



Insurance Claims Adjuster

Licensing Candidate Study Material

Becoming a Claims Adjuster in Georgia

Insurance Claims Adjuster in Georgia are responsible for inspecting and analyzing insurance claims, determining the amount the company will pay for damages and in some cases negotiating settlements. Some adjusters handle multiple lines and the property and casualty adjuster works exclusively on these lines of insurance.

You must have a license from the Department of Insurance to practice as an insurance adjuster in Georgia. Although you do not need a college degree, you must at least a high school diploma or GED, complete the 40-hour pre-licensing course, pass the Georgia Adjuster Exam, and apply for the adjuster license along with submitting electronic fingerprints to the Department of Insurance as part of the application process. Your application has to be notarized and accompanied with the licensing fee. Once you obtain your claims adjuster license, be sure to maintain it.

Claims Adjuster

Job Summary

Responsible for handling insurance claims filed by policyholders. Plans and schedules work needed to process claim, interviews claimant and witnesses, and investigates claims.

Primary responsibilities

- Investigate and process insurance claims filed by policyholders.
- Interview claimant and witnesses to gather pertinent information.
- Handle and process variety of claims, including automobile, life, and home insurance claims.
- Handle property claims involving damage to buildings and structures, or liability claims involving personal injuries or third-person property damage from liability situations, such as motor vehicle accidents, slip and falls, dog bites, or alleged negligent behavior.
- Inspect property damage to determine extent of damages.
- Verify that coverage applies through an insurance policy.
- Evaluate damages to ascertain compensation amount.
- Consult police and hospital records.
- Consult with accountants, architects, construction workers, engineers, lawyers, and physicians to get expert evaluation.
- Examine photographs and statements.
- Listen to or watch audio or video surveillance.
- Record data and statements in report.
- Evaluate all information to determine how claim should be handled.
- Negotiate with claimant to settle claim.
- Work with attorneys to defend insurer's position if claim is contested.
- Issue payout amounts.
- Prepare and present claims to insurance companies.

By meeting your continuing education requirements

Adjusters plan and schedule the work required to process a claim. They might, for example, handle the claim filed after an automobile accident or after a storm damages a customer's home. Adjusters investigate claims by interviewing the claimant and witnesses, consulting police and hospital records, and inspecting property damage to determine how much the company should pay for the loss. Adjusters may consult with other professionals, such as accountants, architects, construction workers, engineers, lawyers, and physicians, who can offer a more expert evaluation of the claim. The information gathered—including photographs and statements, either written, or recorded audio or video—is set down in a report that is then used to evaluate a claim. When the policyholder's claim is approved, the claims adjuster negotiates with the claimant and settles the claim. When claims are contested, adjusters will work with attorneys and expert witnesses to defend the insurer's position.

Some large insurance companies centralize claims adjustment in a claims center, where the payout amount is established, and a check is immediately issued. However, cases handled by independent adjusters, or those involving business losses or homeowners claims, such as hurricane or fire damage, all require a senior adjuster to physically inspect the damage and determine proper compensation.

When it comes to business or residential loss caused by, for example, vandalism or flooding, claimants can opt not to rely on the insurance company's adjuster and may instead choose a public adjuster. Public adjusters are self-employed and work in the best interest of the client, rather than the insurance company. In doing so, the adjuster prepares and presents claims to the insurance companies, looking to negotiate the best possible settlement for the claimant. Insurance carriers also use the service of independent adjusters on a freelance basis, often in lieu of hiring them as regular employees. In this case, the independent adjusters work in the interest of the insurance companies.

In preparing for the state exam be sure to review the following:

Unfair Claims Settlement Practices

This section of the code is titled the Unfair Claims Settlement Practice Act. Its purpose is to set forth standards for the investigation and disposition of claims arising out of insurance policies issued to residents of Georgia, but this section does not apply to workers compensation, fidelity, or surety claims.

It is an improper claims settlement practice for any insurer transacting business in Georgia to commit any of the following acts if committed in flagrant and conscious disregard for the intent of the Insurance Code, or any rule or regulation of the Commissioner, or if committed with such frequency to indicate that the act is a general business practice and not an isolated incident:

- Knowingly misrepresenting to claimants and insured's relevant facts or policy provisions relating to coverages at time
- Failing to acknowledge with reasonable promptness pertinent communications regarding claims

- Failing to adopt and implement reasonable procedures for prompt investigation and settlement of claims
- Not attempting in good faith to effectuate prompt, fair, and equitable claim settlement when liability is reasonably clear
- Compelling insured's or beneficiaries to institute suits to recover amounts due by offering substantially less than amounts ultimately recovered in these suits.
- Refusing to pay claims without conducting a reasonable investigation based on all available information
- When requested by insured in writing, failing to affirm or deny coverages within a reasonable time after having completed its investigation of the claim.
- When requested by an insured in writing, making claims payment without identifying the coverages under which each payment is being made.
- Unreasonably delaying investigation or payment of claims by requiring both formal proof of loss and subsequent verification that would result in duplication of information appearing in the proof of loss form (both this does not preclude an insurer from obtaining sworn statements, if permitted under the policy)
- When requested by an insurer in writing, failing when denying a claim or offering a compromise settlement to promptly provide a reasonable and accurate explanation of the policy provisions or laws upon which the denial or compromise is based (all claims denials must be made in writing)
- Failing to provide necessary claim forms within 15 calendar days of a request along with a reasonable explanation regarding their use.
- Failing to adopt and implement reasonable standards to assure that repairs of a repairer owned by the insurer are performed in a workmanlike manner
- Indicating to a first party claimant on a paycheck, draft check, or accompanying letter, that the payment is final or a release of the claim unless the policy limit has been paid or there has been a compromise settlement agreed to by the claimant and the insurer as to the coverage and the amount payable
- Insuring checks or drafts in partial settlement of a loss or claim under a specific coverage which contain language which releases the insurer or its insured from its total liability

