



PROPERTY ADJUSTING
A BEGINNER'S GUIDE

TIMOTHY FITZPATRICK

FORWARD

If you have been struggling to find a career that provides flexibility, reliability, and opportunities for personal growth, then you should consider the insurance industry. Insurance has been around for nearly two hundred years in the United States and employs 2.5 million people across the country. Deciding which career you should choose or deciding whether to make a change in your current career is a difficult decision for anyone. This book will provide you all of the information you need to know to determine whether a career in claims adjusting is for you. My hope is that you will find that a claims career can be a rewarding experience and lifelong endeavor that can help to provide an income for you and your family for many years to come.

If you are young person just graduating from college or if you are older and have been in the workforce but find yourself wondering if you are in the right job, this guide will help you to understand what a claims adjusting career is all about. You will learn the different types of claims adjusting jobs available and you will learn the physical and intellectual skills required to perform each of those jobs. The wonderful thing about the insurance claims industry is that it is not a "one size fits all" industry. There are many types of jobs available within the claims industry. Some involve "outside" assignments involving inspections and on-site investigations. Other claims-related jobs involve office and administrative work. All of these jobs are valuable to the insurance industry and each job is unique and rewarding in its own way.

This book will also teach you the basics when it comes to finding a claims position. There are effective resources available to find claims adjuster jobs and there are different strategies and tactics you can employ to make your resume stand out among the rest.

Have you been thinking about a recruiter? We will cover that too. We will discuss what a recruiter's job is and whether or not it is a good idea for you to approach a claims adjustment recruiter.

You are going to learn a little bit about the history of insurance, and a little bit about the education required to work in the claims business. You will also learn what the tools of the trade are and finally you will learn the different types of income you can make as an insurance adjuster.

Throughout my career in insurance claims, I have had many people ask:

- How do you become a professional claims adjuster?
- How do you get into this business?
- What education is required?
- What skills do you need to be a claims adjuster?

If you have these same questions and others, read on. I wrote this book with the intent of explaining to everyone what is involved in becoming a claims adjuster. The rules are complex sometimes, but people of average intelligence can usually obtain the information necessary to make good decisions as an adjuster and to make a career out of it.

In most cases, someone just needs to know where to get started. That is why this book was written. It will help you get started on your journey to a long and rewarding career in the insurance industry. I have long regarded the insurance industry as a noble pursuit. Property and casualty insurance provides economic protection that benefits all of society. Without it, the potential for financial ruin could fall upon almost anyone. With the proper insurance policies in place, the level of financial risk that we all face is reduced significantly which allows us to take on new projects, have new adventures, and ultimately to live better lives. Join me now as we explore some of the finer points.

When I became a claims adjuster, it happened by chance. At the time, I met a friend who was a branch manager at a large independent adjusting firm. He knew that I was

employed in the construction trades and had an eye for estimating. He approached me one day and said "Tim, have you ever considered becoming a claims adjuster?"

"Sure! What's a claims adjuster?" I asked. I did not know then but boy am I glad I asked the question. He explained that a property adjuster was someone who inspected damages after a fire or flood or some other damage and wrote an estimate for the insurance company. It was really that simple he said. I thought, "Well, I can do that! What do I need to get started? What kind of education would an insurance company need to see for a guy like me to become a claims adjuster?" I already had a bachelor's degree in fine arts. My studies centered around woodworking because I was a carpenter. I liked to draw and I liked draftsmanship, and I liked to build things. How in the world would a degree like that ever help me get a career in the insurance business? Well, it turns out that I did have some experience as an estimator. That was a strong point. Another strong point as I found out was the mere fact that I had a degree. There are very few colleges in the United States that provide any formalized education in the area of claims adjusting. Few colleges focus on an insurance-based curriculum and those that do have an insurance program do not focus on claims. These are accredited colleges only mind you; there are some well-known claims adjusting schools out there that specialize in claims training. You will learn about those more in this book. I began to interview with whatever company would give me a chance. Eventually I landed a job with a friend of a friend for my father-in-law's competitor. From there I was hooked. I made good money for my age and learned how to make great money as an adjuster. I hope that as you read on, you will learn some things about this business too, and you will be able to go on and have a great career. If you want to know more about the claims adjusting business be sure to check out my website at www.adjustermanuals.com and follow me on [twitter](#). I will also keep you updated on new book releases, which will be free to my email list subscribers. [Sign up here](#).

Timothy Fitzpatrick

Contents

- Learning.....3
 - Required Education.....3
 - Industry Sources of Education.....3
 - On the Job Training.....3
 - Seminars.....3
- Current Property Adjusting Issues.....3
 - Aging Workforce.....3
 - Storms.....3
 - Technology and Claims.....3
- Types of Property Adjusting Jobs.....3
 - Different Categories of Adjusters.....3
 - Supervisors managers and executives.....3
- Job Conditions.....3
 - Company Adjusters.....3
 - Independent Adjusters.....3
 - Managers.....3

CHAPTER ONE

Learning

Required Education

Establishing a career as a property adjuster requires adequate planning, just like any other career. But, most professionals who enter the field of property adjusting have gotten there via a rather indirect route. It is important to understand some of the educational requirements you might need to enter the field of property claims adjusting.

Most job openings for property adjusters will need some sort of undergraduate degree. Yet, it is not always necessary to have a Bachelor's Degree or even an Associate's Degree to begin a career as a property insurance adjuster. This is because many skills from other businesses are transferable to the role of a property adjuster.

If you are a student, you might want to plan for a career as a property claims person right out of high school. The first recommendation for this type of plan would be to get a college degree in a field that relates to insurance. There are degree programs in insurance and risk management, but it is not necessary to have an insurance-related degree. A property adjuster will come across many professions and disciplines.

Here is a list of some of the professions you may encounter as a property adjuster:

- building trades
- engineering
- forensics about the cause of loss and investigation of fires
- fraud investigations
- financial investigation
- Law

What degree or course of study can you think of that includes all of these aspects? You will probably not find one that is comprehensive enough to specialize in all aspects. In fact, the broader your field of study, the better off you may be as a property adjuster. A

business education is a good bet for anyone seeking to start a career in the property adjusting business. Trade school background can be helpful to provide you with knowledge about construction methods.

