

# Bill Summary

<b><u>COMMITTEE:</u></b>	Banking and Insurance	<b><u>DATE:</u></b>	10-12-11
<b><u>PRIME SPONSOR:</u></b>	Godshall	<b><u>BILL NO:</u></b>	HB424
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## A. Synopsis:

HB424 amends Act 72 of 1983 (The Public Adjuster Licensing Law) regarding administration and enforcement of public adjusters.

## B. Summary:

HB424 adds definitions and specifies that in order to apply for a license, an individual must submit to the Department:

- Completed application forms
- Fingerprints
- Documentation that the applicant passed the exam
- Required license fee (nonrefundable \$200)

And a business must submit:

- Completed application forms
- Proof of public adjuster license
- Required license fee (nonrefundable \$200)

The Department will issue a license to an individual if the following criteria are met:

- The applicant is at least 18 years old
- The applicant hasn't committed any act prohibited under this act
- The applicant passed the exam
- The applicant paid the applicable fees
- The applicant possesses general capability of having a license
- Other criteria the Department may establish

The Department will issue a license to a business if the following criteria are met:

- The business has one or more licensees who are responsible for the business entity's compliance with laws of PA
- The business's licensees are in good standing position with the Department
- Licenses should be held by each officer of the corporation or member of the association
- The business has not committed a prohibited act
- The business is owned and operated by people who the Department see as competent
- The business paid appropriate fees
- Other criteria the Department may establish

A public adjuster license shall be:

- Issued only in the name of the individual or business

- Issued in paper or electronic form
- Nontransferable
- Issued for a period not to exceed two years

A licensee may request renewal of a license, and the Department will approve it if all criteria are met. An individual licensee must complete 24 credit hours of continued education upon each two-year renewal. If a licensee allows his or her license to lapse, he or she has 60 days to request renewal of the license. If it is beyond 60 days, the person must reapply for a license. Special extenuating circumstances exist, such as military leave. Renewal Fees are \$200 for resident or non-resident, and \$400 for a lapsed renewal.

Reciprocal licensing exists for both individual and business licensees as long as the other state awards nonresidential licenses to people of this commonwealth.

Written disclosure is required by a public adjuster concerning direct or indirect financial interest he or she has with another party involved in a claim other than the salary, fee, commission or other consideration established in the written contract of the insured.

The Department will disapprove a contract if it fails to comply with the bill, are unreasonable, are contrary to the good of the public, or are misleading or unfair. The Department may also require the submission of advertising or solicitation material. A contract may be rescinded by any person signing the contract. The contract must also have signatures by the insured and public adjuster on the following items:

- That the insured has the right to rescind the contract within five business days
- Fees to be charged or assessed by the public adjuster together with an explanation of how the fees will come from a claims payment made to the insurer, and are not in addition to the payments
- That the adjuster will provide the insured with a copy with an estimate of losses and supporting documentation
- That the adjuster is not an employee of the insurer, and the insureds are not required to hire an adjuster

If misconduct occurs relating to fraud, it will be considered a felony. It is considered a violation to work on a suspended license, failing to comply with court orders relating to child support, failing to pay state income tax, committing a misdemeanor involving the misuse of theft or money, failing to notify the Department of a change of address within 30 days, soliciting business during the progress of a loss-producing occurrence, and interfering with communication between the insurer and insured. Committing the following acts will result in third degree felony charges:

- Material misrepresentation of the terms and effect of any insurance contract
- Fraudulent action relating to a claim the licensee is adjusting
- Misrepresentation of the services offered
- Misappropriation of moneys held on behalf of another party to the contract
- Paying any commission to influence the contracting of services of the public adjuster with any insured
- Commission of fraudulent practices

If the Attorney General finds there is a violation of this Act, he or she may bring an action to impose a civil penalty and to seek other relief.