Whenever the Commissioner has reason to believe that a person has engaged or is engaging in an unfair claims settlement practice in this state, and that a proceeding into the manner would be in the public interest, the Commissioner shall serve the person with the statement of the charges and a notice of hearing in the same manner as applies in the case of unfair trade practices. The Commissioner also has authority to make additional rules and regulations to enforce the provisions of the Unfair Claims Settlement Practice Act. If the Commissioner finds that extraordinary circumstances exist and that it would be in the best interests of the citizens of this state, any rule or regulation applicable to claim settlement practices may be temporary suspended. The standards set forth in this section do not create any private cause of action for violations. (33-6-30 to 37)

Prohibited Practices of Adjusters

An adjuster shall have authority to investigate, settle, or adjust, and report upon insurance claims on behalf of insurers only if licensed as an independent adjuster, or on behalf of insureds only if licensed as a public adjuster. An adjuster licensed both as an independent and public adjuster shall not represent both the insurer and insured in the same transaction.

No public adjuster shall at any time knowingly:

- Suggest or advise for employment a specific attorney to represent a person in any matter relating to a person's potential claims, including motor vehicle accident claims for personal injury, loss of consortium, or other damages
- Accept any money or compensation from an attorney, or any person acting on behalf of an attorney, which the adjuster knows or should reasonably know is payment for suggesting that someone seek the services of the attorney or the referral of a person's claim to the attorney
- Hire or procure any other person to do any of the acts which are prohibited by this section

A person who violates this section shall be guilty of a misdemeanor, and the violation shall be grounds for suspension or revocation of all license held. (33-23-43)

Additional Qualifications for Adjusters

In addition to the other requirements for licensees, the Commissioner must be satisfied that an applicant for an adjuster's license has had the experience or training/special training, with regard to the handling of loss claims, of sufficient duration and extent to provide reasonable competency to fulfill the responsibilities of an adjuster.

An applicant for a public adjuster license is also required to have previously filed a bond with the Commissioner. (33-23-6)

I. The Insurance Adjuster

An adjuster is an individual who, for compensation, fee or commission, investigates and settles claims arising under property, casualty or surety contracts on behalf of either the insurer or the insured.

Definitions of Licensees

An adjuster is any person who for a fee, commission, salary, or other compensation investigates, settles or adjusts insurance claims and reports to an employer or principal solely on behalf of an insurer or and insured. An independent adjuster is a person who represents the interests of an insurer, but who is not an employee of the insurer. A public adjuster is a person who represents the interest of an insured person with respect to real or personal property insurance coverages other than motor vehicle insurance coverages. However, the term "adjuster" does not include a person who adjusts claims arising out of life insurance, annuities, or marine insurance, or any agent or salaried employee of an agent who assists in adjusting losses under policies issued by such agent.

Relationship to the Legal Profession

The adjuster must work closely with the legal profession in the adjustment of claims. Once the claimant has hired the services of an attorney the adjuster can no longer contact the claimant without the consent or presence of the attorney. Often the claims adjuster must negotiate with the attorney towards the final disposition of the claim. Attorneys representing the insurance company prepare for processing by adjusters.

Duties & Responsibilities of the Adjuster

- 1. Fiduciary Agent** – The adjuster's professional responsibilities to the insurer the insurer are the same whether or not the insurer employs the adjuster. The adjuster is a fiduciary agent. This relationship requires maintenance of a high degree of fidelity and loyalty to the interest of the principal (insurer), whether or not the adjuster is a direct employee. As a fiduciary agent of the principal, the adjuster should not deal in any way with the principals property with motives of self- interest. The adjuster should not represent interests that are adverse to those of principal and the adjuster should not profit, or seek to profit, from an outside source as a consequence of actions for and on behalf of the principal.

2. Power to Bind – Once the adjuster is appointed, the insured or claimant has a right to assume the adjuster has the power to ascertain the amount of loss and to settle it. If there are any limitations on the authority of the adjuster, the insured is not bound unless there is actual knowledge of such limitation of authority. While an adjuster's power to bind an insurer to an agreement made with a claimant varies by type of adjuster, the adjuster is normally considered the agent of the insurer for the purpose of adjusting loss. The adjuster may thus act for the insurer and is ordinarily empowered to make agreements regarding value and loss on its behalf. Agreements between the adjuster and the insurer covering matters within the scope of the adjuster's authority are thus binding on the insurer.

II The Claims Filing Process

Duties of the Insured – The insured is required by the policy provisions to report a claim to the company as soon as practical. The insured usually reports the claim to his/her agent who provides the claim forms and assists in its completion. The insured must also preserve the undamaged property to the best of his/her ability to avoid additional loss. The following are additional duties that are required of the insured:

1. Proof of Loss – A formal statement made by the insured to the insurance company regarding a loss. The purpose of the proof of loss is to place before the company sufficient information concerning the loss to enable it to determine its liability under the policy or bond.
2. Special Requirements / Production of Books & Records / Abandonment – The insured must fully cooperate with the insurance company by offering testimony or other evidence including the production of books and records. The insured must separate the damaged from the undamaged property. The insured cannot simply abandon the property to the insurance company .

Duties of the Insurer – It is the responsibility of the insurer to provide a thorough investigation of the claim and to keep adequate documentation of the investigation.

1. **Claims Investigation** - This is the duty of the insurance company to perform on behalf of the insured and to also protect the interest of the insurance company. Each insurance policy contains a clause that outlines the duties of the insurance company. This is found in the insuring agreement in most liability policies. State law requires that the claim be handled "promptly".
2. **Claim File Documentation Of Events** - Each company has its own claim procedures and methods of documentation. Records must be kept in such a form to present to an insurance examiner should the occasion arise. Such files shall contain all notes and paperwork pertaining to the claim in such detail that pertinent events and the dates of such events can be reconstructed.