Some undergraduate degrees you might consider before starting a career as a claims adjuster might be:

- Business
- Economics
- Psychology
- Engineering
- Criminal justice

It can be difficult to pin down any one field of study that might apply to the property-adjusting field. Thus, most people who enter the property-adjusting field come from some other occupation. Employers often look for individuals who are intelligent and who know how to learn. When someone graduates from college, the diploma demonstrates an ability to learn. Liberal arts degrees play a predominant role in the number of professionals who become property adjusters.

Some adjusters choose not to get a Bachelor's Degree and opt for an Associate's Degree instead. Without a four-year degree, it will be more challenging for you to gain employment. Most insurance companies require candidates to have at least a four-year degree. But, if you have a two-year degree in some related field, you might be able to enter the insurance business successfully. Relevant two-year degrees include criminal justice, law or the legal field, accounting or business. It is best to get a four-year degree if you can get the credits to do so.

You do not have to construct your education with a degree that is not insurance based. You can also consider colleges that offer accredited degree programs in insurance related disciplines. You will not likely find a Bachelor's Degree program that focuses on claims handling. But, you can get a four-year degree in a wide range of insurance disciplines. Insurance-based programs cover a wide range of topics. These include the basics of insurance, insurance investing, insurance accounting, insurance management, and marketing.

Cost is an important factor when you are obtaining an insurance-based education. Later chapters will focus on the salaries of property claims adjuster. If you graduate with over \$100,000 in school loans, your choice of career as a property adjuster may pose some financial challenges. High student loan debt should be avoided for any career. Borrowing for college should be approached with an eye on the future.

So, where do you find the degree programs that offer insurance-based curriculum? A good place to start is the list at the back of this book. There are several universities and colleges listed that offer insurance specific degree programs. You can also check out www.insuremypath.org. This is a website established by The Institutes, a premier educational facility that serves the insurance industry. The Institutes is currently working with many colleges to help develop curriculum for insurance professionals.

No matter what type of degree you get, you are not likely to get an education that will prepare you to handle insurance claims right t after you graduate. To get that type of education, you will have to defer to insurance specific industry schooling and self-study programs. The good news is that some colleges will accept these programs for college credits. If you can take these courses during your undergraduate studies, you may be able to get an insurance designation while you get a college degree.

You should remember that insurance related education requirements are always subject to change. This means that you need to be updated about new changes to the industry and new changes to laws that affect insurance coverage on a regular basis. When you sign up for a career in property adjusting, you are dedicating yourself to a career-long learning activity. If you would like to learn new things, then a career as a property adjuster could be perfect for you. Learning is not just required to maintain your competency; it may also be required as a compliance or licensing issue. Most states require that insurance property adjusters be licensed. In some states, these licenses depend on continuing education requirements. This means you must file evidence of your continuing insurance education every year or two. This could change based on your state's insurance department requirements.

Industry Sources of Education

If you are considering industry resources for education, one of the most common outlets for this is an organization known as The Institutes. The Institutes is an organization with the goal to provide targeted training tools to industry professionals. They provide a series of insurance-related designations, such as Chartered Property Casualty Underwriter (CPCU) and Associate in Claims (AIC). They offer continuing education classes that are organized according to different state requirements. They can also step into any insurance organization and offer customized solutions for a company's staff. In addition to all this, they offer leadership education. This is conducted through management and executive education sessions at accredited colleges. The Institutes provides insurance research through the Insurance Research Council. This is

supported by leading property-casualty organizations across the entire globe. Finally, The Institutes offers something called The Institutes Community. This online community puts more than 250,000 insurance professionals in a network together. There, they can openly discuss industry challenges and solutions.

For those who have little to no insurance-related experience, the Insurance Fundamentals course is a good place to start. These courses cover insurance essentials, such as the background and history of insurance. The courses also cover the basic mechanism of how insurance works. For people interested in claims, these courses cover catastrophe claims and an introduction to claims.

A slightly more advanced approach is to explore the AIC designation. The AIC program is divided into four optional study tracks. A student can undertake the multi-line adjuster track for a broad approach. The multi-line track teaches about property, liability, auto, and workers compensation claims. The student could also focus only on auto claims or only on property claims. A liability track is also offered for those who simply want to handle liability claims. Finally, a workers compensation track is available for those who want to handle only those type of claims. For those who wish to become a property adjuster, the multi-line adjuster track and property track are the two best choices.

If a claims professional grows in their career aspirations and seeks a management-level job, there is another option. The AIC with an “M” designation for management is recommended. This is also divided into four tracks and is geared toward the management of claims professionals. It deals with the technical aspects of handling claims on a different level.

For the AIC designation, an ethics component is required. This is in addition to the claims handling modules. The ethics portion is important not only to the AIC program but is also an essential component of the CPCU program. The ethics curriculum covers guidelines for insurance professionals and a code of professional conduct. The goal of this course is to ensure that insurance professionals are working toward the best interests of its customers. The course is also designed to help insurance professionals to avoid bad faith claims handling. The Institutes recognizes that the insurance industry is an important component of the worldwide economy. The industry depends on the professionalism and ethical treatment of customers throughout the world.

Another education option is the property claims curriculum at Vale National Training Center. This three-week program covers estimating and coverage issues in depth. It also teaches safety when inspecting properties and roofs. This program prepares students to be able to handle claims right after they complete the course.

Some courses offered at Vale require an employer sponsorship of a candidate student.

However, for other courses, students can participate without a company affiliation. This is most common when students intend to become an independent adjuster. Vale National has two main education campuses, one in Tyler, Texas and the other in Harrisburg, Pennsylvania. The cost for courses of this type can be several thousand dollars. When coupled with the cost for lodging and food during the time that the course is held, this can be a costly endeavor for a non-sponsored student. However, when you consider the lifetime career that can be obtained as an insurance property claims adjuster, the cost may be worth it.

The dedication of three full weeks of time and the cost of several thousand dollars may be too much of a commitment for some people. If that is the case for you, Vale also offers short seminars and courses. These include online study in a self-study format. This allows students to get significant training at a lower cost with more convenience.

