



DAVID STEFFEN

STATE REPRESENTATIVE • 4TH ASSEMBLY DISTRICT

October 1, 2019

Chairman Peterson and Assembly Committee on Insurance Members,

Thank you for holding a public hearing on AB 357 relating to regulation of public adjusters and granting rule-making authority.

Wisconsin has seen a string of natural disasters this past summer including nine tornadoes and a hundred-mile long severe storm front that ripped through Northeastern Wisconsin causing extensive, widespread property damage to thousands of property owners. After natural disasters, Wisconsinites face the challenge of navigating a complex insurance system in order to receive prompt reimbursement for claims and begin rebuilding their lives.

This legislation prevents victims of a natural disaster from becoming victims of unscrupulous insurance adjusters. Under current law, insurance adjusters who are not affiliated with a Wisconsin licensed insurance company are operating with little state oversight and even less protection for the consumer. It is important that we create certain standards, limits and licensing requirements for anyone representing our impacted communities and families. This commonsense series of consumer protections is a big step forward in that direction.

This bill imposes registration and other requirements on an individual, known as a public adjuster, who assists an insured person with a claim against the person's insurance company for loss or damage to real or personal property that is located in this state.

I appreciate your consideration of this bill and I would be happy to answer any questions you may have.



DAN FEYEN

STATE SENATOR

18th Senate District
(608) 266-5300
Sen.Feyen@legis.wi.gov

PO Box 7882, Madison, WI 53707-7882
<http://legis.wisconsin.gov/senate/18/feyen>

To: The Assembly Committee on Insurance
From: Sen. Dan Feyen
Re: Assembly Bill 357

Mr. Chair, members of the committee, thank you for holding this hearing today.

Wisconsin has seen a string of natural disasters in the past year that have been challenging for residents across the state. With tornadoes in northwest Wisconsin and flooding from Fond du Lac to Reedsburg, many areas of the state have been impacted.

After natural disasters, Wisconsinites face the challenge of navigating a complex insurance system in order to receive reimbursement for claims and begin to put their lives back together. Unfortunately, there are some bad actors who look to pad their own pockets by benefitting from residents lack of knowledge about the insurance landscape.

This bill creates a framework for Wisconsin to license public adjustors. Public adjustors are insurance adjustors who are not affiliated with an insurance company or any other insurance, construction, etc. entity. They are an independent third party. This legislation seeks to ensure that public adjustors in the state are operating in good faith and not looking to capitalize on the loss of a consumer.

Under this legislation, public adjustors would need to register with the Office of the Commissioner of Insurance and meet a set of requirements in order to work in the state. The bill allows for reciprocity for public adjustors in good standing in their home state. The adjuster would have to disclose conflicts of interest to their client, such as a financial interest in companies providing repair work. And finally, the bill provides a fee cap of 10% when the claim results from a catastrophic disaster to protect consumers from price gouging that could arise.

Thank you for your time today in hearing my testimony and I welcome any questions you may have at this time.



Tod Ohnstad

STATE REPRESENTATIVE

October 1, 2019

Assembly Committee on Insurance

Assembly Bill 357

Representative Tod Ohnstad

Chairman Petersen and members of the Assembly Committee on Insurance, thank you for holding a hearing and allowing me to present testimony on Assembly Bill 357, bipartisan legislation to provide greater regulation of the business practices of public insurance adjusters in our state.

Insurance is a major industry in Wisconsin and represents a critical sector of our state economy. While the vast majority of insurance agents and employees work with the utmost levels of professionalism every day on behalf of their clients, adequate regulation is still necessary to establish guidelines and provide a process to root out bad actors.

This legislation sets up a framework to license public adjusters in our state. Public adjusters are not affiliated with a particular insurance company, but instead work independently on behalf of a policyholder to assist with the claims process in exchange for a fee. Public adjusters can be of tremendous value to a claimant in ensuring these somewhat complicated processes are handled properly and that they receive the appropriate compensation they are owed based on their coverage.