The following are the **Standards for the Acknowledgment of Pertinent Communications**:

- a. **Acknowledgment of notices of claim** – Every insurer, upon receiving notification of a claim shall, within a specified number of working days, acknowledge the receipt of such notice unless payment is made within such a period of time. If an acknowledgment is made by means other than writing, an appropriate notation of such acknowledgment shall be made in the claim file of the insurer and dated. Notification given to an agent of an insurer shall be notification to the insurer.
- b. **Answer of inquiries from insurance department** - Every insurer, upon receipt of any claims inquiry from the Insurance Department shall, within a specified number of working days, furnish the department with a response to the inquiry.
- c. **Replies to other pertinent communications** – The insurer shall reply within a specified number of working days to all other pertinent communications from a claimant that reasonably suggest that a response is expected.
- d. **Provisions of assistance to first party claimants** - Every insurer, upon receiving notification of a claim, shall promptly provide necessary claim forms, instructions, and reasonable assistance so that first party claimants can comply with the policy conditions and the insurer's reasonable requirements.

The following are the **Standards for Prompt Investigations and Fair and Equitable Settlements Applicable to all Insurers**:

- a. **Investigation of claims** - Every insurer shall establish procedures to commence an investigation of any claim filed by a claimant, or by a claimant's authorized representative, within a specified number of working days of receipt of notice of claim.

Every insurer will provide to every first party claimant, or the claimant's authorized representative, a notification of all items, statements and forms, if any, that the insurer reasonably believes will be required of the claimant, within a specified number of working days of receiving notice of the claim. A claim filed with an agent of an insurer shall be deemed to have been filed with the insurer unless. Consistent with law or contract, such agent notifies the person filing the claim that the agent is not authorized to receive notices of claims.

- b. **Offers of settlement** - In any case where there is no dispute as to coverage or liability, it shall be the duty of every insurer to offer claimants or their authorized representatives, amounts which are fair and reasonable as shown by its investigation of the claim, providing the amounts so offered are within policy limits and in accordance with the policy provisions.
- c. **Denial of claims** - No insurer shall deny a claim on the grounds of a specific policy provision, condition or exclusion unless reference to such provision, condition or exclusion is included in the denial. The denial must be given to the claimant in writing or as otherwise provided by law.
- d. **Records of all claims that have been denied** - If a denial of a claim is made by any other means than writing, an appropriate notation shall be made in the claim file of the insurer.
- e. **Notice of necessary delay in investigating claims** - If the insurer needs more time to determine whether a first party claim should be accepted or denied, it shall so notify the first party claimant in writing within a specified number of working days after receipt of the proof of loss. If the investigation remains incomplete, the insurer shall send to such claimant within a specified number of calendar days from the date of the initial notification and a specified number of calendar days thereafter, a letter setting forth the reason additional time is needed for investigation. Where there is a reasonable basis supported by specific information available for review by the commissioner/insurance department that such claimant has fraudulently caused or contributed to the loss by arson, the insurer is relieved from the requirements of this section, provided, however, that the claimant shall be notified of the acceptance or denial of the claim within a reasonable time for full investigation after receipt by the insurer of a properly executed proof of loss.
- f. **Liability of others** – Insurers shall not fail to settle first party claims on the basis that responsibility for payment should be assumed by others except as may otherwise be provided by policy provisions.

- g. **Denial of claims for failure to exhibit property** – No insurer shall deny a claim for failure to exhibit the insured property without proof of demand by the insurer and refusal by the claimant to exhibit said property.
- h. **Separation of claims** – In any case where there is no dispute as to one or more elements of a claim, payment for such element(s) shall be made notwithstanding the existence of disputes as to other elements of the claim where such payment can be made without prejudice to either party.
- i. **Time for payment of claims** – Every insurer shall pay any amount finally agreed upon in settlement of all or part of any claim not later than a specified number of working days from the receipt of such agreement by the insurer or from the date of the performance by the claimant of any condition set by such agreement, whichever is later.
- j. **Notice of applicable time limitations** – No representative of the insurer shall negotiate for settlement with a claimant or the claimant's attorney without giving the claimant written notice that the claimant's rights may be affected by a statute of limitations or a policy or contract time limit. Such notice shall be given to first party claimants a specified number of days and the third party claimants a specified number of days before the date on which such time limit may expire.
- k. **Avoidance of payment** – Where liability and damages are reasonably clear, no person shall recommend that third party claimants make claim under their own policies solely to avoid paying claims under an insurer's insurance policy or insurance contract.
- l. **Unreasonable travel** – No person shall require a claimant to travel unreasonably either to inspect replacement motor vehicles, to obtain a repair estimate or to have the motor vehicle repaired at a specific repair shop.

III. Adjusting Losses

Property Losses

- l. **Determining Value & Loss** - The Burden of Proof is the responsibility of the insured to prove the value and cause of loss. The insured is also obligated to produce estimates of loss.

- a. **Depreciation** - Depending on the type of coverage the insured has purchased, some insurance forms allow for depreciation of the damaged property.
 - b. **Salvage** - Unless otherwise agreed to, the salvaged property belongs to the insurance company when they pay the loss.
2. **Claim Settlement Options** – The following are claim settlement options for property insurance:
- a. Repair the property;
 - b. Replace the property with like kind and quality;
 - c. Replace the property with new;
 - d. Fair value for damaged property.
3. **Payment and Discharge** - The payment of a claim in exchange for a release indicating that the claim was paid as a result of a settlement agreed to by all parties.

Liability Losses

1. Types of Liability Losses

- a. General Liability
- b. Auto Liability Losses
- c. Commercial General Liability
- d. Personal Liability
- e. Professional Liability
- f. Aircraft, boat, ocean marine

2. **Claims Settlement Options** – Claims settlement options for liability claims include *lost wages, disfigurement, loss of consortium and loss of use*. These are categorized as:
- a. **Special Damages** – These include medical expenses and loss of wages or the costs of other known expenses.
 - b. **General Damages** – These would include pain and suffering, punitive damages, loss of consortium, disfigurement and disability claims. In the case of general damages the costs are not immediately known and are usually negotiated or determined in a court of law. These are intangible damages.

