

STATE LEGISLATIVE BRIEF



Independent Adjuster Licensing Guideline

- *The NAIC's Independent Adjuster Licensing Guideline, adopted in 2008, helps facilitate licensing reciprocity for independent adjusters, which are third parties hired by insurance companies to determine the value of an insurance claim.*
- *Adoption by states of the Independent Adjuster Licensing Guideline will help create a more consistent licensing framework for independent adjusters, which, in turn, will provide greater consumer confidence in the qualifications of independent adjusters operating in multiple jurisdictions and reduce industry compliance burdens.*
- *Legislation has been introduced in Congress, the CLAIM Act, which would preempt state licensing requirements to address state by state differences. State adoption of the Independent Adjuster Licensing Guideline would help forestall the need for such legislation.*

Background

Independent Adjusters are third parties hired by insurance companies to determine the value of an insurance claim. The majority of states (34) license independent adjusters. The NAIC adopted the *Independent Adjuster Licensing Guideline* in 2008 to assist states in adopting uniform and consistent laws with regards to licensing independent adjusters. The Guideline specifies the duties of and restrictions on independent adjusters and sets forth a reciprocal, non-resident licensing framework patterned after the framework for insurance producers.

The guideline defines key licensing provisions such as “home state,” “catastrophe,” and “independent adjuster,” as state adoption of uniform terms is critical to facilitating licensing reciprocity of independent adjusters. It establishes requirements for the issuance of home state license for independent adjusters, which includes an examination requirement and continuing education requirements. It requires independent adjusters to report disciplinary actions to the insurance commissioner, and establishes authorities for an insurance commissioner to deny, non-renew, or revoke an independent adjuster license. The guideline also provides for a Uniform Application for independent adjusters, which will help facilitate more efficient electronic licensing solutions. Finally, the guideline establishes guidance for the temporary licensure or registration of emergency independent adjusters after a catastrophe, and provides guidance regarding what actions do not require an independent adjuster license.

Only 5 states have adopted the guideline or equivalent standards, and Congress has shown an increased interest in passing legislation to address inconsistencies among states in licensing independent adjusters. Federal legislation entitled the CLAIM Act has been introduced that seeks to address this lack of consistency among states through the preemption of state law.

Key Points

- ✓ To date, while 34 states license independent adjusters, only 5 states have adopted the Independent Adjuster Licensing Guideline or equivalent standards: AL, AK, NY, OK and RI.
- ✓ The Independent Adjuster Licensing Guideline specifies the duties of and restrictions on independent adjusters and sets forth a reciprocal, non-resident licensing framework.
- ✓ Consistent licensing processes and standards across states will more effectively address changing consumer demands after a natural disaster and facilitate a more efficient licensing process.

Holly Weatherford, Legislative Affairs Counsel, hweatherford@naic.org

Tim Mullen, Director of Market Regulation, tmullen@naic.org

Chara Bradstreet, Chief of State Relations & Policy Advisor, cbradstreet@naic.org