

Texas Department of Insurance
Frequently Asked Questions
Unlicensed Individuals and Entities Adjusting Claims
(As of May 2014)

- 1. What are some best practices consumers should look for when hiring a roofer or a contractor?**
 - Confirm that the roofer or contractor has workers' compensation and general liability insurance. Ask for the roofer's or contractor's certificate of insurance. Call the insurance company to confirm that the policy is valid.
 - Check references.
 - Review the Better Business Bureau rating and any other available services for rating or review of roofers or contractors.
 - Confirm that the roofer or contractor has a manufacturer's certification.
 - Confirm that the roofer or contractor is bonded.
 - Require a written contract and review it carefully. You may want to consult an attorney.

- 2. May a roofer or contractor discuss the amount of damage to the consumer's home, the appropriate replacement, and reasonable cost of replacement with the insurance company?**

Yes. A roofer or contractor may discuss these things with the consumer or insurance company to the extent that they are relevant to the estimate to repair damage to the consumer's home.

- 3. May a roofer or contractor advocate on behalf of a consumer and discuss insurance policy coverages and exclusions?**

No.

- 4. May a roofer or contractor answer questions about its estimate for a consumer's claim?**

Yes. The roofer or contractor may discuss the scope of work in its repair estimate with the consumer or the consumer's insurance company.

- 5. If an original estimate is later found to be insufficient, may a roofer or contractor answer questions about its revised estimate?**

Yes. The roofer or contractor may discuss supplements and clarifications concerning the revised estimate with the consumer or the consumer's insurance company.

- 6. What is an insurance adjuster?**

A person who investigates or adjusts losses on behalf of an insurer. An insurance adjuster also supervises the handling of claims. For more information, see Texas Insurance Code Section 4101.001.

- 7. What is a public insurance adjuster?**

A person who acts on behalf of homeowner to negotiate the settlement of an insurance claim. For more information, see Texas Insurance Code Section 4102.001. A public insurance adjuster may receive compensation.

- 8. What do public insurance adjusters do?**

Public insurance adjusters negotiate the settlement of insurance claims on behalf of homeowners. This might include investigating, settling, adjusting, advising, or assisting insured homeowner with a claim. Additionally, public insurance adjusters may advertise and solicit business. For more information, see Texas Insurance Code Section 4102.001.

9. What are public insurance adjusters prohibited from doing?

Public insurance adjusters may not:

- use a badge in connection with the official activities of their business.
- use any letterhead, advertisement, or printed materials that imply that they work for or represent the federal government, a state, or a political subdivision of a state.
- use a name different from the name under which the public insurance adjuster is currently licensed in an advertisement, solicitation, or business contract.
- participate directly or indirectly in the reconstruction, repair, or restoration of damaged property that is the subject of a claim adjusted by the license holder. A public insurance adjuster may not engage in any other activity that would reasonably be understood to be a conflict of interest. This includes soliciting or accepting any payment from, or having a financial interest in, any salvage firm, repair firm, or other firm that obtains business in connection with any claim the public insurance adjuster has a contract or agreement to adjust.
- acquire an interest in salvaged property that is the subject of a claim adjusted by the public insurance adjuster without the knowledge and written consent of the insured.
- represent an insured on a claim or charge a fee to an insured while representing the insurance company against which the claim is made.
- give legal advice.
- advance money to any potential client or insured.
- pay a fee or commission or offer or give anything of value to someone who is not a public insurance adjuster in exchange for referring an insured.

For more information, see Texas Insurance Code Chapter 4102, Subchapter D.

10. Do consumers have to hire public insurance adjusters?

No.

11. Are there limits on the amount of money a public insurance adjuster may charge?

Yes. Typically, public insurance adjusters charge an hourly fee, a flat rate, or a percentage of the claim settlement. The public insurance adjuster's total compensation may not exceed 10 percent of the amount of the insurance settlement on the claim.

If the insurance company pays or agrees in writing to pay the limits of the insurance policy to the insured within 72 hours of the receipt of the claim, the public insurance adjuster may not base the fee on a percentage of the total amount paid by the insurance company. For more information, see Texas Insurance Code Section 4102.104.

12. May a licensed insurance adjuster also be a roofing contractor or provide roofing services?

Yes. However, the insurance adjuster may not adjust any losses relating to roofing damage on behalf of an insurer. See Texas Insurance Code Section 4101.251 (a).

13. May a licensed public insurance adjuster also be a roofing contractor or provide roofing services?

Yes. However, the public insurance adjuster may not directly or indirectly participate in the reconstruction, repair, or restoration of property that is the subject of a claim adjusted by the license holder. See Texas Insurance Code Section 4102.158 (a)(1).

14. May a roofing contractor act as an insurance adjuster or a public insurance adjuster or advertise to adjust claims?

Anyone acting as an insurance adjuster or a public insurance adjuster or advertising to adjust claims must hold the appropriate license issued by TDI. However, even a licensed insurance adjuster or public insurance adjuster may not act as such if the individual is providing or may provide roofing services on the subject property. See Texas Insurance Code Sections 4101.251 (b) and 4102.163.