

Burned Out: Public Adjusters Assist Fire Victims - for a Fee

Bill Schey, The News Tribune Washington Centennial

When Will and Karen Gerrier had a house fire on Vashon Island, they hired a public adjuster to represent them in dealing with the insurance company.

The company's first offer to replace the damaged structure was \$4,000. The Gerrier's eventually received \$30,000 (minus the adjuster's fee).

When fire gutted a McKinley Hill rental unit owned by Jenice Valbert, she tried dealing with her insurance company in persona and was told that she would recover "about 40 cents on the dollar." She hired a public adjuster and received enough to refurbish the burned-out shell, and had \$11,000 (before paying the adjuster) left over.

When their home near Bremerton went up in smoke, Lind and Fredi Perry chose to deal directly with their insurance company.

"I battled the insurance company a good year and a half," said Fredi Perry, whose claim settlement was about \$250,000. Public adjusters collect about 10 percent of a claim, meaning Perry saved \$20,000 to \$25,000.

But in other ways, she paid a heavy price.

"If I ever had another fire, I'd just walk away," she said. "I would never, ever go through that claims process again. . . They (insurance companies) just make it difficult. I don't think they are in the business to pay claims."

If she had it to do again, would she hire a public adjuster?

"No, somebody else would have to hire him," she said, "because I'm leaving town."

Such frustration with insurance companies is not uncommon among homeowners who have filed claims. As a result, many have turned to public adjusters to represent their interests. A large number of insurers, in fact, believe these are the real good-hands people.

Television ads that portray friendly insurance people taking care of their smiling clients the day after a fire are mostly that -- advertising claims.

"In real life it just does not happen like that," said Tacoma public adjuster Marvin Kaye.

Adjusters come in many colors. Most common are insurance adjusters, who legally cannot represent both the insured and insurer; their allegiance is to their employer, the insurance company. Independent adjusters are used by insurance companies that no adjusters of their own.

Enter the public adjuster, who advocates for the consumer. Although only about a dozen such firms are licensed by the state, finding one is usually no problem.

They are often among the first people at the scene of a fire. They have been called firechasers, and worse.

"Insurance companies don't like us, which is probably the best recommendation we have," Kaye said. They're going to discourage people and tell them they're going to handle it, and they will handle it, but --
What You Should Do - Here are experts' tips on what to do should you have a house fire:

1. Don't sign anything until you've had two or three days to think about it. this includes non-waiver agreements with the insurance company.
2. Find out immediately from the insurance company what they'll pay for temporary living expenses. Get it in writing.
3. Don't allow anyone to take or dispose of debris from your home right away. If it's gone, you have no proof you ever had it.
4. Remove jewelry, weapons and other valuables from the house. Consider hiring security -- you will be reimbursed for it. Vandals and burglars follow the fire and remember, you are liable for anyone hurt in the rubble.
5. Don't use any of the food or medicine. Even if it does not look bad, chances are it has been damaged.
6. Don't let repairs start until you have some scope of the work. A contractor can cut corners on a myriad of things if he has carte blanche.
7. Board up the windows and roof, or hire someone to do it, if you don't hear immediately from an insurance representative. you will be reimbursed.
8. Save all receipts relating to the claim, including temporary living expenses, security, and so on. Keeping a notebook with listings of three expense categories -- temporary living, contents, and structure -- is a good idea.
9. Check out qualifications and references before hiring a public adjuster. Start by calling the Better Business Bureau.
10. Don't trust a statement or estimate unless it's in writing.

In business since 1970, Kaye estimated he has handled more than 1,000 claims and has "a 98 percent 'happy' ratio."

Others whom public adjusters have assisted:

Bob Andrew, chief of the Tacoma Better Business Bureau, was contacted when his home burned, but he opted to deal with the insurance company himself. It took 2-1/2 years and a lawsuit against the company before "Andrew" "finally wringed out every penny."

"I was always fighting. . .," he said. "My wife and I have talked about it many times, and that was the black hole in our lives. It drained us, totally drained us. It was just about the most agonizing fight we've ever been through."

Andrew found another insurance company.

Meadowdale Baptist Church in Lynwood had \$480,000 in insurance when its 6,000-square-foot building burned. The day after the fire, the insurance company agent "told us he was not going to have anything to do with the settlement, he was going to be no help," Pastor Howard Cooper said.

The insurance company offered \$216,000. The church hired a public adjuster and received \$300,000.

"Even with the public adjuster, we fell far, far short of what we should have gotten," said Cooper. "We were told the building was overinsured."

The church built a new building and found another insurance company.

Gordon Houston tried to work with his insurance company after his Kent home burned along with valuable tools and two antique cars in his garage. He later hired Property Loss Consultants, Inc., a public adjuster firm owned by Jack Thomas and based in Arlington.

"He got me as much money for personal belongings, about \$40,000, as the insurance company offered me for the whole house," Houston said. "Then they got me about another \$40,000. If I had another fire, I would hire them in a minute."

Houston was dropped by his insurance company.

John Lox of Lakewood used a public adjuster to handle a \$50,000 house fire claim.

"I'll tell you one thing: Insurance companies are out to not give you the money you got coming." Cox said. "They (public adjuster) charged me 10 percent, but I feel it was worth every penny of it."

"From what I gathered, they went through a lot of trouble with these (insurance) people . . . If you don't know the ropes, they can say and do whatever they want."

Royce Hensley of Graham attempted to inventory all his belongings after 1988 house fire, then gave in and turned to a public adjuster. He settled for "almost twice what the insurance company offered."

Inventorying is one of the chief services of the public adjuster, according to Gene Davis, deputy state insurance commissioner.

"Generally, they will be responsible for completing an inventory of personal items and attempting to establish a value," Davis said. "In the case of a bad fire, that can be a very time-consuming process. Then the structural damage is usually scoped out by the adjuster or a contractor the adjuster brings in. That gives the insured an expert opinion."

Establishing the value of items is difficult. Kayse said he sometimes inventories 4,000 items after a fire, and each must be depreciated and then negotiated.

Several of those who talked to The Morning News Tribune said insurance companies push for quick settlements, a practice that often is not in the consumer's best interest. "They like to rush in, fix it and be gone," Houston said.

Perry, whose fire took place five years ago, said there are "still things showing up missing or damaged that I was not paid for. I chalk it up to experience."

An article by Christopher Boyd, taken from the New York Times Real Estate, Sunday, September 25, 1994, and in the Public Domain.