

THE PUBLIC ADJUSTER

THE entire insurance industry has for years past been talking "public relations," but it is obvious that this term has no significance to the average person. There is no mystery to public relations. It is the art of good behavior and reaping its benefits; the disposition of a pleased customer to return to the place where he has been well treated; it is simply the building of good will so necessary to the expansion of any business.

The insurance companies have placed too much emphasis on the selling of insurance and not enough on the proper handling of loss adjustments, forgetting that only a small percentage of the insuring public has occasion to call upon their insurance contracts to perform.

The Danger of Inexperience

Insurance companies generally have failed to completely lay the proper background for public acceptance of some of the methods of loss adjustments. They have frequently clothed the inexperienced adjuster with the authority and responsibility of accomplishment. Incompetent adjusters representing insurance companies are often accused of "driving for a good bargain," that is, offering in settlement an amount less than the assured claims he is entitled to receive, and attempting to force this adjustment on the assured with the result that all the money spent for public relations programs is wasted because the insuring public believes that actions speak louder than words.

Losses should be assigned to men acknowledged to be professionals, and the industry should require the raising of standards of adjusters, make the qualifications more exacting, and advocate the enactment of proper state regulatory laws in states where they do not now exist (that is, laws fair to the public, the insurance companies and to the industry)

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thereby eliminating any unqualified, inexperienced or unscrupulous adjusters now in practice.

What is to be done about the adjusters who could not qualify? The answer is simple; the process, difficult but fruitful. They must be educated. Through study and application, they must improve their



standing in the business or the profession will go forward, leaving them far behind. By this means the vast expanding insurance industry keeping before it primarily the public interest, forgetting selfish expediency and personal gain, can acquire a magnificent reward; public acclaim and industry advancement.

Big Responsibility

One of the heaviest responsibilities of the insurance business is the fair, reasonable and equitable adjustments of fire loss claims. A satisfied claimant is the best advertisement an insurance company can have, and

here lies the greatest public relations opportunity ever afforded, for it has been demonstrated often that good will can make or the lack of good will can break any business. This is particularly true of the insurance business, and especially so in the adjustment of fire losses.

What Is a Public Adjuster

A public adjuster is a person engaged in the highly specialized profession of adjusting losses in fire and allied lines for and in behalf of the assured. He devotes his entire time to his work, maintains a permanent office for such purposes and specifically serves to advise and assist the general public in connection with claims arising from losses which are protected by various forms of insurance contracts. He is called a "public" adjuster in order to distinguish him from those engaged in the adjusting of losses for insurance companies. In several states the profession is regulated by law and licensed as are other professions. Where such regulatory statutes exist, he is variously known as a "Licensed Adjuster," "Certified Public Adjuster" or "Adjuster for the Assured," and is required to maintain a high reputation and to perform his activities faithfully with a deep sense of public trust. For any breach of such trust, he is held fully responsible, and his license to engage in the profession is always subject to suspension, limitation or revocation for any misconduct, breach of ethics or unprofessional act on his part.

Generally speaking, a public adjuster should be of unquestioned moral character and wholly conversant with and thoroughly familiar with the standard fire insurance policy, and its various forms, clauses and permits, use and occupancy, commissions and profits, rents, improvements and betterments, report-

ing forms and extended coverage endorsements commonly in general use in connection with same. He should comprehend fully all aspects and implications of the forms of insurance contracts in general use, and be able to give sound, intelligent, and accurate advice regarding fire and allied lines of insurance. In particular, he must be able to compute properly and apportion fire insurance policies that are concurrent and non-concurrent, with or without co-insurance clause, and must be completely cognizant of the various accepted methods of apportionment of losses.

Basic Requirements

Inasmuch as the public adjuster is engaged in an activity requiring the highest public confidence and trust, he must measure up to unimpeachable standards of integrity, and fairness in his dealings with clients and insurance companies. He must be a specialist in all phases of fire loss adjustments, who serves the public without fear or favor. Experience has demonstrated that only those who are unbiased and can see both sides of a question, who reach sound conclusions and adhere to them, who are independent and accept no dictation, who place devotion to their profession above gain by questionable means, and who have a natural aptitude for the manifold requirements of adjustment possess the qualifications which are essential for a successful public adjuster. Sound education, extensive practical experience, courteous deportment, unquestionable reputation and integrity, community respect, and business ability are all indispensable prerequisites.

The public adjuster must be the master of all businesses, must know commercial laws, rules and usages, must be familiar with sound accounting methods and principles, must possess a highly developed sense of values and understanding of mechanics and machinery. In short, he must have an orderly, logical, resourceful, discriminating mind, and must have the capacity for reaching sound and decisive conclusions in presenting clearly all of the salient facts concerning an adjust-

ment. No public adjuster can hope to reach the top of his profession unless he understands also the fundamentals of building construction, repairs, rebuilding, estimates, depreciation, obsolescence and building codes. In addition, it is essential that he understand merchandising methods, the making of inventories of damaged and undamaged personal property and the preparation of out of sight losses, and the cost and methods of the repair and installation of machinery.

The public adjuster, until the past several decades, was little understood by the general public, but today he is recognized and appreciated by the community.

