

# **Public Adjuster FAQs**

## **Effective 7/15/2015**

### **1. Are public adjusters required to obtain a license in North Carolina?**

North Carolina adopted the NAIC Public Adjuster Licensing Model Act and now requires BOTH individuals and business entities that act as a public adjuster in North Carolina to obtain a license pursuant to N.C. General Statute 58-33A-10.

### **2. What is a public adjuster?**

"Public adjuster" means the insurance adjusters who do not work for any insurance company. They work for the insured to assist in the preparation, presentation, and settlement of the claim. The insured hires them by signing a contract agreeing to pay them a fee or commission based on a percentage of the settlement or other method of compensation.

Additionally, NCGS 58-33A-5 defines a "Public adjuster" as any person who, for compensation or any other thing of value on behalf of the insured:

- (1) Acts or aids, solely in relation to first party claims arising under insurance contracts that insure the real or personal property of the insured, on behalf of an insured in negotiating for, or effecting the settlement of, a claim for loss or damage covered by an insurance contract;
- (2) Advertises for employment as an public adjuster of insurance claims or solicits business or represents himself or herself to the public as a public adjuster of first party insurance claims for losses or damages arising out of policies of insurance that insure real or personal property; or
- (3) Directly or indirectly solicits business, investigates or adjusts losses, or advises an insured about first party claims for losses or damages arising out of policies of insurance that insure real or personal property for another person engaged in the business of adjusting losses or damages covered by an insurance policy, for the insured.

### **3. What are the license requirements for individual public adjusters?**

**Non-Resident** Public Adjusters should submit a complete application, must secure a \$20,000 surety bond or an irrevocable letter of credit issued by a qualified financial institution in the amount of \$20,000 and pay applicable license fees.

***Non-Resident Pubic Adjusters who are designating NC as the home state for licensure purposes must meet the qualifications of a resident.***

**Resident** individual public adjusters must pass state examination. Required to show proof of financial responsibility by providing a \$20,000 bond or an irrevocable letter of credit issued by a qualified financial institution in the amount of \$20,000. Resident public adjusters that apply for an initial license on or after 7/1/2010 must electronically submit a complete set of the applicant's fingerprints for a state and federal criminal history background check. In addition the residents must meet the qualifications set forth in NCGS 58-33A-20 and NCGS 58-33A-45.

**4. Do public adjusters that are licensed prior to 7/1/2010 need to submit proof of financial responsibility?**

Yes, there is no grandfather clause to exempt existing public adjuster licensees. In order to maintain current authority to act as a public adjuster in North Carolina, individual public adjusters must provide the Department with evidence of financial responsibility. Public adjusters that fail to submit this required proof of financial responsibility will lapse in their authority to act as a public adjuster in North Carolina effective 7/1/2010. Agent Services Division will proceed with appropriate administrative action for failure to submit the required evidence of financial responsibility.

**5. How will individual public adjusters submit proof of financial responsibility?**

Individual public adjusters must provide the Department with evidence of financial responsibility by submitting a completed NC Bond-PA form. The NC Bond-PA form is posted on the Department's website under insurance licensing forms at the following location: [http://www.ncdoi.com/ASD/ASD\\_Agents\\_Adj\\_Forms.aspx](http://www.ncdoi.com/ASD/ASD_Agents_Adj_Forms.aspx)

In lieu of a bond, the public adjuster may provide an irrevocable letter of credit issued by a qualified financial institution in the amount of \$20,000 to show financial responsibility.

**6. What type of business entity is required to obtain a license to act as a public adjuster in North Carolina?**

N.C. General Statute 58-33A-5 defines a business entity as a corporation, association, partnership, limited liability company, limited liability partnership, or other legal entity. For example, a sole proprietorship would not be considered to need a business entity license in North Carolina.

**7. My public adjusting company currently has a North Carolina company number. Does the public adjusting company need to apply for a business entity license?**

If the public adjusting company meets the definition in N.C. General Statute 58-33A-5 and is acting as a public adjuster in North Carolina, they must obtain a public adjuster business entity license. The license number for a public adjusting business entity is the FEIN.

If your public adjusting company has a company number assigned (not a FEIN) by the Department, it is not a license number. These numbers with a prefix of "100", "101", "102", or "103" were assigned by Agent Services Division for billing purposes only to collect the annual \$75.00 license fee for each sponsored public adjuster. At the time these billing numbers were assigned, public adjusting companies were not licensed entities. The Department now bills this annual license fee directly to each individual public adjuster through NIPR and no longer bills the public adjusting company for the annual license fees.

**8. What are the license requirements for business entity public adjusters?**

Submit a complete application and pay applicable license fees.

Non-resident and resident business entities are required to designate a licensed public adjuster to be responsible for the business entity's compliance with North Carolina insurance laws and regulations. Resident business entities acting as a public adjuster are also required to submit a complete set of electronic fingerprints for each "key person" for a state and federal criminal history background check. A "key person" is considered an owner, partner, officer or director of the business entity, or member or manager of a limited liability company. A key person is not required to be a licensed public adjuster.

