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To: The Senate Committee on Insurance, Financial Services, Government Oversight and Courts
From: Sen. Dan Feyen
Re: Senate Bill 329

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.



DAVID STEFFEN

STATE REPRESENTATIVE • 4TH ASSEMBLY DISTRICT

October 3, 2019

Chairman Craig and Committee Members,

Thank you for holding a public hearing on SB 329 relating to regulation of public adjusters and granting rule-making authority.

Wisconsin has seen numerous 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.



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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Date: October 3, 2019

To: Senator David Craig, Chair
Senator Due Stroebel, Vice Chair
Members of the Senate Committee on Insurance, Financial Services,
Government Oversight and Courts

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

Subject: Senate Bill 329

The Office of the Commissioner of Insurance (OCI) submits the following comments for your consideration regarding Senate Bill 329 relating to the regulation of public adjusters.

Senate Bill 329

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.

Thank you for your consideration of OCI's comments.