



# House of Representatives

General Assembly

**File No. 53**

February Session, 2010

Substitute House Bill No. 5141

*House of Representatives, March 16, 2010*

The Committee on Insurance and Real Estate reported through REP. FONTANA, S. of the 87th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING THE HANDLING OF PROPERTY CLAIMS BY PUBLIC ADJUSTERS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-723 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2010*):

3 As used in this title, unless the context or subject matter otherwise  
4 requires, "public adjuster" means any person, partnership, association,  
5 limited liability company or corporation who or which: [practices as a  
6 business the adjusting of loss or damage by fire or other hazard under  
7 any policies of insurance in behalf of the insured under such policies,  
8 or who advertises]

9 (1) On behalf of an insured and for monetary or other compensation  
10 or anything of value, (A) prepares, documents or submits a first-party  
11 property claim to an insurance company for loss or damage by a  
12 covered peril under a personal or commercial risk insurance policy, as

13 defined in section 38a-663, issued by such company, or (B) negotiates,  
14 adjusts or effects the settlement of such claim;

15 (2) Advertises or solicits business as a public adjuster; [,] or [holds]

16 (3) Holds himself or itself out to the public as engaging in [such  
17 adjusting] any of the activities set forth in subdivision (1) of this  
18 section as a business. Lawyers settling claims of clients shall not be  
19 deemed to be [insurance] public adjusters.

20 Sec. 2. Section 38a-724 of the general statutes is repealed and the  
21 following is substituted in lieu thereof (*Effective October 1, 2010*):

22 (a) The use of an employment contract between a public adjuster  
23 and [a client] the insured shall be mandatory. Such contract shall  
24 contain a provision specifying that the [client] insured may cancel the  
25 contract, provided [he] such insured notifies the public adjuster at [his]  
26 such public adjuster's main office or branch office at the address  
27 shown in the contract, by certified mail, return receipt requested,  
28 posted not later than midnight of the second calendar day after the day  
29 on which the [client] insured signs the contract, except that if the  
30 signing is on a Friday, Saturday or Sunday, the cancellation shall be  
31 posted not later than midnight of the Tuesday immediately following,  
32 and thereafter the contract shall be void ab initio.

33 (b) No public adjuster shall solicit an insured between the hours of  
34 eight o'clock p.m. and eight o'clock a.m.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2010	38a-723
Sec. 2	October 1, 2010	38a-724

**INS** Joint Favorable Subst.

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The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill, which clarifies the definition of public adjuster, does not result in a fiscal impact.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** None

**OLR Bill Analysis****sHB 5141*****AN ACT CONCERNING THE HANDLING OF PROPERTY CLAIMS  
BY PUBLIC ADJUSTERS.*****SUMMARY:**

This bill redefines a “public adjuster” to specify the range of services one is allowed to perform. Current law defines it as one who adjusts loss or damage caused by fire or other hazards under an insurance policy on behalf of the insured person. The bill instead defines it as one who, on behalf of an insured person and for compensation or anything of value, (1) prepares, documents, or submits a first-party property claim to an insurance company for loss or damage covered under a personal or commercial risk insurance policy or (2) negotiates, adjusts, or effects a claim settlement.

The bill prohibits a public adjuster from soliciting an insured person between 8:00 p.m. and 8:00 a.m. This restriction is current regulation.

By law, anyone who acts as a public adjuster without being licensed by the insurance commissioner is subject to a \$10,000 fine, up to three months in prison, or both (CGS § 38a-725).

The bill also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2010

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/04/2010)