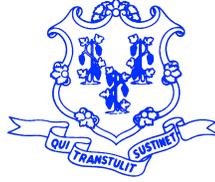


The Connecticut General Assembly

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Memorandum

To: Legislative Regulation Review Committee
From: Legislative Commissioners' Office
Committee Meeting Date: July 24, 2012

| | |
|--|---|
| Regulation No: | 2012-26 |
| Agency: | Insurance Department |
| Subject Matter: | Requirements Applicable to Public Adjusters |
| Statutory Authority: (copy attached) | 38a-788 |

| | Yes or No |
|----------------------------|-----------|
| Mandatory | N |
| Federal Requirement | N |
| Permissive | Y |

For the Committee's Information:

On July 2, 2012, the Insurance Department submitted substitute page 1. This report is based, in part, on the substitute page.

Substantive Concerns:

Technical Corrections:

1. On page 1, in line 4 of section 38a-788-5(a), "WITHIN" should be "NOT LATER THAN" and "FROM" should be "AFTER" for clarity.
2. On page 1, in lines 1, 4, 5, 7 and 10 of section 38a-788-5(b), "CLAIMANT" should be "INSURED" for statutory consistency and consistency with the contract form in section 38a-788-6.
3. On page 1, in line 2 of section 38a-788-5(c), "MUST" should be "SHALL" in accordance with the committee's directive concerning mandates and "CLAIMANT" should be "INSURED" for statutory consistency and consistency with the contract form in section 38a-788-6.
4. On page 2, in the last sentence of the Cancellation provision, "above" should be bracketed and after the closing bracket, "IN THE SENTENCE IMMEDIATELY PRECEDING" should be inserted for clarity.
5. On page 2, in line 2 of the Fee provision, "actual or final settlement of" should be bracketed and "AMOUNT OF THE INSURANCE SETTLEMENT PROCEEDS YOU ACTUALLY RECEIVE FOR" should be inserted after the closing bracket for statutory consistency.
6. On page 3, in the line reading "**READ BOTH SIDES BEFORE SIGNING**", "18 point bookman type" should be italicized for consistency with the existing language.
7. On page 3, in line 6 of the **PUBLIC ADJUSTER EMPLOYMENT CONTRACT** provision, after "amount of the", "loss" should be bracketed and after the closing bracket, "INSURANCE SETTLEMENT PROCEEDS I/WE ACTUALLY RECEIVE" should be inserted for statutory consistency.
8. On page 3, in the line reading "**I HAVE READ THE INFORMATION...**", "**CONTRACT**" should be entirely bolded for proper form, and "18 point bookman type" should be italicized for consistency with the existing language.
9. On page 4, in the line reading "This form is in compliance with Section 38a-769-6...", "38a-769-6" should be "38a-788-6" for accuracy and consistency with existing language.
10. On page 4, in line 1 of section 38a-788-8, "actual or final settlement of" should be bracketed and after the closing bracket, "AMOUNT OF THE INSURANCE SETTLEMENT PROCEEDS ACTUALLY RECEIVED BY THE CLIENT FOR" should be inserted for statutory consistency and in line 2 of said section, "CLAIMANT" should be "CLIENT" for statutory and internal consistency. In line 4 of said section, "PROCEEDS AND SHALL BE BASED ONLY ON THE" should be "PROCEEDS." and line 5 of said section should be deleted for statutory consistency.

Recommendation:

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| <p>X Approval in whole X with technical corrections X with deletions with substitute pages Disapproval in whole or in part Rejection without prejudice</p> |
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Reviewed by: Kumi Sato / Richard Hanratty

Date: July 11, 2012

Sec. 38a-788. License. Examination. (a) The commissioner may waive the requirement of examination set out in section 38a-769, in the case of (1) any applicant for a public adjuster's license who is a nonresident of this state and who is licensed as a public adjuster in any other state and (2) any applicant who at any time within two years next preceding the date of application has been licensed in this state under a license of the same type as the license applied for.

(b) Each applicant for a public adjuster's license shall, before being admitted to such examination, prove to the satisfaction of the commissioner that he has successfully completed a course approved by the commissioner requiring not less than forty hours covering property insurance policies and forms.

(c) Any license to be a public adjuster issued by the commissioner shall be in force only until the first day of May in each even-numbered year unless sooner revoked or suspended. The license may be renewed upon payment of the license fee specified in section 38a-11.

(d) The commissioner may adopt such regulations in accordance with the provisions of chapter 54, as he deems necessary, with respect to the form and manner of filing of application for license as a public adjuster and the issuance, suspension and revocation of such licenses and the conduct of hearings in connection therewith, the manner in which public adjusters shall conduct their business, including limitations on fees which may be charged, and the form of the employment contract between a public adjuster and a client. The use of such contract shall be mandatory. Such contract shall contain a provision specifying that the client may cancel the contract, provided he notifies the public adjuster at his main office or branch office at the address shown in the contract, by certified mail, return receipt requested, posted not later than midnight of the second calendar day after the day on which the client signs the contract, except that if the signing is on a Friday, Saturday or Sunday, the cancellation shall be posted not later than midnight of the Tuesday immediately following, and thereafter the contract shall be void ab initio.

Public Act 12-162, Section 4: Section 38a-726 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(a) No public adjuster shall charge or collect a fee if, within thirty days of a loss to a structure covered by a fire insurance policy, the insurer offers in writing to pay the full policy limits.

(b) Any fee charged to an insured by a public adjuster shall be based only on the amount of the insurance settlement proceeds actually received by the insured and shall be collected by such public adjuster after the insured has received such proceeds from the insurer.