

SENATE, No. 2134

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MARCH 16, 2020

Sponsored by:

Senator NIA H. GILL

District 34 (Essex and Passaic)

SYNOPSIS

Establishes compensation limits for licensed public adjusters.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning licensed public adjusters and amending
2 P.L.1993, c.66.

3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6

7 1. Section 13 of P.L.1993, c.66 (C.17:22B-13) is amended to
8 read as follows:

9 13. No individual, firm, association or corporation licensed
10 under this act shall:

11 a. solicit the adjustment of a loss or damage occurring in this
12 State from an insured, whether by personal interview, by telephone,
13 or by any other method, between the hours of six p.m. and eight
14 a.m. during the 24 hours after the loss has occurred;

15 b. enter into any agreement, oral or written, with an insured to
16 negotiate or settle claims for loss or damage occurring in this State
17 between the hours of six p.m. and eight a.m. during the 24 hours
18 after the loss has occurred;

19 c. have any right to compensation from any insured for or on
20 account of services rendered to an insured as a public adjuster
21 unless the right to compensation is based upon a written
22 memorandum, signed by the party to be charged and by the
23 adjuster, and specifying or clearly defining the services to be
24 rendered and the amount or extent of the compensation on a form
25 and with such language as the commissioner may prescribe;

26 d. induce cancellation of a duly executed written memorandum
27 between an insured and a public adjuster;

28 e. make any misrepresentation of facts or advise any person on
29 questions of law in connection with the transaction of business as
30 an adjuster; **[or]**

31 f. receive, accept or hold any moneys towards the settlement of
32 a claim for loss or damage on behalf of an insured unless the public
33 adjuster deposits the moneys in an interest bearing escrow account
34 in a banking institution or savings and loan association in this State
35 insured by an agency of the federal government. Any funds held in
36 escrow together with interest accumulated thereon shall be the
37 property of the insured until disbursement thereof pursuant to a
38 written memorandum, signed by the insured and by the adjuster,
39 specifying or clearly defining the services rendered and the amount
40 of any compensation to be paid therefrom. In the event of the
41 insolvency or bankruptcy of a public adjuster, the claim of an
42 insured for any settlement moneys received, accepted or held by the
43 adjuster shall constitute a statutory trust; or

44 g. charge, agree to, or accept any compensation for any claim
45 in excess of 12 and one-half percent of the amount of insurance

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 claim payments made by the insurer, except that compensation in
2 excess of 12 and one-half percent may be charged, agreed to, or
3 accepted on supplemental insurance claim payments made in
4 addition to the initial payment, provided that the total compensation
5 charged for the claim does not exceed 12 and one-half percent of
6 the gross claim payments.
7 (cf: P.L.2010, c.116, s.3)
8

9 2. This act shall take effect on the 30th day following
10 enactment.
11

12
13 STATEMENT
14

15 This bill provides that no individual, firm, association or
16 corporation licensed under the “Public Adjusters’ Licensing Act”
17 shall charge, agree to, or accept any compensation in excess of 12
18 and one-half percent of the amount of insurance claim payments
19 made by the insurer. The bill also provides an exception to that cap
20 for supplemental insurance claim payments made in addition to the
21 initial payment, provided that the total compensation charged for
22 the claim does not exceed 12 and one-half percent of the gross
23 claim payments.