**9. Are licensed public adjuster business entities required to notify North Carolina of any changes to their designated responsible public adjuster or key persons?**

Yes. Public adjuster business entities should submit written notification to Agent Services Division of any changes in the **designated responsible public adjuster**. For key person affiliation changes, public adjuster business entities should complete the Public Adjuster Business Entity Key Person Affiliation form and submit it to the Agent Services Division within 10 days of any key person affiliation changes. The Public Adjuster Business Entity Key Person Affiliation form is posted on the Department's website under insurance licensing forms at the following location: [http://www.ncdoi.com/asd/asd\\_applications\\_forms.asp](http://www.ncdoi.com/asd/asd_applications_forms.asp).

In addition, resident public adjuster business entity key person additions will require electronic submission of a complete set of the key person's fingerprints for a state and federal criminal history record check. A \$38.00 criminal history record check fee is also required for each key person affiliation addition.

**10. Is Continuing Education (CE) required for a public adjuster?**

Residents must complete 24 hours of CE every 24 months and non-residents must meet the CE requirements of their home state or their domiciled state. If NC is the domiciled state, the non-resident public adjuster must complete 24 hours of CE every 24 months. There is also a mandatory requirement that public adjusters take 3 hours of ethics every 24 months and 3 hours of flood CE every other biennial period. Please review the CE requirements at [www.Prometric.com](http://www.Prometric.com).

**11. How does a public adjuster renew the license?**

Public Adjusters must pay an annual renewal fee of via NIPR by March 31.

The public adjusting business entity must pay an annual renewal fee of via NIPR by March 31.

**12. Are fingerprints required at renewal?**

Fingerprints are not required at this time.

**13. Are there any other license requirements?**

All licensees including public adjusters and public adjusting business entities are to change their residence, mailing and email address within 10 days of the changing. Licensees are subject to an administrative fee of \$50.00 for failure to change residence and email address.

**14. How will resident individual and business entity public adjusters submit fingerprints for the required criminal history background check?**

Fingerprint submission instructions and required forms are located on the Department's website [www.ncdoi.com](http://www.ncdoi.com) under applications and forms for insurance licensing at [http://www.ncdoi.com/ASD/ASD\\_Agents\\_Adj\\_Forms.aspx](http://www.ncdoi.com/ASD/ASD_Agents_Adj_Forms.aspx)

### **15. How will public adjuster business entities and individuals apply?**

**Non-resident** Individual public adjusters should submit an electronic application for licensure as a public adjuster through NIPR using the NAIC Uniform Application at [http://www.nipr.com/producer\\_landing.htm](http://www.nipr.com/producer_landing.htm).

**Resident** Individual Public Adjusters are not required to take pre-licensing education; however they are required to take the state exam.

Public adjuster business entities should submit an electronic application for licensure as either a corporation/partnership business entity through NIPR using the NAIC Uniform Business Entity Application at [http://www.nipr.com/producer\\_landing.htm](http://www.nipr.com/producer_landing.htm).

### **16. What is the lapsed license fee?**

Public adjuster individual and business entity licenses expire each year on 3/31 if the license renewal payment is not received. Public adjusters that renew their license in the 60 day period following the license expiration date must pay a lapsed license fee in addition to the fees for renewal. Public adjusters may also apply to reinstate their lapsed license for up to one year after the license expiration date by payment of both the fees for renewal and the lapsed license fee.

### **17. How do individual and business entities renew their license?**

Individual and business entity public adjuster licenses renew each year by completing the renewal application and payment of the annual renewal fee through NIPR. The renewal payment is due by 3/31 each year.

### **18. Can a self-employed/company independent adjuster transfer their license to be a Public adjuster?**

Resident adjusters- Yes, but they will be required to secure a bond and have fingerprints done.

Non-residents- No, unless they are moving into the state and then they would fall under the rules for a resident licensee.

### **19. Can a Public Adjuster also hold a Self Employed Adjuster or Company/Independent Firm Adjuster license simultaneously?**

Yes, however on an individual claim, the individual cannot work as both a public adjuster and a Self Employed Adjuster or Company/Independent Firm Adjuster.

### **20. Can I hold an active Motor Vehicle Damager Appraiser license and also get a Public Adjuster license?**

YES

**21. Can a Property and Casualty Producer transfer their license to a public adjuster's license?**

Yes, they must first surrender their agent's license and apply for the adjuster's license through NIPR at [http://www.nipr.com/producer\\_landing.htm](http://www.nipr.com/producer_landing.htm). They are also required to show proof of financial responsibility by providing a \$20,000 bond or an irrevocable letter of credit issued by a qualified financial institution in the amount of \$20,000. Resident public adjusters that apply for an initial license on or after 7/1/2010 must electronically submit a complete set of the applicant's fingerprints for a state and federal criminal history background check.

**22. Does a Public Adjuster require an appointment?**

No.

**23. Is the insurance company limited in its ability to communicate with the insured when the insured is represented by a public adjuster?**

Once a public adjuster has been retained, the company adjuster or other insurance representative may not communicate directly with the insured without the permission or consent of the public adjuster or the insured's legal counsel.

Practically, the public adjuster (upon entering into a contract with an insured) should notify the insurance company (adjuster) that he or she has been retained by the insured or claimant contractually, and from that point forward, the insurer must honor the statutory contractual requirement that public adjuster should be the first contact with an insured. Thereafter, the company should not make direct contact with the insured unless the public adjuster has granted permission for them to do so. The insurer has the right to request a copy of the contract between the insured or claimant and the public adjuster if it feels that such is necessary.