IV. Adjusting Automobile Losses

Standards for Prompt, Fair and Equitable Settlements Applicable to Automobile Insurance -

This section is applicable to claims arising under motor vehicle collision and comprehensive coverage:

1. **Definitions of Terms** - The following shall govern the construction of the terms used in this section:
2. **Agreed price** shall mean the amount agreed to by the insurer and the insured, or their representatives, as to the reasonable cost to repair damages to the motor vehicle resulting from the loss, without considering any deductible or other deductions.
3. **Designated representative** shall mean a person designated by the insured to represent him or her in negotiations with the insurer in an attempt to settle the claim. Such designated representative may be a member of the insured's immediate family or any other person named by the insured who may legally act on his or her behalf and who so acts without compensation of any kind.
4. **Substantially similar vehicle** shall mean a motor vehicle of the same make, model, year and substantially the same condition, including all major options of the insured vehicle. Mileage must usually not exceed that of the insured vehicle by more than 4,000 miles unless mutually acceptable to both the insurer and the insured.

Adjustment of partial losses

The following subdivisions shall govern the conduct of insurers in the adjustment of partial losses:

1. Insurers shall include the insured's deductible, if any, in subrogation demands. Subrogation recoveries shall be shared on a proportionate basis with the insured, unless the deductible amount has been otherwise recovered. No deduction for expenses can be made from the deductible recovery unless an outside attorney is retained to collect such recovery. The deduction may then be for only a pro rata share of the allocated loss adjustment expense.

2. If an insurer prepares an estimate of the cost of the motor vehicle repairs, such estimate shall be in an amount for which it may be reasonably expected the damage can be satisfactorily repaired. The insurer shall give a copy of the estimate to the insured and may furnish to the insured the names of one or more conveniently located repair shops that will perform the repairs for the amount tendered in settlement of the claim.
3. If the insured's motor vehicle is repaired at a repair shop of the insurer's choice, for a sum estimated by the insurer as the reasonable cost to repair the vehicle and the recommended repair shop does not satisfactorily repair the vehicle, the insurer shall, at no additional cost to the claimant and within a reasonable period of time, cause the damaged vehicle to be restored to the condition it was in prior to the loss.
4. Deductions for betterment and/or depreciation are permitted only for parts normally subject to repair and replacement during the useful life of the insured motor vehicle. Deductions for betterment and/or depreciation shall be limited to an amount equal to the proportion that the expired life of the part to be repaired or replaced bears to the normal useful life of that part. Calculations for betterment, depreciation and normal useful must be included in the insurer's claim file.
5. Deductions for previous damage or prior condition of the motor vehicle must be measurable, discernible, itemized and specified as to dollar amount, and such deductions must be detailed in the claim file.
6. If the insurer does not perform its own physical inspection, it is nevertheless bound by all the applicable requirements.

Adjustment of Total Losses

The following subdivisions shall govern the conduct of insurers in the adjustment of total losses:

- I. If the insurer elects to make a cash settlement:
 - It must use the most recent publication of an "Official Used Car Guide" approved by the commissioner/insurance department and uniformly and regularly used by the company, as a guide for setting the minimum value of the motor vehicle which is the subject of the claim. Any deviation downward from the guide's retail valuation must be by documentation that gives detailed information about the vehicle's condition, and any deductions must be measurable, discernible, itemized and specified concerning dollar amount, and they shall be appropriate in amount;

- If the retail value of the specific motor vehicle is not published in the most recent publication of an "Official Used Car Guide" approved by the commissioner/insurance department and which is used uniformly and regularly by the Company, the company must secure dealer quotations on the retail value of similar vehicles and base the settlement upon them. The offer must enable the insured to purchase the substantially similar vehicle for the case settlement and any deviation from this practice must be supported by documentation giving particular information about the motor vehicle's condition. The source of the dealer quotations must be maintained in the claim file;
 - The company shall provide a reasonable written explanation to the concerned parties when case settlement offers, as set forth in Subdivisions (1) and (2) above are made. The explanation must specify the dollar amount of the base figure and identify the actual source. Any additions or subtractions from the base dollar figure must be identified and explained; and
 - In addition to any cash settlement value agreed to by the claimant, there must be added an amount equal to the state applicable sales tax of such cash settlement value, as reimbursement to the claimant for the excise tax imposed by the state.
2. If the insurer elects to replace the vehicle, the replacement vehicle must be immediately available, substantially similar vehicle that is both furnished and paid for by the insurer, subject to the deductible, if any.
3. If the insured vehicle is a private passenger automobile of the current model year, meaning that it has not been superseded in the marketplace by an officially introduced succeeding model, the insurer shall utilize one of the following methods in the settlement of the loss, except where the method used would be detrimental to the interests of the insured as compared with utilization of the methods described in Subsections (a) and (b) above:
- The insurer shall pay to the insured the reasonable purchase price on the date of loss of a substantially similar vehicle, less any applicable deductible and an allowance for depreciation in accordance with an official used car guide which has been approved by the commissioner/insurance department and is used regularly by the insurer; or
 - The insurer shall furnish the insured with a substantially similar replacement vehicle, and charge the insured for any applicable deductible and for depreciation in accordance with said official used car guide.

4. If the insurer, in the process of adjusting a total loss, makes a deduction for the salvage value of the insured vehicle, the insurer must furnish the insured with the name and address of a salvage dealer who will purchase the salvage for the amount deducted.

V. Basic Claims Handling Activities

Adjusting Claims

The adjuster's basic activities in handling claims include:

1. Investigation to establish coverage, determine legal liability, and verify if the alleged damages qualify the loss for payment.
2. Evaluation to determine the fair payment in accordance with the contract and applicable law.
3. Negotiation of a quality settlement based on facts discovered during the evaluation process.