A third option if you cannot afford to take the time or pay the tuition fees is to collaborate with a group of similarly minded people. Groups of people can be found online through organizations like The Institutes or LinkedIn. Those who are able to pool their resources can sometimes obtain a group discount.

Yet another option is to contact your employer to see if they would be willing to at least share some of the expense with you. Not all employers are willing to foot the bill for their employees to obtain this training. However, if you were able to contribute some, your employer might appreciate the initiative and be willing to split the cost with you.

When it comes to industry sources for claims education, there are many resources available. Students should try to blend their industry education with their college curriculum. This will make them a well-rounded and sought-after candidate for an insurance claims position.

On the Job Training

Some of the best lessons that adjusters learn are learned while handling claims. On-the-job experience is often the most efficient way to gain vast knowledge in a short amount of time. This is particularly important during times of catastrophic losses. During catastrophes, claims volume is intense, and negotiation pressure is high.

One of the conundrums about learning on the job is that you actually need to have had a job in order to learn on the job. In some cases, it might be worthwhile to sign on as a trainee and wait for that catastrophic opportunity to arise. If you are unable to secure a job as in adjuster trainee, real work experience can still be obtained. You can gain

valuable experience working at an entry-level position in an insurance company or within an agency. This can provide you with on-the-job experiences that will help you develop skills as a property adjuster.

If you are working for an agency, pay attention to the homeowners' and business owners' policies that come through. Try to find out for yourself what those risks look like and how they compare to properties with which you are familiar. When losses come in, try to learn as much information as you can. The process will help to develop your familiarity with the language of insurance claims.

One of the more interesting areas for learning on the job is the area of fraud investigation. It is important for all insurance professionals to be vigilant when it comes to fraudulent insurance claims. Remember that it is okay to ask questions about how, when, and where the loss occurred. It is important to understand that the insured policyholder has a duty to cooperate. By asking questions, you will learn much about how things happen and how they can go wrong for a property owner. Over time, you will find it easier to detect when someone is trying to commit insurance fraud. Dishonest people often falter when challenged. Simple questioning can usually provide insight into any fraudulent activity. If you come across these situations, it is important to notify your supervisor and the adjuster handling the claim.

All of these experiences can be utilized at your first job as a property claims adjuster. Even adjusters who have been employed for only a short period will have numerous stories about the claims they encounter. This will include stories about tragic incidents, or people who have tried to take advantage of the system. In addition, most adjuster will have some success stories about opportunities they had to help people out of a bad situation. When the proper insurance coverage is in place, insurance can help significantly. These stories will stick with you throughout your career and help to guide you.

When seeking out mentors, be sure to consult seasoned claims professionals. In particular, talk to those who may be near retirement age or who may have already retired. As said earlier, all claims professionals will have stories that relate to claims that they have handled. As a new adjuster or entry-level insurance professional, you can learn a lot from more experienced individuals. They will have stories of coverage disputes, high-value claims, fraudulent events, and unusual circumstances that never make it into textbooks. Talking with experienced professionals in the claims industry is highly valuable. The knowledge you gain can be as good as on the job experience.

Those who are new to the insurance industry have an advantage. Today, over 36% of all insurance employees are within five years of retirement age. In one sense, this is bad for the industry because in five years, there is going to be a massive outflow of the workforce, which will have to be replaced. For new people coming in and for existing

companies, it means that there is a vast knowledge base working in the field right now today. You can take advantage of this knowledge by simply talking with some experienced claims adjusters. Most are happy to talk at length and glad to spend time talking about their own careers with people who are new to the profession.

So where do you find these experienced individuals? How can you connect with retired insurance professionals? The insurance industry contains a very social network of people. Many retirees stay in contact with the people with whom they worked for so many years. In fact, many retirees stay busy by working as consultants. Networking events abound in the insurance business. Sometimes, these events are associated with a learning seminar or a continuing education event. There are social and networking events that help B2B enterprises connect with industry professionals. If you aspire to become a property claims professional, it is very important that you identify the organizations in your city that hold these types of events. Examples include claims associations, agency associations, and CPCU Society Chapters. The social events are often golf outings or charity events. They can be a great way to identify who the decision makers are in the property claims industry in your locale. Make yourself visible, and be sure to start a conversation with someone who may change your career. Sometimes, all it takes is a simple question. Ask a claims veteran for career advice some time. It is doubtful that any seasoned professional would ignore a question like that.

Seminars

Many insurance associations provide conferences and seminars throughout the year. These organizations provide educational resources to insurance professionals:

- CPCU Society
- IRMI
- The National Association of Mutual Insurance Companies

Associations like these provide conferences and seminars throughout the year to benefit insurance professionals. These events are excellent ways to become educated on the current industry trends. They are also excellent ways to network with other insurance professionals.

There are also professional organizations outside of insurance the insurance industry. Organizations for engineers, attorneys, auto safety, and construction also provide

seminars and learning opportunities. These organizations or associations will sometimes charge a fee for their seminars. In some cases, they may offer seminars free to certain industry professionals.

Vendors that supply services to the insurance industry are great resource. These companies are often willing to provide expertise in a seminar type setting. Examples include:

- Independent adjusters
- Engineering firms
- Private investigators
- Attorneys
- Restoration contractors

Vendors such as these are often willing to share their expertise free. Associations such as the ones mentioned above are sure to accept the offer.

There also non-insurance related seminars that may benefit a property claims adjuster. If you are not an expert in construction techniques, a seminar on roofing might be beneficial. Some insurance companies insure a specialty type of business. If you work for this type of insurer, you will to attend seminars relevant to that business. For example, if you work for a company that sells policies to horse farms, you will want to learn as much as possible about those farms. A seminar or symposium on farm management might be worth your while.

CHAPTER TWO

Current Property Adjusting Issues

Aging Workforce

The consulting firm of McKinsey & Company estimates that the average age of an insurance agent in the United States as of 2015 is 59 years old. This means that a large part of these professionals will be exiting the industry in just about six years. Insurance agents are different from insurance adjusters; but the demographics are similar. The average age of property adjusters, according to PropertyandCasualty360.com, is over 40 years old. Many of them are beginning to look at retirement, and this means that they will be exiting the industry within the next 15 to 25 years. The industry has a problem on its hands and needs to start recruiting people.

