

1 WHEREAS, Louisiana is the only state that prohibits public adjusters from entering
2 into a contingency fee contract with a percentage fee; and

3 WHEREAS, permitting public adjusters to charge contingency fees aligns the interest
4 of the public adjuster with that of the policyholder as the adjuster's recovery is predicated
5 on a successful resolution of the claim; and

6 WHEREAS, the contingency fee system encourages public adjusters to work
7 efficiently as their fee is contingent upon the quality of service they provide; and

8 WHEREAS, the hourly rate system is susceptible to manipulation and could allow
9 public adjusters to overwork claims and charge for claims that have no merit; and

10 WHEREAS, capping the contingency fee further ensures that a public adjuster's
11 incentives are aligned with the consumer's interests so that the policyholder is protected from
12 the inherent conflict of interests in the hourly rate system; and

13 WHEREAS, the hourly rate system requires policyholders to pay for services
14 regardless of the success of the claim, and many consumers may not hire a public adjuster
15 for fear that the outcome of the claim may not be significant enough to justify such hiring;
16 and

17 WHEREAS, the contingency fee system provides the Division of Licensing and
18 Market Compliance, within the Department of Insurance, with a readily ascertainable
19 method of determining the legitimacy of the fees charged by public adjusters; and

20 WHEREAS, the department would no longer have to expend time and resources to
21 determine the reasonableness of the fees charged.

22 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
23 create an advisory committee to undertake all necessary studies to determine the feasibility
24 of authorizing public adjusters to charge consumers on a contingency fee basis for loss
25 adjustment services and make recommendations to the House Committee on Insurance and
26 Senate Committee on Insurance.

27 BE IT FURTHER RESOLVED that the advisory committee shall be comprised of
28 the following members:

29 (1) The commissioner of insurance or his designee.

30 (2) The president of the Louisiana State Bar Association or his designee.

1 (3) The chief executive officer of the Independent Insurance Agents of America or
2 his designee.

3 (4) The president of the American Association of Public Adjusters or his designee.

4 (5) The president of the National Association of Public Insurance Adjusters or his
5 designee.

6 (6) A member appointed by the governor to represent licensed public adjusters in
7 Louisiana.

8 BE IT FURTHER RESOLVED that for the purposes of this Resolution, the members
9 of the advisory committee shall serve without compensation.

10 BE IT FURTHER RESOLVED that the committee shall conduct research, meetings,
11 and hearings as it deems appropriate, and shall complete its study and submit the report of
12 its findings and recommendations to the House Committee on Insurance and Senate
13 Committee on Insurance prior to February 1, 2011.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Schroder

HCR No. 220

Creates an advisory committee to undertake all necessary study to determine the feasibility of authorizing public adjusters to charge consumers on a contingency fee basis for loss adjustment services and make recommendations to the House Committee on Insurance and Senate Committee on Insurance. Provides for membership of the advisory committee as follows:

- (1) The commissioner of insurance or his designee.
- (2) The president of the La. State Bar Association or his designee.
- (3) The chief executive officer of the Independent Insurance Agents of America or his designee.
- (4) The president of the American Association of Public Adjusters or his designee.
- (5) The president of the National Association of Public Insurance Adjusters or his designee.
- (6) A member appointed by the governor to represent licensed public adjusters in La.

Provides that the members of the advisory committee shall serve without compensation.

Requires that the advisory committee complete its study and report its findings and recommendations to the House and Senate committees on insurance prior Feb. 1, 2011.