

AGENT SERVICES

TO: Property Insurers Licensed to do Business in North Carolina.
Other Interested Parties

FROM: Etta Maynard

DATE: May 6, 2010

RE: Public Adjusting Relative to Storm Damage Claims/Roofing Repair

The North Carolina Department of Insurance ("The Department") has become aware of questionable advertising and business practices by a small number of construction firms operating in the State. Last year, many home and small business owners experienced damage to their properties from storms, especially wind and hail storms.

As a result, many policyholders filed roof damage claims with their insurers. Multiple policyholders were also approached by contractors, especially those who regularly repair roofs, offering their repair or reconstruction services.

By itself, of course, a contractor offering his/her repair or construction services is a normal trade practice, is legal, and is not regulated by the Department. Some contractors, however, have offered their "representation" services by offering to "exclusively negotiate" the claim settlement with the insurer(s) involved, often as part of the repair contract. In some instances, the contracts have "required" the property owner to allow the contractor to "negotiate" the terms of the claim settlement on the owner's behalf.

The Department views this type of arrangement as "public adjusting" which is defined in North Carolina insurance law as "investigating, reporting to and assisting an insured in relation to first party claims arising under insurance contracts, other than life and annuity, that insure the real or personal property, or both, of the insured..."

The contractor's actions, offerings, or representations may constitute the contractor's acting as a public adjuster. **In North Carolina, it is a misdemeanor to act as a public adjuster without a license.**

The terms, written or otherwise, of the agreement with the property owner would determine whether the actions constitute violations of insurance law. Even the offering, in a marketing sense, of such "representation" may constitute a violation.

Insurers are encouraged to make their contractor clients aware of the Department's concerns, and advise their claims staff to be alert to possible violations. Please advise Agent Services Division of any apparent violations by contacting the Complaint Section at (919) 807-6800 ext 76816.