The fact remains that by 2022 almost 11,000 job openings will be available for property claims adjusters. Consider the figures provided by the Griffith Insurance Education Foundation. They suggest that by 2020, the insurance industry will create more than 400,000 job opportunities. These opportunities will include not only jobs in claims but also the following types of jobs:

- Agents
- Brokers
- Financial analysts
- Legal and compliance professionals
- Marketing professionals
- Risk management and underwriting professionals

Of all these professions, none of them is as significant as the claims adjuster's role. The claims adjuster is the individual who is able to keep the insurance company's promise that they make on paper in the insurance policy. Adjusters are responsible to make sure that the policyholder is made whole. This responsibility is formed under the promises and guarantees of the insurance policy. They also must ensure that fraudulent activities of dishonest policyholders are not allowed to take place.

Do you have questions about whether this career is worth the effort? If so, consider the commentary relating to the large number of professionals who have stayed in the business until retirement. On balance, insurance professionals stick with their career until

they retire. This means there is significant value in maintaining a career yourself as an insurance professional. Take advantage of the attractive salaries, good benefits, and good personal relationships. If you are able to talk to a retiree, or someone who is near retirement, you will hear that they have good things to say about their job. There are exceptions to every rule, of course, but for the most part, insurance employees seem to be a happy bunch.

It turns out that the industry is actually tough to leave for many people. After retirement, many people maintain part-time jobs as consultants or as claims adjusters. This is especially true of independent adjusters. Semi-retired independent adjusters have the freedom to work whenever they want as long as the claims are available. When a storm hits, claim activity can increase, but independent adjusters can usually make their own schedule. If they want to take one or two claims a week for some extra cash, they can do that. If they want to ramp it up, work hard, and earn a large income, they can do that, too. Most property claims adjusting jobs can be somewhat flexible until the claim volume increases. If you work for a carrier, chances are likely that you will be in a bit more of a constrained situation with dedicated hours of service. At some insurers, you may even have to punch a time clock every day. Still, those jobs are entry-level and as you gain experience, you will find that your freedom and autonomy will also expand. The pay, benefits, and working situation are all reasons people stay in this industry for a long time.

Another great reason to step into the insurance industry as a new candidate is that you will find the competition to be far lower than in other careers. This is due to a wide perception that insurance is an uninteresting job by young people. When asked, they respond with answers such as “insurance is boring” or “insurance is too complicated for me to learn.” None of these things is true, particularly in the world of insurance claims. When a house burns down and somebody loses everything they own, they are not bored and neither is the adjuster who handles their claim. An insurance adjuster’s job is to make the policyholder’s life completely again, as promised under the policy. This can be stressful at times, but it is anything but boring.

The primary reason for the lack of information among young people about the insurance business is that it is not taught in colleges. This is because the industry has made significant attempts to educate its own through its own resources. Thus, industry leaders have not had to approach colleges and universities to ask that for a new curriculum. Additionally, few insurance professionals are hired by educational institutions. The result is that the people who actually are in charge of educating students do not know much about insurance to begin with. But this is beginning to change. For someone who is new to the industry, it is the perfect time to get your foot in the door now and get started on establishing a new career.

The idea of starting a career in insurance is not only important for young people to consider. Many people who have already established a career in another industry have started a second career in the insurance industry. If you have experience in a related field, you can hit the ground running as a property claims adjuster with minimal training. The

goal of this book is to convince you that a career as a property adjuster is likely well within your reach and is likely well worth your while to consider. The book will cover some basic coverage information as well as some information about the job requirements. It will also cover the salaries and benefits associated with a career as property insurance claims adjuster.

Storms

Insurers spend a great deal of time and money attempting to predict the severity and frequency of hurricane activity. Hurricanes cost the insurance industry billions of dollars when they hit. Fortunately, they do not hit every year, and in fact, it has been quite some time since a significant hurricane has hit. The worst in recent memory was Hurricane Andrew in 1992. This was rated as a category 5 hurricane, which is the highest rating under the Saffir–Simpson Hurricane Wind Scale. This accounted for damage across the southern United States, in Florida, Texas, and Louisiana.

Hurricanes form in a warm climate, and in the eastern United States, they have the highest impact on the southeastern shores of the country. Texas, Louisiana, Florida, North Carolina, and even as far north as New York are all affected by hurricane activity. Hurricane risk applies to a huge territory, and the risk is not just for residential properties. This risk includes office buildings, manufacturing facilities, farms, and government buildings. The need for adjusters after a hurricane is overwhelming in most cases. It is not unusual for Insurance companies to not have the staff to be able to handle all the claims that come in when a hurricane hits. Independent adjusting firms are called in to help, but even they can be stressed to their limitations after a hurricane.

Many different industries can profit from hurricane losses. For example, restoration companies, roofing contractors, and auto repair facilities all profit from repairs. Public adjusters, attorneys, and independent adjusting firms also profit from claim activity. When a hurricane hits, P&C insurance companies take a significant financial hit. Often the losses can be in the billions of dollars. As mentioned, one of the worst hurricanes in the past 30 years was Hurricane Andrew in 1992. That storm resulted in \$26.5 billion in losses as well as 44 deaths. Oddly, this hurricane was not considered a large storm system from a geographic standpoint. In 2005, the world watched as reports came in from Hurricane Katrina. This event killed 1,577 people and cost the insurance industry an estimated \$66 billion.

Insurers pay all their claims from funds that are maintained as policyholder's surplus. Regulators require that insurers carry a certain amount of surplus based on the amount of

premiums they write. If the surplus gets too low, an insurer will be at risk of insolvency when a major storm like a hurricane hits.

These storms cost the insurance industry a significant amount of their surplus. A hurricane makes the property claim adjuster's role valuable to both insurers and policyholders. When Property adjusters are in high demand and this means job security for the industry. While the role of technology in claims handling is ever increasing, there will always be a significant need for real people. A property adjuster's job is difficult to outsource to another country, to a computer, or to an app on your cell phone. For this reason, the job market will always exist for professional property adjusters. New advances in technology can make storm adjusters' handling more efficient. Insurers are aware of these new efficiencies and look for cost savings because of technology.

