cannot be employed by, own stock in, be an officer or director of, or in any other manner be connected with a fire repair contractor.
- Collect or attempt to collect a fee or payment from a repair contractor for obtaining repair work for that contractor.
- Directly or indirectly solicit customer's losses on Sundays or holidays or between 8:00 p.m. and 7:00 a.m. on weekdays.
- Attempt in any manner to solicit a loss during the progress of a fire or while the fire department or any of its representatives are present at the damaged premises.
- Loan or advance any money or collateral of any kind to any insured during the adjustment of any claim.

If you have a question or problem with your claim or the Public Adjuster you hired, contact the **Department of Insurance and Financial Services (DIFS) toll free at 877-999-6442**. Assistance is also available from the DIFS website at: www.michigan.gov/difs.

