



Texas Department of Insurance

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Consumer Alert

Beware of disaster-related fraud

Hurricane Ike made landfall on the Texas Coast on September 13, causing wind-related damages and flooding. If your home, property, or business sustained storm-related damages, it's a good idea as you begin to rebuild to be wary of unlicensed public adjusters and unknown contractors. They might try to exploit the confusion and emergency conditions and defraud you and your insurance company.

Most public insurance adjusters and contractors are honest and competent. They'll do their best to make you a satisfied customer. But you should know the warning signs of fraud, how to prevent it, and how to report it.

Doing business with public insurance adjusters

Insurance companies employ their own adjusters who are trained to evaluate your property damage and help walk you through the claims process free of charge.

In Texas, you can also hire public insurance adjusters to help you file claims and negotiate your insurance payment. Public insurance adjusters represent individual policyholders and charge a fee for their service.

Licenses. Public insurance adjusters must be licensed in Texas. If you hire a public insurance adjuster, make sure the adjuster is properly licensed in the state. To verify the license status of a public insurance adjuster, call the **Texas Department of Insurance (TDI) Consumer Help Line** at **1-800-252-3439**. Ask whether there are any complaints or disciplinary actions on file against the adjuster. You may also check whether an adjuster is licensed by visiting the TDI website at www.tdi.state.tx.us.

Unlicensed adjusters could take advantage of the situation by:

- Charging you a large upfront fee and then disappearing without handling your claim.
- Referring your repair to a dishonest contractor for a kickback, and you may receive poor repairs in return.
- File false and inflated claims against your policy. Sometimes they'll also try to convince you to join the scheme.
- Use their working relationship with you to learn your Social Security number and other personal data for scams involving identity theft.

References. Ask people you trust if they can recommend a reputable public insurance adjuster.

Make sure you know the public adjuster's fee. Public insurance adjusters must disclose their fee to you in a written contract. The fee may be no more than 10 percent of the claim settlement. If your claim is settled within 72 hours of the date you reported the loss to your insurance company, the public insurance adjuster is entitled only to reasonable compensation for time and expenses.

Learn more. To learn more about public insurance adjusters, view the public insurance adjuster information on TDI's website at www.tdi.state.tx.us/licensing/agent/agpubadj2.html, or check out websites of organizations such as the National Association of Public Insurance Adjusters at www.napia.com.

Fight fraud. If you suspect that a public insurance adjuster or your company's adjuster is being dishonest, call the **TDI Fraud Unit** at **1-888-327-8818**. You can also report suspected insurance fraud at www.tdi.state.tx.us/fraud/index.html.

Remember when working with or hiring contractors:

Get several bids. Get two or three written repair bids, if possible. The bids should include all costs, a description of the work to be done, the schedule for completing the work, and all guarantees. Don't accept a bid just because it's the lowest.

Avoid unknown contractors. Be careful if the contractor arrives in an unmarked vehicle or seeks your repair work by going door-to-door. These contractors may be unlicensed, untrained, or dishonest, trying to make a quick dollar at your expense.

- Often they'll use low-grade material.
- Their work may be shoddy and even dangerous.
- They may disappear with your money after finishing only part of the job, or not doing any work.

Check licenses. Ask to see a contractor's state or local license.

Ask for references. Get references from the contractor and check them out before allowing any work to be done.

Get a signed contract. Get a signed contract before the work begins. Never sign a blank contract.

Never pay in advance. Don't pay a contractor in full before work begins or before it's finished. The contractor could disappear with your money, leaving your repair job unfinished. A percentage of the total repairs in the form of a down payment is not unusual, but be careful. Pay only what's spelled out in your signed contract.

Never pay in cash. Pay only with check or credit card so that payment can be cancelled, if necessary.

Help prevent price gouging and fraudulent business practices

Call the **Texas Attorney General's toll-free complaint line** at **1-800-252-8011** to report instances of price gouging or fraudulent business practices following a disaster. You may also report price gouging or fraud online at www.oag.state.tx.us.

For more information or assistance

For answers to general insurance questions or for help filing an insurance complaint, call TDI's **Consumer Help Line** at **1-800-252-3439** or visit our website at www.tdi.state.tx.us.