Hurricanes are not the only storms that can wreak havoc with an insurance company. These types of storms can put significant stress on an insurance company's financials:

- Hailstorms
- Windstorms
- Snowstorms
- Ice storms
- Wildfires

These storms also create vast opportunities for property claims adjusters to find work. This bodes well for both independent insurance adjusters and company adjusters. Independent adjusters can flourish during times of storms because the need is so great for their services. Adjusters can maintain job security and get special benefits for participating in catastrophe duty. This is also called CAT duty in the industry. Insurers will cover the costs of travel and lodging for adjusters who go out of town to handle storm claims for an extended period. They usually provide them with a per diem and possibly a bonus for their efforts.

Storm claims need specialized handling from experienced adjusters. Insurance carriers sometimes prefer that their own staff adjusters handle claims during a catastrophe. This is so they can ensure that their policyholders are being treated in the way that their corporate policy dictates. When they outsource claims, they must be specific with file handling instructions. Claim-handling guidelines vary from one insurance carrier to another. It can be a challenge for independent adjusters to stay compliant. An independent adjuster might work for 50, 60, or even 100 different companies. It is difficult to know what each company demands as work product. Most carriers will dictate what they need for work product at the outset of each assignment. An independent adjuster's job can be more challenging because they must know all the rules. They must report under these rules and regulations. This can be especially challenging

during storm events. In practice, insurance carriers will often change their handling standards for storm events. This further complicates the issues for independent adjusters. That being said, there is a significant market for independent adjusters during times of storm claims.

As mentioned earlier, technology is changing the face of the claims adjustment industry. Whether you work for an insurance carrier or an independent adjuster, storm activity will become an important part of your life. Most property adjusters keep a keen watch on weather activity as it could have a significant impact on their job.

Technology and Claims

Those who fear technology or who fail to understand its capabilities will be overtaken by it. True masters of technology are those who do not fear it but would rather try to find ways to harness it in a way that makes their life easier. The claims industry has been resistant to the effects of technology in the past. It has shunned digital documents, images, and even sound recordings. All this has taken place under the guise of unproven legal doctrines. The industry was not able to ignore the benefits provided by new technology. It made things less expensive, and it made things easier. Technology allowed insurance companies to provide better service to its customers. All these things have happened due to advances in technology and the waves of change are only in their beginning stages today.

The computing power we hold in our hand every day in the form of cell phones and iPads is much more powerful than any desktop PC available 20 years ago. Not only is it more powerful, but it is also portable. Need to put some figures into a spreadsheet? Pull out your smart phone. Need to send an email to someone on the other side of the country? Cell phone. Need to call your mother to catch up before the next holiday? Cell phone. Versatile and powerful devices are keeping people informed, in touch, and on point more than at any other time in history. The insurance industry needed to take notice of this long ago, and it seems that the movement is finally taking place.

Insurers are sometimes slow to recognize cost savings on the expense side of the income statement. With mobile devices, more work can be done in a shorter time. This nets out as an expense savings. In fact, when claims are paid faster, they are less costly. Why? Because there is less cost in LAE or Loss Adjustment Expenses. What better way to speed up the process than mobile devices?

The reasons that technology has improved lives for insurers are obvious. Most people understand that as time goes on there will be even more innovations. For example, one

new technology will allow policyholders to document their damages with a mobile device when they have a claim. The digital data can then upload to an examiner who can determine the repair cost and settle the claim. Similar initiatives are already in place in the field of risk management. This is particularly so in the area of loss control inspections. In the past, a trained professional would go to a property and conduct a thorough inspection and report. This report would then be mailed with photos and an invoice and shipped off to the insurance company's underwriter. This evolved into emailed reports and photographs. Independent adjuster reports are also emailed with photos to claims examiners today. But, creative app designers have figured out a way to structure an app that would allow a homeowner to document a loss with their cell phone. This can be done by walking them through the process of photographing and even measuring the areas of damage with their cell phone.

There are many ramifications of this type of technology. One important concern has to do with fraud, and there will be significant scrutiny over the use of this technology because of that. There is a concern in claims, but also in underwriting. There is some risk when entrust a homeowner to inspect their own property for underwriting purposes. The concern is that a policyholder may not document items that they do not want the insurance company to know about. For example, if the app asks if there is a swimming pool on the property the homeowner might be tempted to say no, even if there is a pool. If that happened, would that be considered a lie to the insurer? The issue would be significant if the existence of a pool were important to the underwriting decision. If the insurer would not accept the risk because of the pool, the question about the tool is considered "material." If the policyholder lied about the pool, it is considered a material misrepresentation. A situation like this could lead to a policy rescission in the event of a claim involving the pool if the insurer did not know the pool existed.

The same could happen on the claim side of things. Viewing photos of damages in a file is far different from actually seeing a property. If insurers begin to rely only on the honesty of their policyholders, they may be opening the door to many potential fraud claims.

If a problem arose with material misrepresentation, the developer of the app might be pointed out as the cause. A policyholder could assert that instructions were unclear. If the app was not designed well, the homeowner might have a case.

Fraud and misrepresentation are not the only other concerns with the automation of claims handling. There is an entire population of claims professionals who so see some threats to their own job security. Many wonder if this new technology will steal jobs from claims adjusters. Later in this book, another chapter will include content on the job outlook in the claims industry. For the most part, it does look positive and is offset only a little by the threat of this new kind of technology for various reasons. Technology has

been changing the industry over the past 40 years. Yet, the need for claims professionals seems to always grow rather than diminish. Time will tell how the impact of technology will effect the job market for claims professionals.

One factor that automation may never be able to address is the human element of customer service. When a property loss occurs, it can be traumatic for the property owners. Imagine a house where a family has lived for generations. A house filled with antiques, memorabilia, and family heirlooms. Now imagine that house is damaged by a fire. It is unlikely that this family would be glad to download an insurance company's app to begin the process of documenting their claim. People who have suffered a large property loss tend to have many questions, and they need the support and guidance. This can be provided by an experienced claim professional. It is difficult to imagine an automation that could replace that aspect of insurance claims adjusting.

CHAPTER THREE

Types of Property Adjusting Jobs

Different Categories of Adjusters

There are several different categories of property adjusters. Some of the categories relate to where the adjuster works and who employs them. Another set of categories relates to the types of claims that the property adjuster may handle.

