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## Your Money

### **Public insurance adjusters: An alternative to helping policyholders win claims**

#### **Public adjusters draw regulatory scrutiny and some blame for Florida's property insurance woes**

Many homeowners don't fully understand their property insurance policies and are at a disadvantage when negotiating with insurers about repairs needed after a fire, theft, hurricane or other disaster.

That's the premise behind the public insurance adjusting industry, which has grown substantially since the 2004 and 2005 hurricanes that left some policyholders looking for help to fight their insurers.

Public adjusters assess damage, review policy coverage, document evidence to support claims and assess the cost of repairs.

They've also drawn scrutiny from regulators and criticism from insurers for advertising aggressively and driving up the cost of claims, sometimes inflating them. Higher claims can lead insurers to raise rates or drop policies -- key problems in Florida's stormy property insurance industry.

Alex Kokkoris, a public adjuster with Mordecai Claim Service in Lake Worth, said insurers handle most claims effectively, but his profession wouldn't be needed if some insurers didn't delay, lowball or deny claims.

"Homeowners hire public adjusters because they don't really know what they're entitled to or what the laws are. So you hire someone you know how to debate with the insurance company," he said. Fort Lauderdale resident Elmando Simms had never used a public adjuster before hiring Mordecai this year. Simms' insurer repaired his porch and garage door after Hurricane Wilma in 2005. But water continued to leak through the roof, and Simms' temporary fixes -- roof patches and painting the walls -- didn't last long.

A friend recommended the company. Kokkoris "came around and was very helpful in pointing out stuff," Simms said. "As a layman, you wouldn't really see it yourself."

State lawmakers beefed up training requirements for public adjusters and limited their fees and advertising practices in recent years. Lawmakers are considering more rules this year.

A study on public adjusters released this month by the Legislature's Office of Program Policy Analysis and Government Accountability found the number has quadrupled in Florida since 2004 -- to 2,914 last year from 678.

The study found that complaints and regulatory actions against public adjusters are "generally low." Complaints -- on issues such as advertising inappropriately, working without a license and fraud -- fluctuated from a low of 80 in 2004 to a high of 169 in 2008. There were 135 complaints made last year to the Department of Financial Services' Division of Consumer Services.

The study of Citizens Property Insurance Corp. claims also found those involving public adjusters took longer to settle but resulted in more money for policyholders. Some policyholders who hired public adjusters received eight times more in claims payouts than those who didn't.

Higher payouts please policyholders, but insurers have another take.

"That tells me not all, but many, public adjusters are causing undue delays. ... They're inflating their estimates," said **Stacey Giuliani**, an executive with Boca Raton-based **Florida Peninsula Insurance Co.** and a member of the Florida Property & Casualty Association, which represents 25 Florida-based insurers. "Insurance companies can miss minor items. You can't be wrong 750 percent of the time."

Insurers often complain about public adjusters' efforts to get policyholders to open claims that were settled. Adjusters advertise this service, and some policyholders don't know they can reopen claims.

There are no limits on public adjusters' fees for reopened claims. Otherwise, state law limits fees: up to 10 percent of the disputed portion of hurricane claims and up to 20 percent for other claims.

Lawmakers are drafting legislation this year that would bar policyholders from receiving the full replacement costs of their claims until they repair the damage.

Some of Florida's restrictions on public adjusters are already more stringent than those in other states, according to the state study. For instance, public adjusters must serve as an apprentice for one year before they can be licensed -- something the public adjusters group proposed.

"We wanted higher standards for ourselves," said Paul Handerhan, who works for Mordecai and serves on the board of the Florida Association of Public Insurance Adjusters. "Every industry has some characters who aren't doing what they're supposed to be doing. Our complaint ratio is very low and overall, we're very effective in getting the insured the claim payment that is due."

This week, Insurance Consumer Advocate Sean Shaw plans to make legislative recommendations on how to speed up claims -- based on several forums he held recently to address complaints from consumers about the process.

Shaw wants consumers to hire reputable, licensed public adjusters when help is needed with complicated claims. Consumers should be clear on the fee and what it includes, he said.

"Most of the time, I'd argue [insurance companies] do the right thing, but for those times they

don't, you'd sure like to have a public adjuster there fighting for you," he said.

At a state public adjusters meeting last fall, Chief Financial Officer Alex Sink said more needs to be done to regulate public adjusters who go "off the track." Sink's office conducted 540 investigations of public adjusters last year, up from 44 in 2004, according to the state study.

But Sink said the industry plays an important role: "What would we do without public adjusters? Where would people go when they had no other place to turn?"

*Julie Patel can be reached at [jpatel@SunSentinel.com](mailto:jpatel@SunSentinel.com) and 954-356-4667.*