

Government of the District of Columbia
Department of Insurance and Securities Regulation

Anthony A. Williams
Mayor



Lawrence H. Mirel
Commissioner

BULLETIN

03-LG-004-4/7

TO: All Public Insurance Adjusters and All Insurers Conducting Business with Public Insurance Adjusters in the District of Columbia

FROM: Lawrence H. Mirel, Commissioner

SUBJECT: Licensing of Public Insurance Adjusters

DATE: April 17, 2003

The Department of Insurance and Securities Regulation (the “Department”) will regulate Public Insurance Adjusters operating in the District of Columbia pursuant to the authority set forth in the “Public Insurance Adjuster Licensure Act of 2002”, D.C. Official Code §31-1631.01 *et seq.* (the “Act”), effective March 27, 2003.

INTRODUCTION

The Act and the rules promulgated thereunder establish a licensing process for initial and renewal applications for public insurance adjusters, requires public insurance adjusters to pass a licensing examination, requires public insurance adjusters to hold client funds in an escrow or trust account, establishes record keeping requirements, subjects public insurance adjusters to disciplinary action, including civil penalties for certain prohibited practices, requires public insurance adjusters to make disclosures, and requires public insurance adjusters to use specified language in their contracts with insureds.

MAJOR PROVISIONS

Licensing and Examination Requirements

- All Public Insurance Adjusters, including natural persons and firms, operating in the District of Columbia must be licensed by the Department.
- All Public Insurance Adjusters are required to apply for a license. Those persons qualified to hold a public insurance adjuster license will be given a temporary license, which shall expire on September 30, 2003.

- Prior to the expiration of the temporary license, those persons not eligible for licensure by reciprocity, shall pass a public insurance adjuster examination before September 30, 2003. The Department will begin to administer the examination on June 1, 2003.
- The Department may waive the examination requirement, and license a Public Insurance Adjuster by reciprocity if the Public Insurance Adjuster has taken and passed a comparable examination in another jurisdiction, and is currently licensed in good standing.
- Licenses shall expire on April 30th of each odd numbered year.

Bonding and Recordkeeping

- Public Insurance Adjusters shall be required to maintain a surety bond in the amount of \$20,000.
- Public Insurance Adjusters shall maintain accurate books and records of all transactions, and retain those records for not less than 5 years. The Commissioner of the Department shall have the authority to examine such books and records.

Escrow Accounts

- A Public Insurance Adjuster who receives, accepts or holds any moneys, on behalf of an insured, shall deposit such moneys in an interest bearing escrow or trust account in a financial institution in the District.
- Interest earned on insured's funds in the account shall be paid to the insured.

Violations and Penalties

- The Commissioner may deny, suspend, revoke, refuse to renew a Public Insurance Adjuster's license, or impose a civil penalty based on any violation of the Act or the rules, if the Public Insurance Adjuster or applicant for licensure:
 - Violates any provision of the Act or and District insurance law or rule;
 - Commits a fraudulent or dishonest act;
 - Demonstrates a lack of integrity;
 - Is incompetent, dishonest, financial irresponsible, or untrustworthy;
 - Charges or collects from any client any fee other than that agreed to in the employment contract; or
 - Misappropriates, converts or illegally withholds, money that belonged to insurers, clients or others.
- Public Insurance Adjusters are also are prohibited from:
 - paying or receiving any money or giving anything of value to any person in consideration of a direct or indirect referral of a client or potential client;
 - paying or receiving any money or giving anything of value to any person as an

inducement to refer business or clients;

- splitting any fee or paying any money to any person or receiving any money or other thing of value for services rendered to a client, unless such other person is also licensed as a Public Insurance Adjuster;

- having any interest directly or indirectly in any home improvement, restoration, construction, salvage, or appraisal business that conducts business in the District;

- representing both an insurer and insured simultaneously; or

- advancing any monies to a client pending the settlement of a loss where such amount would be included in a final settlement.

Form of Contract

- Public Insurance Adjusters shall be required to use a contract that meets specific requirements. Applicants and licensees should familiarize themselves with the contractual requirements. The requirements for contracts are stated in the rules promulgated pursuant to the Act.

Persons desiring a copy of the law or rules should contact Mrs. Leslie Johnson, Hearing Officer, Department of Insurance and Securities Regulation, 810 First Street, N.E., Room 701, Washington, DC 20002, or by email at leslie.johnson@dc.gov.