The first category of adjuster is those employed by an insurance company. Most of these adjusters are employees of the insurance company on their payroll. Most often, an adjuster in this position will have to work normal business hours Monday through Friday during the week. Adjusters who worked for an insurance company may be on after hour's duty as well to address claims that may happen after normal business hours. At most insurance companies, there are several layers of management. This means that a company adjuster will have to report to a manager. That manager reports to a supervisor. The supervisor likely reports to a regional manager. The Regional Manager will often report to a Vice President or Director of Claims. The management structures differ from one carrier to the next.

Many insurance companies use proprietary systems for managing and estimating their claims. They tend to make large investments in software and training to make sure that employees are handling claim files properly.

The second category of property claims adjuster would be the independent adjuster. Independent adjusters might work for an independent adjusting company or they may be self-employed. Independent adjusters need a license for the state they work in in most cases. To get an independent adjuster's license you must pass a standardized test. This test comes from the insurance department in the state where you live. Depending on the state, an adjuster may also need an adjuster's bond. Independent adjusters who work for a large independent adjusting firm may be on salary or paid on a production basis. This means that their income is paid per claim rather than on a regular salary. There are many variations of this and some independent adjusting firms will pay a starting salary with a bonus based on production. Independent adjusters who work for themselves are often paid only by what they bill their customers. Independent adjusters who are self-employed often work on a 1099 basis, meaning they have to file their own taxes.

Most adjusters specialize in either personal or commercial lines. Personal lines insurance claims involve homeowners insurance. A personal lines adjuster will often need to inspect roofs or deal with house fires or flooded basements. A personal lines adjuster will have one to one contact with the customer and will have to have good rapport in people skills. A personal lines adjuster will have to understand the professionalism associated with their company. They will have to reflect that professionalism while they are at the policyholder's home. Adjusters represent the insurance company whether as an independent adjuster or a company adjuster. They have to maintain the professionalism and claim standards that the insurance company requires. For company adjusters maintaining the standard is easier because they only have to know one standard. Independent adjusters yet need to know standards of all their companies so that they can follow them accurately.

Company adjusters or by independent adjusters handle Commercial lines claims. Large commercial losses are often handled by a type of adjuster that specializes in only large claims. Company adjusters and independent adjuster sometimes fall into the category of executive general adjusters. These are adjusters experienced in handling large specialty claims. Executive General Adjusters often have large settlement authority.

An important point to note is that independent adjusters are often capable in both personal lines and commercial lines claims. Often they need to be well versed in handling many types of claims because of the lower claims volume they may experience. This is especially true since they depend on their claims volume to make an income that they desire.

The final category of property adjusters that we can talk about in this chapter is flood insurance adjusters. Flood insurance is a special category of insurance that subsidized by the federal government. Insurance companies take part in flood insurance as well through the national flood insurance program. Insurers regard flood insurance as high risk. Property and casualty companies have long avoided flood insurance by including exclusions in policies. These exclusions state that they will not pay for flood damage. The reason for these exclusions is that floods cause severe losses. If insurers had to pay for those losses, most would become insolvent. The federal government recognizes that there is a social need to provide flood insurance. For property owners across the country the financial impacts of flood damage would harm to the economies of many communities. The National Flood Insurance Program provides insurance coverage for the people in flood zones. It also serves to develop strategies to reduce flood damage in those areas as well. Because flood insurance is a losing proposition, the federal government has to subsidize it. Because the losses from flood claims are so large, the program uses tax dollars to fund losses that exceed premiums.

Flood insurance is a bit different from homeowners insurance and there are special limits and conditions that apply. Insurance adjusters need specialized training for flood claims. To ensure that the flood adjusters are trained to handle flood claims they must be certified. The National Flood Insurance Program provides this certification.

Insurance companies hire certified flood adjusters as employees and they hire

independent flood adjusters. This is because the flood insurance program is administered by stock or mutual insurance companies. Their losses are subsidized by the federal government. In this way, the underwriting and claims handling expertise of the insurance companies can be utilized.

Supervisors managers and executives

The first line of management in a property claims adjusting is the claims supervisor. The claims supervisor must ensure that adjusters are performing their duties on time. They must also make sure adjusters are operating within company standards. For most adjusters who want to advance, the title of Supervisor will be the next rung on the ladder.

A claims supervisor should have adequate claims handling technical knowledge. They will also need to be familiar with their claims management systems. Claim supervisors also need to know the claim handling standards for their company. On top of all this, they must also have people management skills.

A supervisor will report to a manager. They will also be in charge of handling larger files when necessary. The supervisor will conduct claim audits to ensure that estimates are accurate and fair. Customer service issues must be handled according to company guidelines.

Salaries for first line supervisors will range from around \$50,000 to upwards of \$75,000. This will depend on the experience of the supervisor and the number of direct reports. The job of a supervisor can be challenging at times particularly when claims volume is at its worst. The supervisor will be responsible for ensuring that claims are distributed to Adjusters. A supervisor may have to interact with policyholders. A customer that disagrees with the decisions of an adjuster will often ask to speak to the supervisor.

Supervisors will also have to make difficult decisions on coverage. Claims adjusters will often approach their supervisor with questions about a difficult claim. It is important for a supervisor to be knowledgeable and decisive. A supervisor may have to make decisions that break company policy in challenging situations. Sometimes they will decide to pay non-covered claims because of a mistake made by an adjuster. The Authority for this type of decision-making is different from one company to another. A supervisor may have to defer to the authority of a manager for decisions such as this.

The supervisor may also have settlement Authority beyond what the staff adjuster would have. This means that they can allow payments in larger dollar amounts.

The next layer of management is the claims manager. A claims manager will be responsible for a territory. This territory may include several supervisor that handle several adjusters. Direct reports for a manager could total between 5 and 20. This depends on the size and scope of the organization.

Managers will help to shape some of the company claims philosophy. Most of this will come from the Claims Director. The manager's job will be to communicate this philosophy to supervisors. They need to make sure that the supervisors understand what is expected of their teams in the field. Managers will also be responsible for understanding claims frequency and severity. This is important to the loss ratio for the company. Managers will also be responsible for communicating problems in underwriting. Adjusters often notice hazards during a claim inspection that the underwriter did not see.