The Adjuster's Investigation

The adjuster's investigation could be as simple as verification of bills and estimates, or it may be expanded to include taking photographs, interviewing witnesses, or recording statements, as the circumstances require. Also, the facts obtained during the adjuster's initial investigation must be transferred into evidence, if and when the claim goes into suit, so that allegations made by the insurer may be substantiated.

A general plan of investigation will consist of all or some of the following elements in this sequence:

I. Critical Evidence -

- Statement of the adverse driver (if an auto case).
- Statement of the claimant (or claimants in the order of the severity of the injuries).
- Photograph of the accident scene, showing skid marks and other evidence of the accident.
- Examination and photographs of the vehicles themselves showing the damage and point of impact.
- The product itself or the instrumentality causing the injury.

2. Fact Evidence -

- Statements of disinterested witnesses.
- Statement of the insured, his driver, or employee having knowledge of the accident, the instrumentality causing it, or the part of the premises in which the accident is alleged to have occurred.
- Negative statements from persons who were in a position to have seen the accident or have some knowledge of its occurrence, but who deny having such knowledge.

3. Official Reports -

- Police report
- State motor vehicle reports filed by the parties to the accident
- Fire department reports
- Reports of state motor vehicle inspectors
- Traffic court proceedings
- Arraignment in magistrate court
- Death certificates
- Autopsy reports
- Coroner's inquest transcript
- Birth and marriage certificates
- Weather reports
- School records
- Certified copies of court records showing prior convictions of crimes
- Hack bureau reports (if a taxi cab is involved)
- C.A.B. reports (aircraft)
- I.C.C. reports (interstate truckers)
- Coast Guard reports (boats)

4. Unofficial Reports -

- Newspaper accounts

5. Medical Reports -

- Hospital records
- Attending physician's report and records
- Medical or hospital reports covering preexisting injury or disease

6. Documentary Evidence -

- Deeds of ownership of land
- Leases
- Contracts and agreements, especially contracts for construction, alterations and repair, as well as hold harmless agreements

7. Visual Evidence -

- Diagrams or sketches of the scene of the accident
- Engineering plats
- X-rays
- Photographs

8. Verification Evidence –

- Employer's records to show wage loss
- Index bureau reports
- Workers' compensation claims made by injured, arising out of the same accident

9. Expert Evidence -

- Report of company medical examiner
- Automobile inspector or appraiser
- Engineer or chemist
- Actuaries
- Handwriting expert

The Evaluation Process

The evaluation process involves establishing a dollar value on the claim. In anticipation of the negotiation process, the evaluation for bodily injury and uninsured motorists claims will involve setting a settlement range, rather than a single dollar amount. At one end of the range is the lowest dollar amount that will fairly reimburse the claimant for the loss and fulfill policy obligations. At the top of the range is the highest amount for which the insurer would be willing to settle the claim, before allowing the claim to go to trial.

Negotiation of Settlement

For successful negotiation, the adjuster must develop strong technical expertise in several major areas, including thorough knowledge of:

1. The contracts issued by the insurer and the coverages provided under these contracts;
2. The characteristics of the various kinds of property insured, typical types of losses, circumstances under which property can be repaired rather than replaced, and typical repair and replacement costs;
3. Our legal system and basic concepts of contract law and legal liability. The adjuster must also have knowledge of the laws and regulations applicable to claims handling in the adjuster's state, local laws and customs affecting the claims environment.
4. The insurer's claims handling goals and the professional standards the adjuster is expected to maintain.

Alternative Dispute Resolutions

Appraisal Clause - This clause is found in property insurance contracts as well as the physical damage coverage in automobile policies. The purpose of the clause is to allow the insured and the insurer to arrive at an agreed amount of the value of the property damaged. The insured and the insurer each employ their own appraiser. They attempt to agree on the value of the damaged property. If they can't agree on the value of the loss, then an umpire is consulted. Each shares in the cost of the umpire. The amount agreed to by any of the two of the three parties is the amount paid on the loss.

Arbitration Clause - This is a policy condition that is similar to the appraisal clause to settle disputes between the insured and the insurer. This clause is generally found in the uninsured motorist coverage in automobile policies. Someone, approved by both parties, is appointed to consider the facts and pass on them. If the parties cannot agree to one person, then each is allowed to appoint someone to represent him/her and these two then appoint another acceptable to both. If they do not agree to provisions, the matter may be referred to the Courts. The award brought down by any of the arbitrators is binding and final on both parties.

Competitive Estimates - To avoid over payment of claims, the adjuster may ask for more than one estimate of the damaged property.

Mediation - The act of a third person in intermediating between two contending parties with a view to persuading them to adjust or settle their dispute.

Settlement Options/Releases

The adjuster is responsible for knowing the settlement options the insurer offers and understanding the guidelines for their use. Although each insurer's rules are unique, the following are some of the more common options being offered today:

1. **Full Release Settlement** - Resulting in immediate payment when the claimant signs a release relinquishing his or her right to sue.
2. **Scheduled Payment Release or Open-Ended Release** - General damages, as well as special damages incurred to date, are paid immediately. The claim is left "open" for payment of future "specials" such as an additional visit to the physician.
3. **Payment of physical damage, bodily injury pending** - Is used in a claim where there is both bodily injury and property damage. Since bodily injury claims are typically more complex and take longer to negotiate, the insurer relieves the claimant's financial burden somewhat by agreeing to pay the property damage claim while leaving the bodily injury claim open until it can be negotiated.
4. **No Release or Walk-Away** - The bills presented are paid with no attempt to obtain a separate release, although the wording on the draft or check may also serve as a form of release. After a certain amount of time has passed with no further contact with the claimant, the file is considered closed.
5. **Advanced Payment** – Relieves the financial burden on the claimant by making certain payments to the claimant even before the claim can be negotiated. Advanced payments are subtracted from the final settlement.
6. **Structured Settlement** - Generally reserved for large settlements, in which the claimant receives payment, not a lump sum at the time of settlement, but in set installments over a period of time. Structured settlements may call for part of the full amount to be paid as a lump sum.
7. **Rehabilitation** – Includes provisions for rehabilitative treatment of the claimant.
8. **Draft Authority** - Most claims adjusters are given draft authority by the insurers to expedite the payment of claims. The insurer will normally limit the draft authority in terms of the limit that can be paid and the lines of insurance to which it applies. The larger more complicated claims would normally be handled by senior claims management and payment made at that level.

