

## Contractors and the Unauthorized Practice of Public Adjusting

A contractor who is not a licensed public adjuster may not engage in the practice of public adjusting by soliciting, negotiating, or effecting the settlement of an insurance claim on behalf of an insured. A contractor who is also a licensed public adjuster cannot act in both roles regarding repairs to a property.

Contractors often offer to assist property owners with their insurance claims for repairs to their property. However, some activities may constitute the unauthorized practice of public adjusting. Public adjusters are required to be licensed by the Virginia Bureau of Insurance. (See Sections [38.2-1845.1](#) and [38.2-1845.2](#) of the Code of Virginia.)

“Public adjuster” is defined as “any person, who, for a fee or any other thing of value, prepares, completes or files an insurance claim form for an insured; aids in any manner on behalf of an insured in negotiating for or effecting the settlement of a claim; and advertises or solicits for employment as a public adjuster.”

Contractors may not engage in the unauthorized practice of public adjusting by soliciting, negotiating, or effecting the settlement of an insurance claim on behalf of an insured. The law defines soliciting in this context as “attempting to persuade or asking or urging an insured to enter into a public adjusting contract by describing the terms of the contract, including any fees or commissions, and offering to negotiate a claim of loss on behalf of the insured.”

A contractor who is also a licensed public adjuster cannot act in both roles regarding repairs to the property. The law prohibits a public adjuster from having a “financial interest in any aspect of an insured’s claim other than a salary, fee, commission, or compensation that may be established in the written contract between the insured and the public adjuster.” In addition, [subsection D of § 38.2-1845.12](#) prohibits a public adjuster from referring an insured to any person in which the public adjuster has an ownership interest or any person who will or is anticipated to compensate the public adjuster for the referral.

Contractors may work with licensed public adjusters hired by the insured. Contractors may identify physical damage to the property and notify the company adjuster or the insured’s public adjuster.

Examples of activities that the Bureau would generally not consider to be public adjusting include:

1. Offering a homeowner or business owner repair or reconstruction services;
2. Offering an opinion to an insured as to whether damage is from a storm or other incident normally covered by a property policy;
3. Preparing an estimate and scope of work for the loss;
4. Discussing the estimate or scope of work with the customer;
5. Recommending that an insured file an insurance claim with the insurer;
6. Being present when an insurer’s adjuster inspects the damage; and

## Contractors and the Unauthorized Practice of Public Adjusting

7. Answering questions that the insurer or the insurer's adjuster have about the estimates.

Examples of activities that the Bureau generally would consider to be public adjusting include:

1. Soliciting, investigating, or adjusting a claim;
2. Aiding or acting on behalf of an insured in negotiating for or effecting the settlement of a claim for loss or damage covered by an insurance contract;
3. Preparing, completing, or filing an insurance claim on behalf of an insured;
4. Accepting a commission, fee, or other compensation for investigating or settling a claim;
5. Advertising for employment as a public adjuster; or
6. Advertising or providing written materials that state the contractor will negotiate or investigate a claim on an insured's behalf. Depending on the context, this could include advertising to be "claim specialists" or "claim analysts," or any other similar terms, or advertising or claiming that they can "deal with insurance companies" or in any way increase the claim settlement amount for the insured.

This document may be found on the SCC Bureau of Insurance website at: [Virginia SCC - Public Adjusters](#)

If you have any questions about which activities constitute acting as a public adjuster, please contact the Virginia Bureau of Insurance at:

Agent Regulation Division

804-371-9221

[AgentRegInquiries@SCC.Virginia.gov](mailto:AgentRegInquiries@SCC.Virginia.gov)