Claims managers and underwriting managers should be communicating often. This allows for a better understanding between them when it comes to underwriting philosophy.

Salaries for claims managers range from \$75,000 per year upwards of \$150,000 a year or more. This will depend on the size of the organization that they work for. There may also be bonus structures, profit sharing incentives and more. Stress levels can be significant for claims managers responsible for loss cost controls. Managers will be responsible for making sure that there are adequate loss reserves. They will need to make notifications to reinsurers of new claims. Managers will be required to maintaining good faith claim handling measures. Avoiding bad faith claims handling is an important issue for any insurance company.

While rarely involved in claim settlements, managers may maintain a significant settlement authority.

Claims Managers will often report to the Director of Claims or a Vice President. These are considered executive level positions at an insurance company. The salary ranges for Director of Claims or Vice President can vary. In most organizations, the pay will exceed \$100,000. There might be significant profit sharing arrangements and bonus structures. Educational backgrounds for these positions will usually involve business management. An advanced insurance designation such as CPCU is also important.

Executive level claims positions need individuals with a high level of insurance business knowledge. They must have the ability to think about the entire operation of the company. This will include underwriting, claims and policyholder servicing. A claims career can be a good starting point for those who seek an executive level position. Entry-

level adjusters can climb the ranks to the executive level if they persevere.

An executive position may seem enviable at first. The high stature and attractive salary can be enticing. But, executive positions at an insurer involve a significant amount of responsibility and risk-taking. When things are going well with losses for an insurer, the claims department won't get attention. But when things go bad, the pressure will be heavy for claims executives. During storms, the executives will be responsible for keeping costs down and maintaining order. This can be a difficult task with storm weary and overburdened staff. When storm claims hit and the bad news piles up it will be the job of the claim executives to deliver the bad news to the CEO and the Board of Directors. During these times, underwriting approaches will be questioned and scrutinized. Any slip-ups on the claims handling side of the business are scrutinized even more. Most insurance companies understand the importance of the promises made by the insurance policy. If the delivery of those promises falters due to poor management, the company's reputation will take a hit. If things are, bad enough it could also affect their credit rating.

CHAPTER FOUR

Job Conditions

Company Adjusters

Before you decide on whether to sign up for a career as an adjuster, you should be aware of more than just the salary. You should also be aware of the working conditions. You should be familiar with the job hours, and educational requirements.

Job conditions vary from one type of adjuster to another. Company adjusters are employees who work directly for an insurance carrier. As stated earlier, sometimes the hours may vary for these types of employees due to claims volume. For the most part these jobs are a 9-to-5 position or something similar. Some companies employ adjusters during various shifts. This is to ensure that they can inspect properties after normal work hours. This is to accommodate people who work during the day. If a homeowner has a day job, they may not have time to meet with a property adjuster during business hours. Therefore, they might require that the inspection be done after hours. For this reason, some insurance companies make sure that they have adjusters available in a later time slot. For personal lines claims weekend appointments are also quite common.

Property adjusters who handle commercial lines will typically work during normal business hours. Commercial properties are often most accessible during business hours. However, in some circumstances, after hours inspections may be needed for various reasons. One is production time. After a loss, the activities of a business need to be shut down so an inspection could be done at any time. In other cases, the adjuster may be required to show up after hours or on a weekend for the sake of speed.

In most cases, an adjuster will arrive at an office in the morning, and then set out on inspection appointments. The next day they may spend time in the office to prepare estimates make phone calls and appointments. During high claim volume periods the adjuster may never go to the office until several inspections are completed. This may take a series of several days, followed by two or three days in the office. This time will be spent preparing estimates and making additional appointments.

Some insurance companies employ adjusters who work on of their own home. These adjusters rarely go into a company office and work remotely. Adjusters who work this way often leave directly from their house to visit appointments. Then they can go back to

their home to prepare estimates and schedule appointments for the following day. This model works quite well for many insurance companies.

Adjusters who handle smaller claims will likely conduct more inspections during normal business hours. Often, these inspections can be completed quickly. As a property adjuster advances in their career, they may handle larger losses. Some large losses may take several days to complete an inspection and evaluation. These adjusters may often travel extensively as well.

Company adjusters may be provided with a company car. Others may simply be reimbursed for their mileage. In most cases, it is more economically feasible for a company to provide a company car. This is due to mileage costs associated with reimbursing an adjuster for the use of their own vehicle. For adjusters who are on the road extensively, reimbursement for hotels and other types of transportation is common. Per Diem rates are also provided for food allotments while adjusters are away from home.

Those who seek a windfall income year over year may not want a job working directly for an insurance company. Insurance companies do give out raises for the most part, but these depend on many factors. Some of those factors may be out of the individual adjuster's control. Raises are often determined based on whether or not a company is profitable. A claims adjuster cannot control the type of claims or the size of claims that occur. Adjusters can control the costs associated with handling claims. They can make sure that claims are not overpaid. Both of these activities can affect a company's profitability.

Aside from salary increases, bonuses are also common in the insurance industry. Bonus programs are often based on the profitability goals of the company as well as growth goals. Most bonus programs will measure the individual adjuster's abilities and performance. Bonus programs vary widely among all insurance companies. However, most will have a multi-tier bonus program.

Salary structures for company paid adjusters are generally reliable in nature. You won't see large fluctuations in pay or elaborate bonus programs with huge payouts. When company cars are assigned, they are not luxurious, but are often base model sedans. The working standards are professional yet sometimes stressful. Company Adjusters can make a decent income but will not likely become independently wealthy. This is especially true of those employed as a company property adjuster. There is a lot of lateral movement within that position. If you seek to advance your career and move on to a management, a property-adjusting job is a good place to start. Getting your foot in the door at an Insurance Company early in your career is a wise move. It can set up the foundation to a broad career in insurance.

Independent Adjusters

Some distinct differences set an independent adjuster's job apart from that of a company adjuster. Showing up to the office every day may be important for some adjusters. This is particularly so for adjusters who work for large IA firms with many employees. For an independent adjuster who works for himself or herself, they may simply work out of their home. It is also possible that a one-person operation could maintain an office space in a separate location from home. This of course adds overhead costs to their business. For independent adjusters who have to report to an office setting, it is still possible that they will work from home. Office duties may include billing, estimates. Other administrative duties may need to be handled "in office" as well.