9. **Subrogation Procedures** - Property and casualty policies contain a clause called "Transfer of Rights of Recovery Against Others to Us". This provision defines the subrogation rights under the policy when the insurer makes a payment to or for any person or organization, the named insured or any other. If payment is made under the policy and there is right to recover damages from a third party, that right is transferred to the insurer to the extent the payment of the claim has been made. The insurer also attempts to collect the deductible, if any, paid by the insured. The role of the adjuster is to determine the amount of sums to be collected by the insurer from the third party and to show just cause against the third party who caused the loss to the extent that their liability is clear.
10. **Appraisal Process** - In case of losses involving property it is often necessary to obtain estimates of the damaged property before payment can be made. Appraisals involve all types of property losses such as automobiles, structures and their contents. Special appraisers or estimators may be required for fine arts, stained glass or other items that require a higher level of expertise.

Types of Adjuster Reports

1. Initial or Field Report – Results of the initial investigation.
2. Interim Report – Interval reports on the status of the claim. This could include taking depositions, getting estimates, additional medical information, determining special damages, etc.
3. Full Report – This is the final report containing all the facts, evidence and disposition of the claim.

Dealing with Coverage Disputes

1. **Reservation of Rights Letter** - Should an insured fail to report a claim in a timely fashion and it is determined that the company's ability to properly investigate the merits of the claim has been compromised, then the company will issue a reservation of rights letter. Its purpose is to advise the insured that the insurer will go ahead and investigate the claim but might deny coverage if it determines that its position on the claim has been damaged because of the late reporting of the claim. Insureds should report all claims to the company regardless of their merits.
3. Non-Waiver – Waiver is defined as the giving up of a known right. Therefore, a non-waiver is the retention of a known right—known rights are not waived. A waiver may be intentional, unintentional, direct or indirect. If an insurer sends out a renewal policy by mistake, it has waived its right to deny renewal for any reason. If an agent tells an insured that something is covered by a policy when it is actually excluded, the agent has waived the exclusion. Although many insurance policies attempt to limit the waiver power of the agents, courts often hold that agents may waive policy provisions, including clauses prohibiting agent waivers.

3. Declaratory Judgment – A binding judgment issued by the court that defines the legal relationship between the parties and their rights with respect to the matter before the court. A declaratory judgment does not provide for the enforcement of the judgment, however.

Insurance Adjuster Review Questions

1. A public adjuster represents the interest of:
 - A. The insurer.
 - B. The insured.
 - C. The employer.
 - D. The interest of the general public.

2. Which of the following is the type of report indicating the initial results of a claim investigation is called:
 - A. Field report.
 - B. Interim report.
 - C. Full report.
 - D. None of the above.

3. States have adopted statutes regarding claims adjusting. To avoid unfair treatment to a claimant the adjuster must not:
 - A. Promptly investigate the claim.
 - B. Follow the laws regarding the number of days in which to commence an investigation.
 - C. Deny the claim until a fair and prompt investigation has commenced.
 - D. Pay the claim within a reasonable number of days after the final proof of loss has been received.

4. Which of the following is not a claim settlement option:
 - A. Forcing the insured to sue by offering less than the claim is worth.
 - B. Repairing property.
 - C. Replacing with like kind and quality.
 - D. Replace with new

5. The giving up of a known right is called:
 - A. Estoppel
 - B. Violation of policy conditions
 - C. Rebating
 - D. Waiver

6. An innocent party relies on certain statements made by the adjuster and is damaged as a result. The guilty party may be legally prohibited from asserting that the fact does not exist because of:
- A. Waiver
 - B. Estoppel
 - C. Duties of the adjuster
 - D. Law of contract
7. Should an insured fail to report a claim in a timely fashion the adjuster will usually:
- A. Deny the claim.
 - B. Send the insured a reservation of rights letter.
 - C. Cease investigating.
 - D. Seek the advice of the company's attorney.
8. A company adjuster primarily represents the interests of:
- A. The insured.
 - B. The claimant.
 - C. The company.
 - D. The public.
9. An adjuster's license will usually be revoked for which of the following reasons:
- A. Denying claims that are not covered.
 - B. Failing to report a change of address.
 - C. Having been convicted of a misdemeanor.
 - D. Having been convicted of a felony.
10. The insured has been involved in an automobile accident and has sustained bodily injuries and damage to the insured vehicle. The adjuster will usually:
- A. Withhold any payment until all the bills have been reviewed for payment.
 - B. Pay to repair the vehicle and pay the medical bills later.
 - C. Pay for the repair of the vehicle and require a release for all claims.
 - D. Pay to repair the damage to the vehicle and obtain a partial release and settle the medical payments later and then seek a final release.