Changing conditions and varied viewpoints in policy contracts and forms will, at the time of a loss, sometimes present difficult problems which must be faced and must be solved. Experience has proved the public adjuster invaluable in settling just such problems. For example, it has been necessary for the public adjuster to help to educate the assured on the question of application of co-insurance, apportionment of a loss, replacement value and depreciation, and to reconcile the misunderstandings between the principals in the application of the policy contract.

Specialized Help

The public adjuster, trained and experienced in his work, knows what data is necessary and how to compile it, and is in a position to develop the adjustment clearly and with probative force. The insurance agent and broker are vital servants of the assured but the public adjuster has the responsibility of rendering a service to the assured far more specialized. The assured's interest in his coverage is slight until he has a loss, and then his interest becomes acute and a source of expert help and advice is the public adjuster.

The public adjuster serves to promote the confidence necessary for the smooth running of an adjustment, and to instill confidence in the assured at a time when he is under great stress, and to bring about increased understanding and cooperation between the insurance company and the assured. A competent and

reputable public adjuster not only has the confidence of his client but also that of the company adjuster who realizes that he is negotiating with a worthy and friendly adversary. Confidence can be well entrenched if based on the firm foundation of facts with a spirit of cooperation among the assured, the insurer, the public adjuster and company adjuster.

Cooperation with Lawyers

In the past, lawyers have frequently expressed the opinion that the work of the public adjusters is an encroachment on the practice of law. This issue was recently raised by the Bar Association of one state which then considered the problem fully. It was concluded that the functions of the public adjuster are distinctly apart from the practice of law, and that he practices a highly specialized profession for which there is a definite need. Lawyers are increasingly calling upon the public adjuster to assist them in handling and preparing schedules and claims in connection with fire losses sustained by their clients, and to advise them and aid them in the successful conclusion of fire loss adjustments.

The public adjuster has a profound respect for the strength and solvency of the expanding insurance business of which he is an integral part. His respect is extended to the companies, their executives, special agents, agents and brokers and last, but not least, to the qualified company adjuster with whom he is constantly in contact. It is through the public adjuster that loss adjustments negotiated by and between the public adjuster on behalf of the assured and the company adjuster on behalf of the company that publicity, advertising and propaganda, the three elements of public relations, are perpetuated.

Cooperation with Agents

The importance of cooperation between the agent or broker and the public adjuster cannot be underestimated. Each has his specific functions and each is important. There is no exact dividing line which determines where the place of the agent

or broker ends and that of the public adjuster begins at the time of a loss. Both the agent or broker, on the one hand, and the public adjuster, on the other, have a common interest and common responsibilities in the adjustment of a fire loss for the insured.

There are many more agents and brokers than there are public adjusters, and their position in the insurance industry is a continuing one. They serve the insured at all times in connection with his insurance coverage. But when a loss occurs the public adjuster becomes just as vital and necessary as the agent or broker. At such times the highly specialized character of the profession becomes apparent, and the agent and broker should so accept it. The public adjuster has come to stay because he is a vitally important cog in the smooth operation of the vast insurance machinery. Likewise the agent and broker can be helpful in cooperating with the public adjuster in solving difficult problems arising in the course of loss adjustment.

Origin and History

To comprehend fully the present status of the public adjuster or to predict his future it is necessary to consider the origin and the historical background of his profession. Prior to 1880 there were no public adjust-

ers, and when the profession appeared on the scene at the turn of the century, it was disorganized and composed of persons of varying reputations and scruples. No ethical code of conduct then existed, and while many of the early practitioners were capable and reputable and left a heritage of good will, others were untrained and their conduct was redolent of that lack of discipline which is so universally characteristic of the early days of all professions. These latter individuals caused insurance companies and their representatives to look upon all public adjusters with suspicion. They were accused of giving the assured bad advice, presenting exorbitant claims, and of employing methods and devices of a dubious nature in making adjustments for their own gain. The passing of time brought stability and professional status and many states passed regulatory laws to license and control the profession and to insure honest dealings, fair play, and proper conduct. For the last several decades the profession has been composed in increasingly large numbers of thoroughly trained, experienced, conscientious, honest, and reputable men. Today the public adjuster is zealous to maintain his reputation and that of his profession, and is fair to his assured, and to the insurance company.

The public adjuster has earned for himself a definite and necessary

place in the insurance world, and the public's confidence in him has been fully established. The profession is an expanding one, just as the insurance field itself is growing and becoming more complex. It can be stated without hesitation that the opportunities of the public adjuster are continuously increasing, and the extent of these opportunities is limited only by the capacity of its practitioners to adapt and prepare themselves for the increasing calls upon their knowledge.

Progress Must Be Maintained

The profession having attained the high standards which it now possesses cannot rest on its achievements. Eternal vigilance is the price of progress in any field of activity, and it is vital that all states having no regulatory laws should enact statutes regulating the public adjuster, and should enforce these laws capably and impartially. Societies should be formed with strict ethical codes and should be highly selective in their membership. Membership in such organizations should be the goal of every public adjuster and the symbol of professional character, ability, and achievement. This has been successful in other professions and will work equally well to insure the future of the public adjuster and the continuing respect of the public for his work.