Unfortunately, there have also been horror stories of fly-by-night adjusters who swoop in after a disaster and take advantage of claimants when they are at their most vulnerable. These worst case scenarios see families swindled out of their money at the time they need it most, such as following a fire, flood, tornado, or other tragedy. This legislation is intended to address these issues and to ensure Wisconsin families are not gauged or exploited by snake oil salesmen in the wake of an accident or disaster.

The bill is supported by a broad range of insurance and insurance-related organizations including the Wisconsin Insurance Alliance, National Association of Public Insurance Adjusters, Independent Insurance Agents of Wisconsin, Professional Insurance Agents of Wisconsin, National Association of Mutual Insurance Companies, American Property Casualty Insurance Association, Cooperative Network, American Family Insurance Group, Allstate Insurance Company, and Sentry Insurance a Mutual Company. There has been no registered opposition.

Thank you for your time today. I would appreciate your support when Assembly Bill 357 comes for a vote before this committee.

65th ASSEMBLY DISTRICT





State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tony Evers, Governor
Mark V. Afable, Commissioner

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Wisconsin.gov

Date: October 1, 2019

To: Representative Kevin Petersen, Chair
Representative Cindi Duchow, Vice Chair
Members of the Assembly Committee on Insurance

From: Nathan Houdek, Deputy Commissioner
Office of the Commissioner of Insurance

Subject: Assembly Bills 357 and 305

The Office of the Commissioner of Insurance (OCI) submits the following comments for your consideration regarding Assembly Bill 357 relating to the regulation of public adjusters and Assembly Bill 305 relating to notice of changes in terms or premium for insurance policy renewal.

Assembly Bill 357

OCI supports this effort to require registration and impose consumer protection requirements on public adjusters. Public adjusters can provide valuable services to consumers in helping navigate the insurance claim process. However, unscrupulous individuals can take advantage of consumers who have suffered a loss by providing poor advice and taking proceeds more properly paid to the consumer.

OCI was afforded the opportunity to comment on the bill prior to its introduction and OCI has no concerns with the bill as drafted. The bill will allow OCI to reasonably regulate individuals who work as public adjusters through the registration process. OCI also supports the consumer protections that are included in the bill as these statutory changes will give the agency the necessary tools to take action against bad actors in the state.

Assembly Bill 305

OCI was given the opportunity to comment on the bill prior to its introduction and OCI has no concerns with bill as drafted. Given modern sales and underwriting practices, OCI does not have any concerns with reducing the notice period from 60 days to 45 days.

Thank you for your consideration of OCI's comments.

To: Assembly Committee on Insurance
From: Jeffrey O'Connor, on behalf of the National Association
of Public Insurance Adjusters
Re: Testimony in Support of AB 357
Date: October 1, 2019

Hello. My name is Jeff O'Connor. I am a public adjuster and serve as the current President of the National Association of Public Insurance Adjusters, commonly called NAPIA for short. I would like to express my **appreciation** to Representative Petersen and the Committee for the timely consideration of a bill that is so important for homeowners who suffer property loss and also small and large businesses in Wisconsin.

NAPIA was founded in **1951** to advance the cause of public adjusting and to foster a stringent code of ethics governing the profession. While members of NAPIA do some residential work, most NAPIA members focus on commercial and complex claims of business. There are approximately 600 members in NAPIA.

What is public adjusting? We are fiduciaries who have a duty of loyalty to act exclusively in the interest of our client. Most think of us as experts in construction materials and claim preparation. It is also important to think of us as working to *save* a business after disaster strikes. We handle property losses but we also review loss of income and figure out how to quickly reestablish business operations so our clients can generate

income. NAPIA members work with a diverse array of business from small nursing homes and schools to large manufacturers. We combine a number of skills to assist clients, including certain skills of accountants, construction contracting and policy coverage analysis.

While we may not always agree with the insurance companies on claim amounts, I have found that many insurers prefer to work with public adjusters because of the organization we bring to the claim.

We at NAPIA agree with the insurance industry that this bill will assist with the bad actors who do not want to serve the public but want to make a quick buck and short-end customers by not finishing the repairs long after the insurance has been paid out. This will allow the Insurance Department to find storm chasers and contractors who provide wrong advice that causes harm simply because they don't take the time to learn how to do it properly.

