

## Why Hire a Public Adjuster?

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Sooner or later, every business owner confronts an insurance nightmare. Gerald Erlich's real-estate firm, Hanover/Erlich Ltd., in Denver, faced such a nightmare last year, after a tenant in his condominium-loft project fell asleep while smoking. "The mattress caught on fire, but the real damage came from the sprinkler system that started automatically," Erlich recalls. His original estimate of the damage was between \$5,000 and \$10,000.

But Erlich didn't attempt to file the insurance claim by himself. *"Years earlier I had had a loss experience that taught me how difficult it is for consumers to deal with insurers,"* he says. In the course of his earlier claim, Erlich hired a public insurance adjuster to represent his interests. After last year's fire, he decided to do the same.

Public adjusters are *"insurance adjustment experts who work exclusively for the insured in cases where a fire or other insured peril occurs,"* explains R. Scott deLuise, of Matrix Business Services, the Denver firm that handled Erlich's claim. What's the advantage? *"When you file a large claim, you enter a minefield,"* deLuise says bluntly. *"A consumer needs to understand--before even filing a claim--that the goal of insurance companies is to pay out as little as possible."*

According to deLuise, most consumers mistakenly assume that quantifying losses from, say, a theft or a fire is simply a matter of accuracy and precision: *"This is an art. It's not in the policyholder's interest to assume that whatever loss estimate the insurance company comes up with is accurate."*

There is a good reason for the discrepancy. Following a loss, public adjusters scan policies to identify all possible sources of insurer reimbursements. "With the Hanover/Erlich fire, we tracked down extensions of coverage and endorsements that would up covering much more than what appeared on the face of the insurance policy," recalls deLuise. "We ultimately recovered the cost of extra management fees that were incurred because of the fire; lost rent from apartments that suffered water damage; and the cost of hauling away debris."

In fact, insurer reimbursements far surpassed Erlich's original estimate. "We received more than \$60,000, which I could never have achieved on my own," he says. "I'm convinced that filing a claim without a public adjuster would be as impossible as performing brain surgery on yourself." Typical fees are \$150 to \$300 per hour, or 10% of collected losses.

For referrals, contact the National Association of Public Insurance Adjusters at 703-438-8254. The association's members have been in business for more than two years and adhere to ethical standards.

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