Some independent adjusters will use their own vehicle and charge for mileage. Others might be provided with a company car by the firm they are working for. Independent adjusters who are self-employed may be able to write off the cost of their vehicle as a tax deduction. Independent adjusters charge for transportation costs to and from loss inspections. These costs are billed to the insurance company who has hired them.

Independent adjusters have different requirements for coverage knowledge than a company adjuster. An independent adjuster must be familiar with coverage forms and packages offered by all their clients. It is almost impossible to memorize all coverage forms. But, an independent adjuster must document the coverage provided by all their clients. They must also be careful to avoid misrepresenting coverage issues. Independent adjusters must take a back seat when it comes to coverage decisions. They must defer to the carrier for settlement authority. Often, authority is also required for coverage decisions. When it comes to settlement authority, it is rare for an independent adjuster to actually have it. For those that do, this authority will be provided by the insurance carrier who hires them. Independent adjusters are also never likely to have check writing Authority. There used to be a time where check-writing Authority was granted to agents in adjusters. Yet, increased incidence of fraudulent activities has caused insurance companies to limit this practice.

Other significant difference IA's and Company adjusters are their income. An independent adjuster is dependent on claims volume to make a living. If the weather does not cooperate, the independent adjuster will get fewer assignments. Without income from claim assignments, an independent adjuster may have financial difficulties. Successful independent adjusters plan and save money to get them through slow periods. Feast or famine is not just a phrase for independent adjusters. When it is busy, it can be so busy that they do not have time to eat or sleep. When it is slow, they have no income coming in sometimes for months at a time.

There is a mindset difference between company adjusters and independent adjusters. This is because there is a fair bit of risk involved to working as an independent adjuster when it comes to income. As described, there can be periods where no income comes in at all. However, there are also times where the income is so large that it dwarfs the

income of a company adjuster. There is a sense of entrepreneurship for independent adjusters. They are required to Market themselves and their services to companies. They have to be salespeople. They also have to be accountants because they are running their own businesses. They have to maintain the proper insurances and they have to file their own taxes. This is actually running a business. If you are not comfortable with the idea of running your own business, you should consider working as an employee instead.

There is some middle ground. Some adjusters prefer to work as an independent adjuster as an employee of a large adjusting firm. These individuals can be insulated from fluctuations in income. Pay programs vary, but some involve a low base salary plus bonus. The bonus is based on production. This arrangement can work well because it negates the risks of running your own business. They do not have to file taxes as a 1099 adjuster would, and they may not even have to furnish their own vehicle. You may find good benefits packages as well. 401k, paid vacation, and partially paid health insurance are some examples. Again, the opportunity to make a large income is limited as a salaried adjuster. This applies to those who work for an independent adjusting firm or as an employee of an insurance company. On balance, independent adjusters who work for large adjusting firms tend to make more money than company adjusters do. There are risks however, and the job is not for everyone.

Managers

Many employees aspire to advance to a management level. Those who aspire to reduce their workload may want to take a second look at the position.

Conscientious adjusters are often known to work long hours. The truth is that most Claim Managers are required to put in this extra effort as well. Claims managers have a wife and Compass enroll in the insurance organization. They need to juggle field operations but they also need to understand financial issues. They need to be able to report on important issues surrounding claims, loss ratios, and expense ratios.

Another important aspect of the claims manager's role will be to establish reserving policy. "Reserving" is the practice of assigning a dollar amount to claims before they have actually been settled. This allows the insurance company to set the funds aside in an appropriate manner to be able to pay claims. Reserves should be as accurate as possible as often as possible. Reserving claims is kind of a guessing game. With practice and experience, Claims Managers will be able to establish an effective policy. An effective reserving policy is one where the reserves are slightly above what is actually paid, or in line with what is actually paid. Reserves that are too low consistently are front upon in the insurance business

Another area that may fall under the claims manager's duties is the reporting of claims to Reinsurance. The insurance is used by almost all insurance companies and is very much like insurance for insurance companies. Insurers will maintain a retention, which is an amount that they will be responsible for claims. Everything over that retention is actually paid for by their reinsurers. Claims managers may also be responsible for collecting seated losses from the insurance company.

A claim manager's job is primarily 9 to 5 or something similar. However, claims managers need to be available for emergencies when large losses occurred. They need to be able to give out authority for settlement at a moment's notice. They also need to address other important aspects of claim handling and make quick decisions. Working remotely is an important aspect of a claims manager's job.

Claims Managers cover a wide range of territories. Accordingly, they must be willing to travel. A claims manager may want to be present at very large losses along with the property General Adjuster and the staff adjuster handling the claim. Losses in excess of the reinsurance retention of an insurance company could pose a significant financial burden. The claims manager will want to inspect and report directly to the Claims Director and or the Vice President of Claims. Claims managers may also have to report directly to the president and CEO and the board of directors when necessary. Raises for

claims managers are often provided on based on company performance. If loss ratios are excessive and expense ratio ratios do not meet standards a claims manager will likely not get a raise or a bonus.

Claims managers will also be responsible for evaluating Claim Supervisors and claims staff. This is often done in conjunction with the Human Resources department. Decisions about personnel can be difficult for many people.

The role of claims manager can be challenging and not every personality type is suited for this type of position. People in this position can often be just one-step away from an executive level position at an insurance company. This is viewed as a positive thing by some people, but there are some important volatilities to be aware of when working so close to the top.

Competition can often be fierce at some insurance companies. You may find that the work environment can be challenging when others may be fighting for the same positions. This is especially so when others seek the position you currently hold.

If you are new to the insurance field, it is helpful to have an understanding of the roles that each level of management has in your organization. The examples here are generalizations. You should note that every company would have differences in the way they manage their claims staff. Some take a top-down, directive approach. Others tend to hire experienced people who need less supervision. Either model can work well. This will be dependent on everyone knowing the philosophy adopted by his or her company for claims management.

Thank You

Thanks for reading this introductory version of Property Adjusting Basics. I will notify my mailing list when it goes live on Amazon, or you can [purchase the pre-release here](#) for just \$.99 until August 9th, 2016.

Endnotes