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## **NCOIL PROPERTY & CASUALTY INSURANCE COMMITTEE ADOPTS PUBLIC ADJUSTER PROFESSIONAL STANDARDS REFORM MODEL ACT**

*Model Adopted After Months of Deliberation; Committee Also Discussed Path Forward for Catalytic Converter Theft Prevention Model Law*

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Belmar, NJ – The National Council of Insurance Legislators (NCOIL) Property & Casualty Insurance Committee met Friday and adopted the NCOIL Public Adjuster Professional Standards Reform Model Act (Model). The Model is sponsored by Rep. Michael Meredith (KY) and co-sponsored by Rep. Matt Lehman (IN) and Del. Steve Westfall (WV). The Committee also continued discussion on the draft NCOIL Catalytic Converter Theft Prevention Model Act sponsored by Rep. Tom Oliverson, M.D., (TX), NCOIL President, and Rep. Edmond Jordan (LA), NCOIL Secretary.

“The Committee came out of the gate hot in 2024 and I was glad to see us both get a Model across the finish line and have a productive discussion on an important issue before we meet again in Nashville,” said Rep. Forrest Bennett (OK), Chair of the Committee.

The NCOIL Public Adjuster Professional Standards Reform Model Act gives states a framework to amend its statutory code regarding licensing and other professional standards for public adjusters. The Model: prohibits public adjusters from providing services to an insured until a written contract with the insured has been executed on a form that has been pre-filed with and approved by the Commissioner; requires public adjusters to provide an insured written notice of the insured’s rights; sets forth rigorous conflict of interest provisions; and prohibits public adjusters 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.

The Model also requires that all funds received by a public adjuster on behalf of an insured toward the settlement of a claim are handled in a fiduciary capacity and sets limits on the fees public adjusters may charge. Public adjusters may charge a reasonable fee that does not exceed,



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inclusive of all compensation the public adjuster is paid on a claim, 15% of the total insurance recovery for non-catastrophic claims, and 10% for catastrophic claims.

“I was proud to bring to NCOIL what we learned working on these issues in Kentucky. This Model goes a long way in providing consumers protection, and I really encourage legislators to be proactive in implementing these standards in their states,” said Rep. Meredith.

During the drafting and deliberation process, NCOIL legislators and staff heard from a wide array of interested parties including: the American Association of Public Insurance Adjusters (AAPIA), the Kentucky Farm Bureau, the National Association of Mutual Insurance Companies (NAMIC), the National Association of Public Insurance Adjusters (NAPIA), and the National Insurance Crime Bureau (NICB).

The Model will now be placed on the NCOIL Executive Committee’s consent agenda for final ratification during the NCOIL Spring Meeting in Nashville, TN from April 11 -14.

Following the adoption of the Model, the Committee’s focus then shifted to a discussion surrounding the draft NCOIL Catalytic Converter Theft Prevention Model Act. The Model sets forth criminal penalties for those engaged in the theft of catalytic converters. The Model also imposes recordkeeping and registration requirements on buyers and sellers of catalytic converters and establishes a grant program for eligible entities to carry out covered activities related to catalytic converter theft prevention, including a Vehicle Identification Number (VIN) Stamping Grant Program Fund.

Development of the Model began over a year ago, but recently there were concerns raised by some that the Model is outside the scope of NCOIL as it deals with criminal penalties and it would not be considered by a State’s Insurance Committee, but rather a Judiciary or similar Committee. Accordingly, instead of developing a Model Law, some have called for a Resolution to be developed that would support States taking action to strengthen their catalytic converter laws.

“Acting on this issue is really important as it is becoming of increasing concern for both consumers and insurers. Based on the Committee’s discussions during the meeting, it’s clear that we need more time to determine our next steps, so I am glad we were able to meet and have a productive dialogue well in advance of our next meeting in April,” continued Rep. Bennett.

Rep. Oliverson said, “We have seen a sharp rise in catalytic converter theft in my home state of Texas and it is clear that it is a serious problem all across the country. This is happening at the same time that auto insurance rates have reportedly risen 26% nationwide since just last year.”

“Based on the statistics and testimony presented to NCOIL, it’s fair to say that current state laws are not proving to be effective so it is important that we as legislators are doing all we can to best protect consumers. I look forward to continuing to engage on this issue in April,” Oliverson concluded.

“It will be interesting to see whether the Committee decides to continue developing the Model, or instead develop a Resolution,” said Rep. Jordan. “I’m in favor of a Resolution but regardless of what happens, discussing this issue over the past year has proven to be worthwhile as it has given legislators an awareness of just how prevalent catalytic converter theft has become. This is not a victimless crime and it is really important that states are taking a close look at the issue,” said Rep. Jordan.

NCOIL CEO, Commissioner Tom Considine stated, “This is shaping up to be a very busy year for NCOIL and I applaud the Committee for its work on two issues that are really important in meeting the overall goal of protecting consumers. The organization’s interim meetings are another example of how NCOIL continues to deliberate and act on an ongoing basis throughout the year.”

The Committee will further discuss this issue and decide on its path forward during its next meeting in April.

The Public Adjuster Professional Standards Reform Model, as adopted by the P&C Committee, can be viewed here: <https://ncoil.org/wp-content/uploads/2024/02/NCOIL-Pub.-Adj.-Model-P%5E0C-Cmte-Adopt-2-2-24.pdf>

The draft Catalytic Converter Theft Prevention Model can be viewed here: <https://ncoil.org/wp-content/uploads/2023/06/NCOIL-Catalytic-Converter-Model-Draft-6-20-23.pdf>

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*NCOIL is a national legislative organization with the nation’s 50 states as members, represented principally by legislators serving on their states’ insurance and financial institutions committees. NCOIL writes Model Laws in insurance and financial services, works to preserve the State jurisdiction over insurance as established by the McCarran-Ferguson Act over seventy years ago, and to serve as an educational forum for public policymakers and interested parties. Founded in 1969, NCOIL works to assert the prerogative of legislators in making State policy when it comes to insurance and educate State legislators on current and longstanding insurance issues.*