The Department of Insurance really needs the ability to locate all public adjusters doing business in the state so they can call on them to answer these grievances. Currently, the only resource here in Wisconsin is the courts. I think this is much better. NAPIA supports the advancement of this bill. I am pleased to answer any questions you may have.



September 30, 2019

Via e-mail –Rep.Petersen@legis.wisconsin.gov

The Honorable Kevin Petersen, Chairman, Assembly Insurance Committee,
Wisconsin Assembly
State Capitol
Room 105 West
Madison, WI 53708

Re: Assembly Bill 357

Dear Chairman Petersen and Members of the Insurance Committee:

The American Association of Public Insurance Adjusters, known as “AAPIA” is a leading professional organization representing public adjusters and consumers nationwide, and has worked on some of the largest issues facing the industry, including the National Association of Insurance Commissioners “NAIC” Public Adjuster Model Act, drafted in 2005. AAPIA works to help our member firms protect the interests of homeowners and business owners who have sustained property damage, and we often work closely with both regulators and state insurance committee legislators.

We are happy to express our support for Assembly Bill 357, with amendments, which establishes registration for public adjusters that for the most part, mirrors the NAIC Model Act. The provisions of Assembly Bill 357 contain consumer protections on conflict of interest rules between public adjusters and contractors, contract requirements, and, other disclosures, all of which will benefit Wisconsin residents. Also, setting these standards for registration will allow Wisconsin public adjusters reciprocity with other states. As advocates for homeowners who have suffered property damage, we have our “feet on the ground”, and understand the problems that homeowners and business owners face after such an event. The claims process can be a long, difficult process, and the homeowner must navigate many obstacles to recovery. Public adjusters bring value to the claims process by helping to guide homeowners through this complex process.

AAPIA believes in a free and open marketplace, and while we do not support caps on fees of public adjusters, since they undermine the ability of public adjusters to help homeowners with small claims, we understand your need to offer protections to consumers in the event of a true catastrophic disaster by capping fees in those rare and specific instances. For this reason, we have worked with the Wisconsin Insurance Alliance to further refine the definition of

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www.aapia.org



Catastrophic Disaster. We have also agreed with the Wisconsin Insurance Alliance to provide a few other minor amendments to the language of the bill.