11. Mr. Jones has damaged his vehicle by striking a tree. He can:
- A. Take the car to a repair garage recommended by the insurer.
 - B. Take the car to a garage of his/her choice.
 - C. Accept the payment based on the adjuster's estimate.
 - D. All of the above.
12. In case of a total loss the adjuster will pay the insured which of the following?
- A. The cost to replace the vehicle with like kind and quality if a current year model.
 - B. Use the most recent publication of an "Official Used Car Guide".
 - C. If not listed in the "guide", obtain quotations from automobile dealers.
 - D. All of the above depending on the circumstances.
13. Which of the following is NOT a claim settlement option for liability claims:
- A. Lost wages
 - B. Excessive amounts claimed
 - C. Loss of use
 - D. Disfigurement
14. Which of the following results in immediate payment when the claimant signs a release relinquishing his or her right to sue:
- A. Scheduled Payment Release
 - B. Full Release Settlement
 - C. Advanced Payment
 - D. Structured Settlement
15. Which of the following relieves the financial burden on the claimant by making certain payments to the claimant even before the claim can be negotiated:
- A. No Release or Walk-Away
 - B. Rehabilitation
 - C. Advanced Payment
 - D. Open-Ended Release

Answer Key

1. B
2. A
3. C
4. A
5. D
6. B
7. B
8. C
9. D
10. D
11. D
12. D
13. B
14. B
15. C

Commercial General Liability Quiz

1. All of the following are elements of negligence EXCEPT:
 - A. Injury
 - B. Duty
 - C. Premises
 - D. Proximate cause

2. A salesman at a hardware store drops a hammer on a customer's foot. This loss would be covered under what part of the hardware store's liability coverage?
 - A. Premises-operations
 - B. Contractual
 - C. Products
 - D. Completed operations

3. Products liability involves:
 - A. Improper product design.
 - B. Deceptive advertising.
 - C. Improper assembly of the product.
 - D. All of the above.

4. The premises liability exposure applies to:
 - A. The owner of the premises.
 - B. The renter of the premises.
 - C. Both A and B.
 - D. Neither A nor B.

5. Contingent liability refers to liability that arises out of the work done by:
 - A. Independent contractors.
 - B. Employees.
 - C. Service personnel.
 - D. All of the above.

6. Incidental contracts include all of the following EXCEPT:
- A. Lease of premises.
 - B. Contract with a business to do service work.
 - C. Sidetrack agreements.
 - D. Elevator maintenance agreements.
7. Which of the following exposures applies to Bodily Injury and Property Damage occurring away from the insured's premises and after possession has been relinquished to the customer:
- A. Premises-operations.
 - B. Products.
 - C. Completed operations.
 - D. Contingent liability.
8. While working at a construction site, a worker drops a hammer from a roof and hits a passerby. This loss would be covered under the contractor's _____ liability coverage.
- A. premises-operations
 - B. contractual
 - C. products
 - D. completed operations
9. Completed Operations liability involves loss away from premises in all cases except those involving:
- A. service establishments
 - B. processing establishments
 - C. hospitals
 - D. on-going operations
10. Operations are completed when:
- A. Work has been completed.
 - B. Work has been put into use.
 - C. Either A or B.
 - D. Neither A nor B.
-

11. A general contractor on a construction job would probably require a(n) _____ coverage from his sub-contractors to cover their contingent liability.

- A. Owners and Contractors Protective
- B. Products-Completed Operations
- C. Premises-Operations
- D. Contractual Liability

12. Personal injury includes all of the following EXCEPT:

- A. Libel
- B. Slander
- C. Defamation of character
- D. Bodily injury

13. A Basic Extended reporting period is provided under the Claims-Made CGL:

- A. Which is effective on the date the policy is issued.
- B. Automatically without additional charge.
- C. Misappropriation of ideas.
- D. Libel through written publication.

14. Medical Payments under general liability policies include:

- A. First aid at the accident scene.
- B. Surgical expense.
- C. Funeral services.
- D. All of the above.

15. Umbrella liability coverage usually provides:

- A. Excess liability coverage.
 - B. Extended liability coverage.
 - C. Both A and B.
 - D. Neither A nor B.
-

16. Liability Policies:

- I. Pay on behalf of the insured if negligent.
- II. Defend the insured against real and alleged claims.
- III. Pay only when the insured is proven negligent in court.

- A. I
- B. III
- C. I, II
- D. I, II and III

17. The purpose of Liability Insurance is:

- A. To protect the insured against financial loss by reason of liability imposed by law, resulting from accidental bodily injury or property damage to another person for which the insured is held responsible.
- B. To pay for injuries or property damage the insured received through no fault of his own.
- C. To provide remuneration for jury trials.
- D. None of the above.

18. Negligence, a civil wrong and a tort, has which of the following as essential elements?

- I. A legal duty or degree of care must be given.
- II. Injury or damage to the claimant must result.
- III. Must be a direct relationship between the claimant's injury and the alleged wrongdoer's breach of duty.

- A. I
- B. II
- C. III
- D. I, II and III

19. Assignment of a Liability Policy to another person is:

- A. Automatic.
 - B. Valid with consent of the company.
 - C. Automatic upon request of the insured.
 - D. Valid by authorization of the insured.
-

20. Completed operations insurance covers:

- I. Operations completed by insured at a job site
- II. Products manufactured or sold by the insured
- III. Operations in progress on the insured premises

- A. I only
- B. II only
- C. I and III
- D. I, II and III

21. What type coverage should you recommend to protect a manufacturer of foods from claims arising from the consumption of foods from his premises?

- A. Manufacturers' and contractors' liability coverage.
- B. Owners' landlords' and tenants' liability coverage.
- C. Products liability coverage.
- D. None of the above.

22. Which of the following statements concerning medical payments insurance is false?

- A. Payment is made without regard to negligence.
- B. Ambulance services are covered.
- C. An employee's injuries, sustained during the course of his employment, are covered.
- D. Bodily injuries must arise out of a condition in the insured premises, or out of operations for which the name insured is afforded coverage for bodily injury liability under the policy.

23. All of the following are necessary for establishing legal liability EXCEPT:

- A. The insured fails to do what a reasonably prudent person would do under the circumstances.
 - B. The insured's negligence is the proximate cause of an occurrence.
 - C. There is a resulting injury or damage to another person or property.
 - D. Legal liability must be established in court.
-

24. General Liability policies provide coverage for all of the following EXCEPT:

- A. Expenses incurred by insured on behalf of insurer.
- B. Damage to property owned or rented by the insured.
- C. Defenses in court and payment of judgment of court is provided.
- D. Liability arising from the business activities of the insured.

