

Boulder County Fires:

What does a public adjuster do & do I need one?



After the devastating fires in Boulder County, residents who lost homes and property will need to work with an insurance adjuster. Most insurance companies employ or contract their own adjusters to evaluate property damage and assist in filing claims. In Colorado, consumers can, but are not required to, hire their own adjusters to help negotiate insurance payments. Public adjusters work on behalf of a consumer and often charge a percentage of the claim amount. Homeowners dealing with the aftermath of a natural disaster may be contacted by public adjusters offering their service to help settle insurance claims.

While there are many public adjusters who are ethical and serve a vital role in the aftermath of a disaster, there are also dishonest public adjusters who may charge unreasonable fees for their services and then disappear. Some public adjusters may refer homeowners to disreputable contractors from whom they get a kickback, leaving the homeowner with shoddy repairs. Others may gain consumer's trust in order to gather personal information like Social Security and credit card numbers and then use them to commit identity theft.

Homeowners can work out a fair settlement directly with their insurance company. However, if the consumer decides to use the services of a public adjuster, they should be cautious in their selection and carefully review any contracts before signing.

Spotting a public insurance adjuster scam:

- **Verify the public adjuster's license.** Public adjusters must be licensed by the Colorado Division of Insurance. Verify if the adjuster you are considering has a valid license, inquire if it is a resident or non-resident license (i.e., whether it is a Colorado-based public adjuster), and make sure the public adjuster does not have any disciplinary actions in Colorado.
- **Check the public adjuster's reputation.** Ask the public adjuster how long they've been an adjuster and whether they have experience with similar projects to get an idea of their experience level. Inquire about their permanent residence, as some may live out of state. Find out if there have been complaints against the individual or business by searching online. Ask the adjuster for local references and contact them.
- **Beware of excessive fees.** In the event of a catastrophic disaster, like the one declared in the Boulder County fires, public adjusters cannot charge any payment, commission, or fee **more than 10% of the insurance proceeds or settlement**. Public adjusters cannot require, demand, or accept any fee, retainer, compensation, deposit, or other thing of value prior to the settlement of the claim.



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Spotting a public insurance adjuster scam (cont.):

- **Read before signing the contract.** Be sure you understand the contract terms including: the fee that will be charged or the percentage of the claim that is promised to the adjuster, when the public adjuster will receive payment, if there is a penalty if the contract is cancelled and the amount of any penalty. Do not sign a contract unless you fully understand and agree to the terms.
- **Understand any assignments** of benefits, proceeds, or claims to a public adjuster, contractor or third party. Consumers should remain involved and help manage those assignments. Regulation of some of these assignments of benefits, proceeds, or claims contracts may be limited, and any disputes that arise between the consumer and the public adjuster or contractor may not fall within the State's jurisdiction.
- **Know that consumers have the right to rescind** a contract with a public adjuster within 72 hours of signing it, but that rescission must be in writing.
- **While a public adjuster may be named as a co-payee** on checks issued by an insurance company, a public adjuster cannot require a consumer to authorize an insurance company to issue checks in the name of the public adjuster only.



The Colorado Division of Insurance also has [tips and resources](#) to help homeowners with other insurance-related questions, in the aftermath of the Boulder County fires. If you believe you have been victimized by an insurance adjuster scam or if wish to report fraud, file a complaint [here](#) with Stop Fraud Colorado and/or [file a complaint](#) with the Colorado Division of Insurance.

