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PRESS RELEASE

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Building Contractor Ordered to Cease & Desist from Acting as an Adjuster without a License

The Arizona Department of Insurance (ADOI) ordered an Arizona building contractor, True-Built Construction, LLC (Weston Farnes), to stop acting as an insurance adjuster without a license. Arizona insurance law requires any person who “adjusts, investigates or negotiates settlement of claims” to have a license from the ADOI.

It is not unusual for a property owner’s contractor to discuss the details of building damage with the insurance company’s adjuster, particularly when there is extensive or complex damage. Often the contractor’s expertise is essential to identify precisely what was damaged, the extent of the damage, and the cost to repair it; however, contractors cannot “negotiate” the settlement of the insurance claim with the insurance company representatives on behalf of the property owner, unless they have an adjuster’s license. In this case, Farnes had his homeowner client sign an “Authorization” form which stated that he was representing the homeowner in negotiations with the insurance company “to obtain full reimbursement under the terms of [her] policy for a property damage claim.”

The massive hail storm that hit the Phoenix valley last October generated over 100,000 homeowner’s insurance claims in a single day. The storm created so much repair work, property owners sometimes had to wait weeks to get estimates from their insurance company’s adjuster and to schedule contractors for the repair work. It is likely that the increased demand for building contractors, especially roofers, prompted an influx of contractors from out of state. Non-resident contractors may not be aware of the ADOI adjuster license requirements for representing someone in an insurance claim settlement.

If someone contacts you and offers to represent you in the settlement of your homeowners insurance claim, you should verify the adjuster’s references and credentials, including whether they have a license. To confirm licensure call ADOI at 602-364-2499 or 800-325-2548 or check online at <http://az.gov/app/doilookup/>.

If you choose to hire a public adjuster, read the contract carefully. You may have to pay the adjuster a significant percentage of your insurance settlement for his/her services. Some adjuster contracts even require that you instruct your insurer to name the adjuster as a “loss payee” on any settlement check from the insurance company, or possibly preclude your insurer from directly communicating with you about your claim.

Homeowners should also verify their building contractor’s license with the Arizona Registrar of Contractors (www.azroc.gov).

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