

Reference #	9176206
Status	Complete
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Phone number	509-899-9261
Rule number/topic	48.17.050 & 48.17.410
Comment(s) or question(s) *	<p>I am an estimator for a general contractor and deal with insurance adjusters on property loss claims almost exclusively. It is a common practice in this industry for insurance adjusters or those working for them to attempt to negotiate our invoices- typically the adjusters estimates are much lower and utilize a fixed pricelist that is regionally based from a program called Xactimate. It has been my understanding that general contractors that do not have an adjusting license are not legally allowed to "negotiate" pricing on the behalf of the insured, however on your website (https://www.insurance.wa.gov/hiring-general-contractor-homeowner-insurance-claims) it states: "Your contractor may need to negotiate the price with your insurance company. If they disagree, you may need to pay the difference." This is very familiar to me as many adjusters will write their own estimate based on industry standards for water-loss mitigation and seek a middle-ground rather than pay our full invoice that was submitted to the adjuster and the customer for the actual work performed. This seems to contradict my understanding of RCW's 48.17.050 and 48.17.410</p> <p>Could you please clarify if negotiating with an adjuster requires an adjusters license?</p> <p>Also, I know other states like Arizona do not allow this and many times we are dealing with insurance companies that reside in states other than Washington. I have attached a press release from the Department of Insurance for the State of Arizona which states "contractors cannot "negotiate" the settlement of the insurance claim with the insurance company representatives on behalf of the property</p>

owner, unless they have an adjuster's license."

Most of the insurance companies we deal with are based outside the state of Washington which makes me wonder if this "negotiating" activity were to occur across state lines that a general contractor could be risking violating insurance laws in states other than Washington? Feel free to respond via email or phone.

Upload one file per field [Arizona_press_release.pdf \(16k\)](#)

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Referrer <https://www.insurance.wa.gov/contact-rules-coordinator>





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PRESS RELEASE

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CHRISTINA URIAS
Director of Insurance

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May 10, 2011
For Immediate Release

Building Contractor Ordered to Cease & Desist from Acting as an Adjuster without a License

The Arizona Department of Insurance (ADOI) ordered an Arizona building contractor, True-Built Construction, LLC (Weston Farnes), to stop acting as an insurance adjuster without a license. Arizona insurance law requires any person who “adjusts, investigates or negotiates settlement of claims” to have a license from the ADOI.

It is not unusual for a property owner’s contractor to discuss the details of building damage with the insurance company’s adjuster, particularly when there is extensive or complex damage. Often the contractor’s expertise is essential to identify precisely what was damaged, the extent of the damage, and the cost to repair it; however, contractors cannot “negotiate” the settlement of the insurance claim with the insurance company representatives on behalf of the property owner, unless they have an adjuster’s license. In this case, Farnes had his homeowner client sign an “Authorization” form which stated that he was representing the homeowner in negotiations with the insurance company “to obtain full reimbursement under the terms of [her] policy for a property damage claim.”

The massive hail storm that hit the Phoenix valley last October generated over 100,000 homeowner’s insurance claims in a single day. The storm created so much repair work, property owners sometimes had to wait weeks to get estimates from their insurance company’s adjuster and to schedule contractors for the repair work. It is likely that the increased demand for building contractors, especially roofers, prompted an influx of contractors from out of state. Non-resident contractors may not be aware of the ADOI adjuster license requirements for representing someone in an insurance claim settlement.

If someone contacts you and offers to represent you in the settlement of your homeowners insurance claim, you should verify the adjuster’s references and credentials, including whether they have a license. To confirm licensure call ADOI at 602-364-2499 or 800-325-2548 or check online at <http://az.gov/app/doilookup/>.

If you choose to hire a public adjuster, read the contract carefully. You may have to pay the adjuster a significant percentage of your insurance settlement for his/her services. Some adjuster contracts even require that you instruct your insurer to name the adjuster as a “loss payee” on any settlement check from the insurance company, or possibly preclude your insurer from directly communicating with you about your claim.

Homeowners should also verify their building contractor’s license with the Arizona Registrar of Contractors (www.azroc.gov).

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