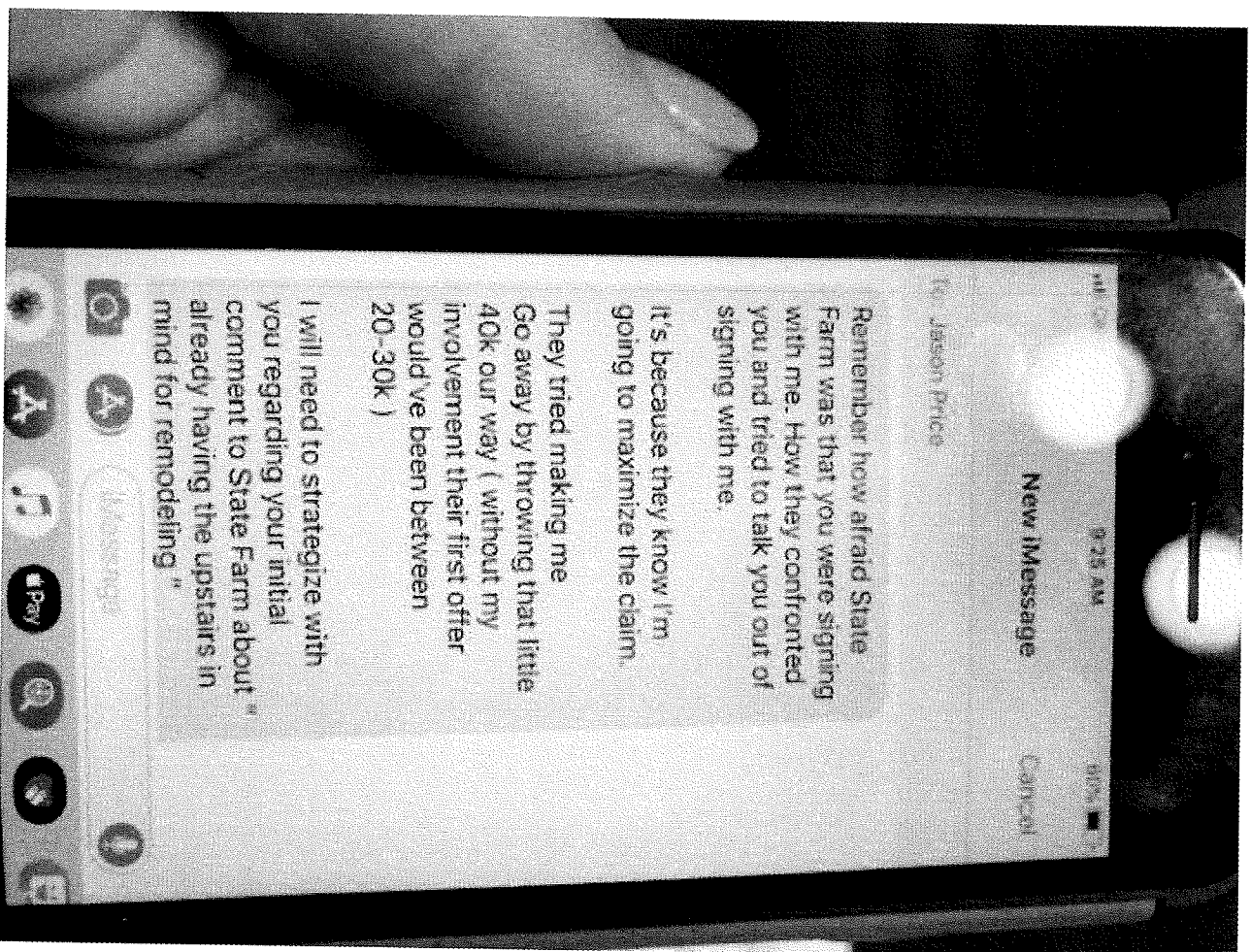
We propose shortening the proposed ten-day period to rescind a public adjuster contract to avoid delaying the adjusting process during that time as well as helping to prevent poaching of claims by unlicensed storm chasers. AAPIA also seeks to modify the hours during which a public adjuster can solicit a contract, since the current language in the bill prohibits such contact between 6pm and 8am, while most states that have such bans have allowed solicitation until 8 or 9pm.

We look forward to a new public adjuster law, and offer our assistance with any issues arise during or even after the legislative process.

Respectfully Submitted,

Holly K. Soffer

Holly K. Soffer, Esquire, Counsel to AAPIA
Dr. Michael A. Capilli, AIC, SPPA, AIC-M, President, AAPIA



To: Jason Price

9:25 AM

85%

New iMessage

Cancel

Remember how afraid State Farm was that you were signing with me. How they confronted you and tried to talk you out of signing with me.

It's because they know I'm going to maximize the claim.

They tried making me go away by throwing that little 40k our way (without my involvement their first offer would've been between 20-30k)

I will need to strategize with you regarding your initial comment to State Farm about " already having the upstairs in mind for remodeling "

Camera, App Store, Music, Pay, App Store, Microphone icons

Fri, Jun 21, 10:55 PM

Hey dude! You are a complete disappointment. Please provide termination of contract paper ASAP.

Sat, Jun 22, 7:32 AM

Lmao.

You would be out of business if it weren't for me. Your "contractor" can't figure out how to read State Farm's estimate. It's taken months to get a bathroom complete that wasn't even part of State Farm settlement.

iMessage

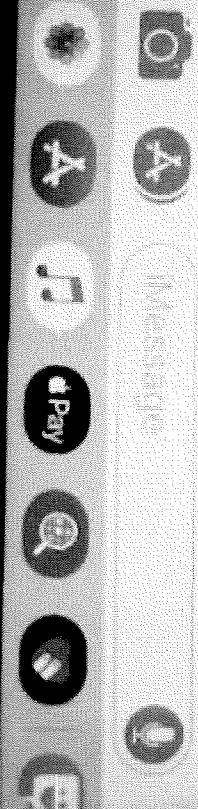


I was crystal clear when I told you to immediately address the plaster, the wall and the floor. You decided the bathroom is a more prioritized matter.

