



# House of Representatives

**File No. 622**

General Assembly

February Session, 2010

**(Reprint of File No. 53)**

Substitute House Bill No. 5141  
As Amended by House  
Amendment Schedule "A"

Approved by the Legislative Commissioner  
April 22, 2010

**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 Section 38a-723 of the general statutes is repealed and the  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 and submits a first-  
11 party 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] the activities set forth in subparagraphs (A) and (B) of  
18 subdivision (1) of this section as a business. Lawyers settling claims of  
19 clients shall not be 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 Section 38a-724 of the general statutes is repealed and the  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	<i>October 1, 2010</i>	38a-723
Sec. 2	<i>October 1, 2010</i>	38a-724

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.

House "A" makes technical changes to the underlying bill and does not result in a fiscal impact.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

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**OLR Bill Analysis****sHB 5141 (as amended by House "A")\******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 a “public adjuster” as any person or company that 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 a person or company that, on behalf of an insured person and for compensation or anything of value, (1) prepares, documents, and 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. As under current law, the bill also includes in the definition any person or company that (1) advertises or solicits business as a public adjuster or (2) holds himself or itself out to the public as engaging in adjusting activities.

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

\*House Amendment "A" modifies the original bill's definition of "public adjuster" to mean a person or company that (1) prepares, documents, and submits property claims to insurance companies, instead of a person or company that does any of these three things and (2) holds himself or itself out to the public as engaging in adjusting activities, instead of *any* of the listed activities. It also makes a technical change.

EFFECTIVE DATE: October 1, 2010

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/04/2010)