



Consumer Advisory: Contractors or Individuals that Offer to Help You with your Insurance Claim

As of August 27, 2020

After a disaster (whether it impacts you or your community) many people may reach out to help you. This could include your neighbors, county or city officials, the Red Cross, and community groups. You might also be approached by contractors or individuals that offer to help you with your insurance claim. It is important that you understand who these individuals are and the role they play in your insurance claim. One of the most important things to remember is to ask for proper identification so that you can be certain you know the identity of the individual and who they work for.

When it comes to your insurance claim, there are four groups of people that you might come in contact with:

1. Adjusters that work for insurance companies. Some work for only one insurance company and others work for several insurance companies (known as independent adjusters). Your insurance company pays these adjusters. This adjuster will settle the claim on behalf of the insurance company based on the insurance coverage you have and the amount of damage to your home and property. Remember, **you do not pay a company adjuster**. For more information about working with an insurance company's adjuster, read our Consumer Advisory at: <https://insurance.maryland.gov/Consumer/Documents/publicnew/WORKING-WITH-THE-INSURANCE-ADJUSTER.pdf>.
2. Public adjusters are people that you can hire to assist you with your insurance claim. They have no ties to the insurance company. They estimate the damage to your home and property, review your insurance coverage, and negotiate a settlement of the insurance claim for you. Maryland law requires that public adjusters be licensed. **You have to pay a public adjuster**.

Public adjusters must give you a **written** contract that includes:

- i. the legible full name of the public adjuster signing the contract, as specified in the records of the Administration;
- ii. the permanent business address and phone number of the public adjuster in the public adjuster's home state;
- iii. the license number issued by the Administration to the public adjuster;
- iv. the insured's full name, street address, insurance company name, and policy number, if known or on notification;
- v. a description of the loss and the location of the loss, if applicable;
- vi. a description of services to be provided to the insured;
- vii. the signatures of the public adjuster and the insured;
- viii. the dates when the contract was signed by the public adjuster and the insured, respectively;
- ix. notification to the insured that:
 - a. the public adjuster may incur out-of-pocket expenses on behalf of the insured; and
 - b. these expenses incurred by the public adjuster and approved by the insured will be reimbursed to the public adjuster from the insurance proceeds; and
- x. the full salary, fee, commission, compensation, or other consideration the public adjuster is to receive for services.

You have three business days after signing a contract with a public adjuster to cancel the contract.

For more information on whether you should hire a public adjuster, take a look at our Consumer Advisory at:

<https://insurance.maryland.gov/Consumer/Documents/publicnew/publicadjuster.pdf>.

3. Contractors – These are the individuals that perform work on your home. Individuals that perform home improvements or repairs are required to be licensed by the Maryland Home Improvement Commission (MHIC). Maryland's Home Improvement Law defines "home improvement" as the addition to or alteration, conversion, improvement, modernization, remodeling, repair, or replacement of a building or part of a building that is used or designed to be used as a residence or dwelling place or a structure adjacent to that building; or an improvement to land adjacent to the building.
(<https://www.dllr.state.md.us/license/mhic/mhicwhatishi.shtml>) Demolition and removal is not considered to be within the definition of "home improvement." Therefore, the contractor is not required to hold an MHIC license to perform these services. Contractors may not perform the duties of a public adjuster unless they are also licensed as a public adjuster. For more information on what

a contractor can and cannot do with respect to your insurance claim, refer to our Consumer Advisory at:

<https://insurance.maryland.gov/Producer/Pages/Insurance-Advisory-for-Home-Improvement-Contractors-and-Salesmen.aspx>.

For questions about contractors, contact the Maryland Home Improvement Commission at 410-230-6309 or e-mail: DLOPLMHIC-LABOR@maryland.gov.

4. Remediation or Mitigation Companies – These companies provide services such as drying out your home or your personal property. These companies work to limit ongoing damage and prevent additional damage after a loss using tools and methods like: boarding up windows; adding roof tarps or removing water from firefighting efforts or weather. These companies are not licensed by the Maryland Insurance Administration. You should contact the Better Business Bureau to find out information about their complaint history.

No contractor or public adjuster may promise to pay a policyholder's deductible directly or indirectly. Please contact the Maryland Insurance Administration at 410-468-2340 or 800-492-6116 with questions regarding this advisory or any other insurance matters.