



**PRODUCERS AND ADJUSTERS BULLETIN NO. 28  
and  
DOMESTIC/FOREIGN INSURERS BULLETIN NO. 101**

**TO: ALL PRODUCERS AND ADJUSTERS  
ALL DOMESTIC AND FOREIGN INSURANCE COMPANIES**

**RE: ROLES OF INSURANCE ADJUSTERS AND CONTRACTORS IN CLAIMS  
INVOLVING INSURANCE COVERAGE FOR PROPERTY DAMAGE**

**DATE: June 13, 2018**

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The Delaware Department of Insurance (Department) has become increasingly aware that consumers are often confused by the role of adjusters and contractors in the claims settlement process. The Department is asking insurance companies to assess and implement methods to improve policyholder education about the role of adjusters and contractors involved in property damage claims and is asking adjusters to be fully informed of their duties and obligations during claims processing.

**Insurance companies are encouraged to:**

- Develop disclosures and other communication materials for policyholders that:
  - Decode the adjuster jargon and adequately and fairly explain the differences between company adjusters, independent adjusters and public adjusters, and the different role of each in the claim settlement process. When reasonably possible, insurers should provide definitions in plain and ordinary language and include examples of how each type of adjuster participates in the claim process.
  - Warn customers of a conflict of interest when a contractor attempts to receive payment as an adjuster and also receive a fee for providing contracting services. Insurance companies should encourage policyholders to confirm that the individual helping to settle the claim is properly licensed in Delaware as an adjuster or is an insurance company employee who does not need to be licensed.
  - Communicate to policyholders the role that insurance producers have in the adjusting process.
- Make sure that company adjusters and independent adjusters who are used to settle claims are trained to explain the distinctions between their services and those of the public adjuster. In most cases, company and independent adjusters represent the company and are paid by the company whereas public adjusters represent the policyholder and are paid by the policyholder, often from the funds received.
- Verify the license of anyone performing the tasks of a public adjuster on claims, as well as encourage all adjusters to explain their authority and what they are restricted from doing when assisting with a claim. Insurance companies should encourage all adjusters to report suspected unauthorized activity to the Delaware Department of Insurance.

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- Communicate with their sales, marketing and distribution teams about how adjusters may be involved in the claim handling process. Insurance producers often are the first to receive notification of a claim; however, insurance producers are not licensed as adjusters and are limited in how they can assist a policyholder.
- Encourage all stakeholders to be aware of potential fraudulent activities that may arise during a claim.

Insurance companies are cautioned against hiring a contractor if the individual or entity is also acting as any type of adjuster on the same claim.

**Adjusters should be aware that:**

- It is against the law in Delaware for a contractor or other vendor to act as a public adjuster unless licensed as a public adjuster. *See 18 DE Admin. Code § 201-5.1.*
- A public adjuster is prohibited from acting as both a public adjuster and a contractor. *See 18 Del.C. § 1758(b)6.*
- Performing the acts of a public adjuster without a license could constitute insurance fraud, which can be prosecuted as a class G felony pursuant to 11 Del.C. § 913, punishable by incarceration (*see 11 Del.C. § 4205(b)(7)*). Adjusters should report suspected fraudulent claim activity to their company’s Special Investigation Unit and to the Department’s Fraud Prevention Bureau at [fraud@state.de.us](mailto:fraud@state.de.us).

The following table sets forth what contractors can and cannot do without a Delaware public adjuster license:

What contractors CAN DO	What contractors CANNOT DO
<ol style="list-style-type: none"> <li>1. Approach a homeowner or business owner offering repair or reconstruction services.</li> <li>2. Offer an opinion to a policyholder as to whether damage is from a storm or other incident normally covered by a homeowner’s policy.</li> <li>3. Prepare an estimate and scope of work for the loss.</li> <li>4. Discuss the estimate or scope of work with their customer.</li> <li>5. Recommend that the policyholder file an insurance claim with their insurer.</li> <li>6. Be present when an insurer’s adjuster inspects the damage.</li> <li>7. Answer questions the policyholder or the insurer’s adjuster has about the estimates.</li> </ol>	<ol style="list-style-type: none"> <li>1. Investigate, appraise, evaluate, give advice, advocate on behalf of or assist their customer in adjusting a claim.</li> <li>2. Prepare the insurance claim for their customer.</li> <li>3. Negotiate the claim with the insurance company on their customer’s behalf.</li> <li>4. Offer to review the insurance policy or advise their customer on the insurance policy’s coverage.</li> <li>5. Advertise or provide written materials that they can negotiate or investigate a claim on their customer’s behalf. This includes advertising to be “claim specialists” or “claim analysts” or any other similar terms, or advertising or claiming that they can “deal with insurance companies” or in any way increase the claim settlement amount for the policyholder.</li> </ol>

Any questions or comments regarding this bulletin should be directed to Consumer Services at [consumer@state.de.us](mailto:consumer@state.de.us). This Bulletin shall be effective immediately and shall remain in effect unless withdrawn or superseded by subsequent law, regulation or bulletin.

  
 Trinidad Navarro  
 Delaware Insurance Commissioner