

SCAM ALERT



Department of Insurance
and Financial Services

Is Your Contractor Engaging in the Unauthorized Practice of Public Adjusting (UPPA)?

A public adjuster is an Iowa licensed person or entity who is hired by the property owner to represent the property owner in negotiating a resolution of an insurance claim for loss or damage to property. In the event of a catastrophic disaster, the property owners can be charged up to 10% of the insurance claim amount for this service.

The expense for this service and any other services offered in the aftermath of storms should be carefully considered by the property owners prior to signing any agreements. Take the time necessary to carefully review complete copies of contracts. Insured property owners are entitled to hire a licensed public adjuster. A licensed public adjuster must be bonded and adequately trained to serve as the insured property owner's exclusive representative for the insurance claim.

Property owners are encouraged to talk with their insurance agent and allow their insurance company the opportunity to assess the damage to the property and provide detailed estimates. This is a common procedure for insurance companies and is completed at no additional expense to the property owner.

Unauthorized practice of public adjusting (UPPA) is what it sounds like - it occurs when someone other than a licensed public adjuster works with an Iowa consumer to settle a property insurance claim. These entities can be out-of-state or local Iowa contractors acting as public adjusters without a license, who travel to areas of the state after widespread storms. **Entities engaging in UPPA are violating Iowa law.** Unlicensed public adjusters can be rife with fraud, taking advantage of property owners, exaggerating damage estimates or charging excessive fees exhausting the property owner's insurance coverage limits.

What contractors ARE allowed to do:

- Contractors may approach a homeowner or business owner offering repair or reconstruction services IF they follow local laws, like obtaining a solicitor's license.
- Offer an opinion as to whether damage is from a storm or other incident normally covered by insurance.
- Prepare an estimate for the loss.
- Discuss the estimate and scope of work with property owners.
- Be present when an insurance company's adjuster inspects the damage.
- Answer questions the insurance company or its adjuster has about the estimates.

What contractors are NOT allowed to do:

- Prepare the insurance claim for the customer.
- Negotiate the claim with the insurance company on the customer's behalf.
- Offer to review the insurance policy or advise the customer on the insurance policy's coverage.
- Advertise that the contractor can negotiate a claim on the customer's behalf. **This includes advertising to be "claim specialists" or "claim analysts," or any other similar terms, or advertising or claiming that the contractor can "deal with insurance companies" or in any way increase the claim settlement amount for the policyholder.**
- Partner with a licensed public adjuster or enter a contract with a licensed public adjuster.

MOST CONTRACTORS ARE NOT PUBLIC ADJUSTERS

If you believe you are working with or are being contacted by an unlicensed public adjuster, please contact iid.iowa.gov/consumers/filing-complaints