



LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON

COMMISSIONER

ADVISORY LETTER 2022-01

TO: ALL LICENSED PUBLIC ADJUSTERS

FROM: JAMES J. DONELON, COMMISSIONER OF INSURANCE

RE: GUIDANCE REGARDING DUTIES AND RESTRICTIONS PLACED ON PUBLIC ADJUSTERS

DATE: FEBRUARY 11, 2022

The Louisiana Department of Insurance (LDI) hereby issues Advisory Letter 2022-01 to provide guidance to public adjusters regarding statutory duties and restrictions placed on public adjusters as prescribed by La. R.S. 22:1691 *et seq.*

Act 806 of the 2006 Regular Session of the Louisiana Legislature granted the LDI the authority to license captive, independent, and public adjusters after Hurricane Katrina. La. R.S. 22:1691 *et seq.* specifically applies to public adjusters and was modeled after the National Association of Insurance Commissioners Public Adjuster Licensing Model Act, which was enacted in substantial part in nine other states. Act 806 was passed after much debate from a broad range of interested parties, including the National Association of Public Insurance Adjusters, American Association of Public Insurance Adjusters, the American Property and Casualty Insurance Association (formerly PCIA), and the Louisiana State Bar Association, among others. One of the primary concerns in enacting this legislation was to ensure that public adjusters, who can play a significant role in the property claims handling process, competently serve the insured's interest with complete loyalty to the insured without engaging in *de facto* legal representation, as such conduct is expressly prohibited by statute.

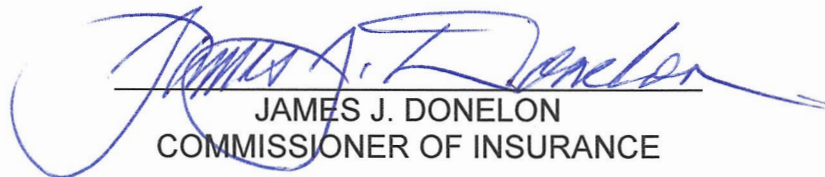
La. R.S. 22:1691 *et seq.* specifies the duties of and restrictions on public adjusters, which include limiting their authority to assisting insureds in first-party claims to avoid the unauthorized practice of law as defined in La. R.S. 37:212 and La. R.S. 37:213. Public adjusters are defined in La. R.S. 22:1692 as any person who, for any compensation, direct or indirect, engages in public adjusting which includes investigating, appraising, or evaluating and reporting to an insured in relation to a first-party claim for which coverage is provided by an insurance contract that insures the property of the insured.

La. R.S. 22:1706 outlines the standard of conduct of public adjusters. Public adjusters are obligated to serve with objectivity and complete loyalty to the interest of the insured alone and to render to the insured such information and service, as within the knowledge, understanding, and good faith of the licensee, as will best serve the insured's insurance claims needs and interest. A public adjuster may engage with and assist an insured who has suffered a loss by investigating, appraising, or evaluating the scope of loss. A practical working knowledge of coverage is essential in properly formulating an estimate of costs and is part of Louisiana's testing and certification process and is proper pursuant to Title 22.

Finally, it is important to note that public adjusters may not undertake activities that otherwise constitute the practice of law, which include engaging the policyholder in a contingency based fee arrangement, rendering legal advice regarding policy provisions or coverage issues, advising insureds of issues and rights concerning the redress of legal wrongs under the insurance policies, and negotiating settlements and directly contacting insurers to discuss and evaluate the merits of the client's insurance claims.

If there are questions or concerns regarding Advisory Letter 2022-01, please contact the Deputy Commissioner of the Office of Consumer Services electronically at public@ldi.la.gov.

Baton Rouge, Louisiana, this 11th day of February, 2022.



JAMES J. DONELON
COMMISSIONER OF INSURANCE