

January 27, 2025

Chair William Sutton and Members of the Committee
Committee on Insurance
Kansas House of Representatives

RE: House Bill 2049 – Public Adjuster Licensing – Support

Dear Chair Sutton and Members of the Committee:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in Kansas. Working hand-in-hand with our member companies and Kansas law enforcement, we help to detect, prevent, and deter insurance crimes. While NICB provides value to our member companies, we also serve a significant public benefit by helping to stem the estimated billions of dollars in economic harm that insurance crime causes to individual policyholders across the country every year.

Contractor fraud continues to be a widespread problem across the country, including in Kansas. Contractors often use the aftermath of major storms or catastrophes to prey upon already vulnerable consumers. Unscrupulous public adjusters often add to that harm. Public adjusters are sometimes hired by policyholders to assist in resolving claims. Most public adjusters, who are paid based on a percentage of the total claim award, assess and evaluate damage in a professional manner and are often helpful to advance insured's interests. However, dishonest public adjusters may fraudulently create bogus charges or artificially inflate claim estimates to line their own pockets. Some scams involve charging unnecessary, exorbitant, or fraudulent fees; stealing policyholders' personal information; or fraudulently working with partner contractors in schemes to inflate claims in exchange for kickbacks.

House Bill 2049 authorizes the Commissioner of Insurance to suspend, revoke, or refuse to issue or renew a public adjuster's license if their license was denied, suspended, or revoked in any other state, province, district, or territory. The bill also ensures that any person whose license as a public adjuster has been suspended or revoked may not be employed by an insurance company in the state to negotiate contracts of insurance (or to engage in related insurance business) during the period of suspension or revocation. These commonsense reforms will help combat insurance fraud, and those who might otherwise seek to engage in it, in Kansas.

Accordingly, we ask for your strong support of House Bill 2049.

We thank you for considering our views as you deliberate the merits of the bill. If you have any questions or need additional information, please contact me at csepich@nicb.org or (847) 772-7667.

Sincerely,

Craig Sepich

Craig Sepich
Director
Office of Strategy, Policy, & Government Affairs
National Insurance Crime Bureau