

# Kentucky Public Adjuster Legislation

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# Kentucky Background

- Prior to July 2023, KY allowed for licensed public adjusters but with limited guardrails protecting consumers
- As of February 2023, KY had 22 licensed residential public adjusters
- As of June 2023, KY has 23 licensed residential public adjusters

# What is a Public Adjuster?

**Public adjuster** is an insurance adjuster who does not work for any insurance company but works for the insured.

- A public adjuster assists in the preparation, presentation, and settlement of the claim.
- The insured hires a public adjuster by signing a contract agreeing to pay him/her a fee or commission based on a percentage of the settlement or another method of payment.
- The only type of adjuster who can receive compensation from the total insurance settlement.

## Impact to KY Consumers

- Consumers are left unable to make needed repairs or to rebuild their homes due to no cap on percentage of compensation public adjusters can receive from claim settlement.
- Lack of transparency between the public adjuster and the insurer and insureds.
- Ability for public adjusters to have direct or indirect financial interest in the repairs with no parameters in place.

# KY Stakeholders

- Kentucky Insurance Industry
- Kentucky Legislature – Banking & Insurance Committee Members
- Kentucky Department of Insurance

# NCOIL Model

State Representative

Michael Meredith

Chairman, House Banking & Insurance



# Key Components

- Consumer Protection
- Transparency
- Conflict of Interest

# Consumer Protection

- Establishes a compensation threshold
  - 15% Non-catastrophic claims
  - 10% Catastrophic claims
- Pre-approved contracts between insureds & public adjusters
- Licensure status review through the NAIC

# Transparency

- Requires all signed contracts to be shared with the insurer within 72 hours of being established.
- Permits direct communication between the insurer and insured.
- Prohibits the public adjuster from filing a complaint with the commissioner on behalf of an insured alleging an unfair claim settlement practice unless the insured has given written consent for the public adjuster to file the complaint on the insured's behalf

# Conflict of Interest

- Prevents public adjusters from receiving direct or indirect compensation on a claim outside of the signed contract.