The only people you should be upset with is your contractor for not understanding how to read the list of approved items

I explained to your contractor that I'm traveling won't be back till Monday. He asked me to hold his hand and walk him through the job site and explain to him the paperwork for Statefarm which I hesitatingly agreed to

I'm scheduled to walk him through on Friday at 12:09



I can't make your contractor understand his job or make him go any faster Jamie

It's crystal clear, Jason. Just give me the termination of contract form.

No!

It doesn't work that way

Insurance company says its does.

Lol. No it Doesn't

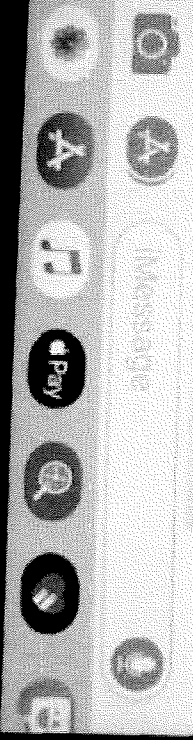
You can buy out of your contract



You can buy out of your contract

\$1500

Let me understand this, I'm disappointing to you because it's taking your contractors three months to complete one room and he can't figure out how to read or proceed according to the paperwork that itemize let me understand this, I'm disappointing to you because it's taking your contractor three months to complete one room and he can't figure out how to read or proceed according to the detailed itemized scope of proved



To: Jason Price

Bullshit. My company would have gotten the same amount with or without you.

The holdup is YOU. And I stayed in business because of Badgerland and ME.

Your contractor has a detailed scope of work and he can continue following that.

If he has a disagreement with Statefarm tell him to put an estimate together and send it to me because that's what they're going to require

I'm not however going to teach him how to read and Insurance Scope. He's in capable of understanding and he



Scope. He's in capable of understanding and he shouldn't be doing the job

I make sure I pull my plaster guy from consideration for this job

I have this settled up with in two weeks and you can go about your way

How you buy me out for \$1000 and two candles?

Lol

You funny

I'm working to settle this thing closer/around 75k and that is



I'm working to settle this thing closer/around 75k and that is amazing for such a small claim.

The workmanship from Sheldon looks awesome. Great touches on the bathroom upgrade.

I offered to go line item by line item over the phone
With Sheldon but he needed it
it person. My next availability
isn't till Friday. I'm sorry if that
holding you up but I think we
can easily do most over
The phone



To: Jason Price

Your communication style does not allow a person to know that they are on the same page with you on the phone. Sheldon was waiting for you yesterday.

Yesterday?

My communication style is fine. I suggest having a printed Copy of scope and me explaining why and where each item is located. I told Sheldon I could do that now. He wanted me to walk him through the job site and I explained that couldn't happen till Friday. I don't leave here till Monday and that's the soonest I could re visit the site



Message



If he now wants to do it over phone that's fine I just need to set some time aside. Shouldn't take more than 30 minutes

How about 6 candles and 2 fave cream sets?

That's a serious and overly fair offer. Drop the candles off at Badgerland office and I'll get a full release over to State Farm

You first.

Wow.

Mon, Jun 24, 1:27 PM



Message



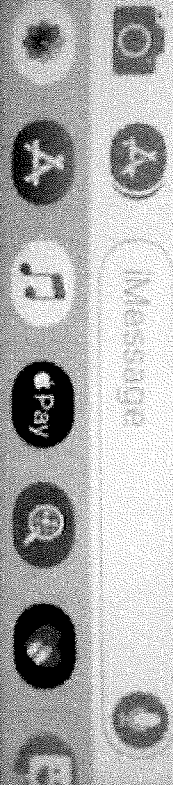
State Farm would like the
release sent to
ann.stern.czcg@statefarm.com

I'm getting done early

Mon, Jul 1, 5:05 PM

So, just what is supposed to
happen here? Am I forced to
file a complaint against you and
get legal help?