25. Which of the following are considered supplementary payments in liability insurance policies:

- A. Expenses incurred in defending a claim.
 - B. Loss of earnings because of attendance at hearings or trials.
 - C. Premiums on Appeal and Bail Bonds.
 - D. All of the above.
-

Commercial General Liability Quiz

Answer Key

- | | |
|-------|-------|
| 1. C | 21. C |
| 2. A | 22. C |
| 3. D | 23. D |
| 4. C | 24. B |
| 5. A | 25. D |
| 6. B | |
| 7. B | |
| 8. A | |
| 9. D | |
| 10. C | |
| 11. A | |
| 12. D | |
| 13. B | |
| 14. D | |
| 15. A | |
| 16. C | |
| 17. A | |
| 18. D | |
| 19. B | |
| 20. A | |
-

Miscellaneous Personal Insurance Quiz

1. During the “Regular Program”, a National Flood Insurance Policy will insure single-family residences for up to:
 - A. \$185,000
 - B. \$35,000
 - C. \$100,000
 - D. \$250,000

2. During the “Emergency Program”, a National Flood Insurance policy will insure single-family residences for up to:
 - A. \$35,000
 - B. \$100,000
 - C. \$150,000
 - D. \$250,000

3. The “pair and set” clause in property insurance contracts notes that the loss to one item in a pair or set:
 - A. Constitutes a total loss.
 - B. Pays the difference between ACV of the property before and after the loss.
 - C. Does not constitute a total loss.
 - D. Does not constitute a partial loss.

4. Coverage of goods in transit is usually provided by which of the following types of insurance:
 - A. Casualty
 - B. Surety
 - C. Inland Marine
 - D. Automobile

5. Inland Marine insurance is commonly used to insure all of the following EXCEPT:
 - A. Stamps
 - B. Camera Equipment
 - C. Jewelry
 - D. Automobiles

6. The Inland Marine coverage form which provides open perils insurance on a world-wide basis for unscheduled personal property is a:
 - A. Personal effects floater.
 - B. Personal articles floater.
 - C. Personal property floater.
 - D. Personal transportation floater.

7. The Inland Marine coverage form which provides open peril insurance for specific classes of personal property on an itemized and scheduled basis is called a:
 - A. Personal article floater.
 - B. Personal property floater.
 - C. Personal effect floater.
 - D. Personal transportation floater.

8. The Inland Marine coverage form which covers clothing, cameras and other portable property worn or carried by tourists and travelers is a:
 - A. Personal effects floater.
 - B. Personal articles floater.
 - C. Camera and musical instrument floater.
 - D. Theatrical property floater.

9. FAIR Plans:
 - A. Are a type of insurance.
 - B. Address the issue of availability of property insurance.
 - C. Were introduced in suburban neighborhoods.
 - D. Are liability insurance.

10. A Personal Umbrella policy:
 - A. Extends the coverage on personal effects.
 - B. Insures yachts.
 - C. Is Excess Liability Coverage.
 - D. Is a Basic Liability Policy.

Miscellaneous Personal Insurance Quiz

Answer Key

1. D
2. A
3. B
4. C
5. D
6. C
7. A
8. A
9. B
10. C

Miscellaneous Commercial Coverages Quiz

1. The Boiler and Machinery policy is designed to cover boilers _____ the insured.
 - A. Owned by
 - B. Leased to
 - C. Operated by
 - D. All of the above

2. If an initial "accident" to a boiler causes three other boilers to have accidents, under the insurance policy, all four events will be considered:
 - A. One event.
 - B. Two events.
 - C. Three events.
 - D. Four events.

3. An "accident" under a Boiler and Machinery Policy includes:
 - A. Sudden breakdown of an object.
 - B. Gradual breakdown of an object.
 - C. Leakage of a valve.
 - D. All of the above.

4. The maximum amount of coverage provided for expediting expenses under a Boiler and Machinery policy is:
 - A. \$5,000.
 - B. \$10,000.
 - C. \$25,000.
 - D. The policy limits.

5. The basic coverages provided by the farm coverage form include all of the following EXCEPT:
 - A. Dwelling
 - B. Outbuildings pertaining to the dwelling
 - C. Dwelling contents
 - D. Livestock and farm machinery

6. Which of the following statements regarding aircraft insurance is incorrect?
- A. The physical damage coverage is written with a flat deductible.
 - B. Coverage for passengers can be excluded.
 - C. Special coverage must be arranged for Air Meet liability coverage.
 - D. Wear and tear is excluded.
7. All of the following are exclusions under Boiler & Machinery coverage, EXCEPT:
- A. Fire losses.
 - B. Flood.
 - C. Sudden and accidental loss.
 - D. Wear and tear.
8. Farm liability coverages include each of the following EXCEPT:
- A. Professional liability.
 - B. Bodily injury and property damage.
 - C. Personal injury and advertising injury.
 - D. Medical payments to others.
9. Each of the following is true about farm coverages EXCEPT:
- A. Farm coverage may be written as a monoline policy or part of a package.
 - B. The principal residence may be covered by farm or homeowners forms.
 - C. Livestock may be insured.
 - D. Property and liability coverages may be included.
10. When underwriting an aircraft hull policy, all of the following are basic questions on usage EXCEPT:
- A. Pilots – qualifications and experience.
 - B. Size – light or heavy aircraft.
 - C. Territory – area where aircraft will be flown.
 - D. Type – land plane, seaplane, or helicopter.
11. ISO has adopted the new Boiler & Machinery forms. The basic difference(s) is/are:
- A. Only one form now applies.
 - B. The new form is called Equipment Breakdown Protection.
 - C. A separate policy is no longer allowed for the small business.
 - D. All of the above.

Miscellaneous Commercial Coverages Quiz

Answer Key

1. D

2. A

3. A

4. C

5. D

6. A

7. C

8. A

9. B

10. C

11. D