I provided you a buy out option,
that's your only option. File a
complaint and
They will refer you to legal.
Legal won't be able to help you
less



I provided you a buy out option,
that's your only option. File a
complaint and
They will refer you to legal.
Legal won't be able to help you
less
You negotiate a buy out.

Not my fault your chosen
contractor can't understand
the itemized scope of
Loss agreed to with State
Farm.

You stopped working on the
claim months ago. You said
you were going to
communicate with Sheldon and

Message



You stopped working on the claim months ago. You said you were going to communicate with Sheldon and that never happened. You say State Farm is skeptical of me but it is you who is communicating with them. I don't get it Jason.

The only reason I want you out is because YOU ARE NOT DOING ANYTHING

Sue me then and let's see how far that argument gets you

So you want 6 candles and

Message



Sue me then and let's see how far that argument gets you

So you want 6 candles and facial products?

Mon, Jul 1, 8:31 PM

Do you have any idea the position that you put me in? You are heartless.

Mon, Jul 1, 9:36 PM

I tried working with your contractor so he understood everything. I explained that the steps to mitigate this loss was



Message



New iMessage

Cancel

To: Jason Price

I tried working with your contractor so he understood everything. I explained that the steps to mitigate this loss was to begin with the wall, floor and plaster. All of this should've been completed by now.

Business wise the bathroom presentation was the most important.

It's up to you. Get back on board or sign off.

Sheldon appears to be doing a great job with the bathroom/ rear entrance but the money was in the Emergency Services (ES) that have all past.

iMessage



To: Jason Price

The way you explained it there would be more money coming.

The reason I signed you on is that I am an artist..I wanted you to handle that...and you convinced me that you would.

There is more money but negotiating for double always takes time.

So I guess I buy you out. I have no time.

I'm freaking 52 years old. I don't have all the time in the world. I lost 4 stylists becaeof this. I have black mold growing in the back room.



Message



To: Jason Price

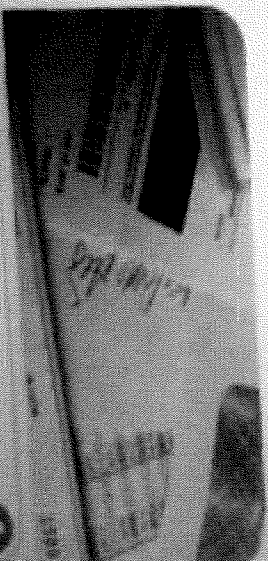
I'll put a release together for you this week

Still no replacement check from State Farm for Bill Z. I paid him myself.

Thank you

I will have a check for you at the front desk for \$1000. Will you drop the release off and collect the check, also email a copy to Ann Stern?

Tue, Jul 2, 12:09 PM



Message



I emailed release to Ann Stern.
Just need to print and I'll swing
by and sign it

I'm in Wisconsin the next week
but have extensive
appointment scheduled.

Just let me know when you
have the release and I'll make it
by to get it signed for you

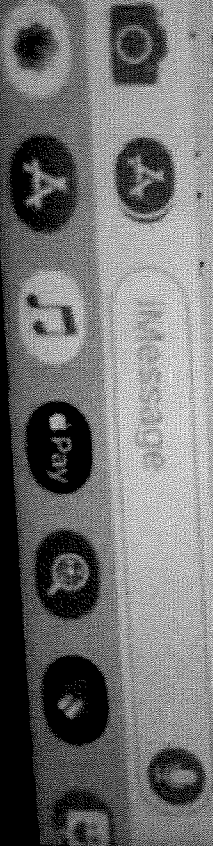
Thu, Jul 10, 7:01 PM

How does tomorrow work?

Fri, Jul 10, 11:32 AM

I emailed release to Ann Stern.
Just need to print and I'll swing

Message



Just need to print and I'll swing by and sign it

I'm in Wisconsin the next week but have extensive appointment scheduled.

Just let me know when you have the release and I'll make it by to get it signed for you

Tue, Jul 23, 9:33 AM

I'll be informing Statefarm tomorrow that you and I have a contract dispute calling all their legal department which will put the entire claim on hold until it's yourself

The issue is resolved *



iMessage

